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

Regd. Office: NHPC Office Complex, Sector-33, Faridabad-121003 (Haryana)
Tel: (0129) 2270603, 2250591, 2254684, Fax: (0129) 2270902
Website: www.nhpcindia.com
CIN No. L40101HR1975GOI032564

**This Is a Private Placement Offer Cum Application Letter issued in conformity with Form PAS-4 prescribed under Section 42 of The Companies Act, 2013 And Companies (Prospectus and Allotment of Securities) Rules, 2014, The Companies (Share Capital and Debenture) Rules, 2014, Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 issued Vide Circular No. Lad-NRO/GN/2008/13/127878 Dated June 06, 2008, as amended from time to time and such other circulars applicable for issue of debt securities issued by SEBI from time to time.**

(Our 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 6.86% NHPC AC SERIES SECURED NON-CUMULATIVE NON CONVERTIBLE REDEEMABLE TAXABLE BONDS (AC Series) IN THE NATURE OF DEBENTURES OF FACE VALUE 10.00 LACS EACH BOND AMOUNTING TO Rs. 1500 Cr. INCLUDING GREEN SHOE OPTION OF RS.1000 CRORE, ( THE ISSUE)**

| TRUTEE FOR THE BONDHOLDERS | REGISTRAR TO THE ISSUE | BANKER TO THE ISSUE |
|---|---|---|
| **SBI CAP Trustee Company Ltd.,**<br>Apeejay House, 6th Floor,<br>3, Dinshaw Wachha Road<br>Church Gate,<br>Mumbai – 400020.<br>Ph : 022-43025518<br>www.sbicaptrustee.com | **RCMC Share Registry Private Limited**<br>Corporate Office,<br>B-25/1, First Floor, Okhla Industrial Area Phase II, New Delhi - 110020.<br>Tel : 011 – 26387320, 26387321, 26387323<br>Fax : 011 - 26387322<br>E-mail: investor.services@rcmcdelhi.com | **State Bank Of India**<br>4th & 5th Floor,<br>Parsvanath Capital tower,<br>Bhai Veer Singh Marg<br>New Delhi-110 001.<br>Tel No: 011-23353115<br>Fax: 011-23353101 |

**ISSUE OPENS: 10.02.2021** **ISSUE CLOSES: 10.02.2021**

**LISTING :** The Bonds are proposed to be listed on Wholesale Debt Market Segment of Bombay Stock Exchange (BSE) and National Stock Exchange (NSE).

**RATING OF THE ISSUE** : CARE AAA; Stable by CARE Ratings.
IND AAA/Stable by India Rating & Research.

**Arranger to the issue:**

| | |
|---|---|
| **AXIS BANK LIMITED** | **CENTRUM CAPITAL LIMITED** |
| **ICICI BANK** | **ICICI SECURITIES PRIMARY DEALERSHIP LIMITED** |
| **TRUST INVESTMENT ADVISORS PRIVATE LIMITED** | |

*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**

## 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<br>1. M/s LODHA & Co., Kolkata, West Bengal<br>2. M/s K.G.Somani & Co, New Delhi.<br>3. M/s Arora Vohra & Co., Jammu. |
| 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, Haryana, India 121003 |

**Conventional and General Terms**

| Term | Description |
|---|---|
| Act or Companies Act | The Companies Act, 2013, to the extent notified by the Ministry of Corporate Affairs, Government of India or any other Acts as applicable. |
| 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 |
| GoI | Government of India |
| HUF | Hindu Undivided Family |
| JPY | Japanese Yen |
| LIC | Life Insurance Corporation of India |

| Term | Description |
|---|---|
| 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 | AC SERIES@6.86% p.a. TENOR OF 15 YEARS with moratorium period of 5 years , Rs. 10 Lakhs EACH FOR CASH AT PAR amounting to **Rs. 1500 Cr. INCLUDING GREEN SHOE OPTION OF RS.1000 Cr.** |
| 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 |
| 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 |

| Term | Description |
|---|---|
| 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 10.02.2021** 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, as amended time to time. |
| 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 | **NHPC AC SERIES 6.86% p.a. TENOR OF 15 YEARS with moratorium period of 5 years , Rs. 10 Lakhs EACH FOR CASH AT PAR amounting to Rs. 1500 Cr. INCLUDING GREEN SHOE OPTION OF RS.1000 Cr.** |
| 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:

I. Board resolution (s) passed by the Board of Directors in its meeting held on 06.05.2020.
II. Shareholders' approval u/s 180 (1) (c) of the Companies Act 2013 authorizing Board of Directors for borrowings from time to time not exceeding in aggregate at any time of Rs. 30,000 crore obtained through postal ballot process held on 9th September 2014.

**DISCLAIMER**

**GENERAL DISCLAIMER**

This Private Placement Offer Letter is neither a Prospectus nor a Statement in lieu of Prospectus and is prepared in conformity with Form PAS-4 prescribed under Section 42 of Companies (Prospectus and Allotment of Securities) Rules, 2014 and in accordance with SEBI Debt Regulations, as amended. This document does not constitute an offer to the public generally to subscribe for or otherwise acquire the Bonds to be issued by the Issuer. The document is for the exclusive use of the Institution(s)/investors to whom it is delivered and it should not be circulated or distributed to third party(ies).The Company certifies that the disclosures made in this document are generally adequate and are in conformity with the captioned Companies Act provisions and SEBI Debt Regulations. This requirement is to facilitate investors to take an informed decision for making investment in the proposed Issue.

**DISCLAIMER OF THE ISSUER**

The Issuer confirms that the information contained in this Private Placement 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 Private Placement 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 Private Placement 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. Although every effort has been made to provide accurate and up-to-date information in this document, however, there is the possibility that an unintentional omission or error exists. NHPC is not responsible for any such unintentional errors or omissions. Prospective subscribers must make their own independent evaluation and judgment before making the investment and are believed to be experienced in investing in debt markets and are able to bear the economic risk of investing in Bonds. It is the responsibility of the prospective subscribers to have obtained all consents, approvals or authorizations required by them to make an offer to subscribe for, and purchase the Bonds. It is the responsibility of the prospective subscribers to verify if they have necessary power and competence to apply for the Bonds under the relevant laws and regulations in force. Prospective subscribers should conduct their own investigation, due diligence and analysis before applying for the Bonds. Nothing in this Private Placement Offer Letter should be construed as advice or recommendation by the Issuer or by the Arrangers to the Issue to subscribers to the Bonds. The prospective subscribers also acknowledge that the Arrangers to the Issue do not owe the subscribers any duty of care in respect of this private placement offer to subscribe for the Bonds. Prospective subscribers should also consult their own advisors on the implications of application, allotment, sale, holding, ownership and redemption of these Bonds and matters incidental thereto.

**DISCLAIMER OF THE SECURITIES & EXCHANGE BOARD OF INDIA**

The Securities have not been recommended or approved by SEBI nor does SEBI guarantee the accuracy or adequacy of this document. It is to be distinctly understood that this document should not, in any way, be deemed or construed that the same has been cleared or vetted by SEBI. SEBI does not take any responsibility either for the financial soundness of any scheme or the project for which the Issue is proposed to be made, or for the correctness of the statements made or opinions expressed in this document. The issue of Bonds being made on private placement basis, this document is required to be filed with SEBI within 30 days of circulation; SEBI reserves the right to take up at any point of time, with the Company, any irregularities or lapses in this document.

**DISCLAIMER OF THE STOCK EXCHANGE(S)**

As required, a copy of this Private Placement Offer Letter has been/will be submitted to the Stock Exchange(s) for hosting the same on their websites. It is to be distinctly understood that such submission of the document with Stock Exchange(s) 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 stock exchange; 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(s); 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 Stock Exchange(s) 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**

**(I) Issuer Information and Date of Incorporation**

**i. Name of the Issuer**
NHPC LIMITED.

**ii. Date of Incorporation**
**Nov 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**
Company Secretary,
NHPC Office Complex,
Sector - 33, Faridabad - 121 003,
Haryana, India
Tel: +91 129 2254684
E-mail: companysecretary@nhpc.nic.in, csnhpc@gmail.com, nhpcbondsection@gmail.com

**vi. CFO of the Issuer**
**Mr. R.P.Goyal**,
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

| S.NO | Name of Arranger | Address of Arranger | Contact Details |
|---|---|---|---|
| 1 | **AXIS BANK LIMITED** | Axis House, C2 Wadia International Centre, pandurang Bhudkar Marg, Worli, Mumbai | Manoj Sukhani, M No. 9821628001,9820429812 Email- manoj.sukhani@axisbank.com,naveen.saproo@axisbank.com |
| 2 | **CENTRUM CAPITAL LIMITED** | 8th, Floor Centrum House, CST Road, Vidya Nagari Marg, Kalina, Santacruz- East, Mumbai-400098 | ANIL CHHAJER, M.No.-9870510722, E mail- a.chhajer@centrum.co.in |
| 3 | **ICICI BANK** | ICICI Bank Towers, BKC, Bandra East, Mumbai | Sanket.Jain, M. No. 9967821080, Email- sanket.jain@icicibank.com,ritesh.tatiya@icicibank.com |
| 4 | **ICICI SECURITIES PRIMARY DEALERSHIP LIMITED** | ICICI Securities Primary Dealership Ltd. 4th Floor, ICICI Centre, HT Parekh Marg, Churchgate, Mumbai | Ashutosh Garg, M. No.-9920404735, Email- Ashutosh.garg@isecpd.com,Saurabh.batra@isecpd.com,Cathleen.lobo@isecpd.com |
| 5 | **TRUST INVESTMENT ADVISORS PRIVATE LIMITED** | 1101, Naman Centre, G Block,C-31, BKC, Mumabi | ABHISHEK, M. No. 9820131628, Email- mbd.trust@TRUSTGROUP.IN |

### viii. Trustee of the Issue

**SBI CAP Trustee Company Ltd,**
Apeejay House, 6th Floor,
3, Dinshaw Wachha Road
Church Gate,
Mumbai – 400020.
Ph : 022-43025518
www.sbicaptrustee.com

**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, E-mail: shares@rcmcdelhi.com

**x. Credit Rating Agencies of the Issue**

**a) CARE RATING LIMITED**
13th Floor, E-1 Bloack
Videocon tower , Jandewalan Extenstion
New Delhi – 110055, Ph : 011-45333200

**b) INDIA RATING & RESEARCH PVT LTD.**
Level 16, Tower B Apitome,
Building No -5, DLF Cyber City, Phase –III
Gurugram
Haryana – 122002.

**xi. Auditors of the Issuer :**

**M/s Arora Vohra & Co. LLP**
Chartered Accountants
Chaitanya Complex,
Prem Bhawan,
Residency Road, Jammu Tawi,
Jammu & Kashmir – 180001.

**M/s K G Somani & Co**.
Chartered Accountants,
3/15, 4th Floor, Asaf Ali Road,
Near Delite Cinema,
New Delhi - 110002.

**M/s Lodha & Co,**
Chartered Accountants
14, Government Place East
Kolkata – 700069

**xii. Banker of the Issue**

**State Bank of India**
4th & 5th Floor, Parsvanath Capital tower,
Bhai Veer Singh Marg,
New Delhi-110 001.

**(II) A brief summary of the business of NHPC and Subsidiaries:**

**i) Overview**

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

Our Total Installed Capacity is 7071.2 MW from 24 Nos of Power Stations. We have commissioned 20 Hydroelectric Power Stations, 1 Solar Power Station of 50 MW capacity and 1 Wind Power Stations of 50 MW capacity on standalone basis. Total installed capacity and total generating capacity includes two power stations with a combined capacity of 1,520 MW, constructed and operated through our Subsidiary, NHDC. Our power stations and hydroelectric projects are located predominantly in the North and North Eastern states of India and in the states/UTs of Jammu & Kashmir, Himachal Pradesh, Uttarakhand, Arunachal Pradesh, Assam, Manipur, Sikkim, West Bengal, Rajasthan and Tamilnadu. Our Subsidiary NHDC is having projects in Madhya Pradesh.

On standalone basis, our Company has generated 26126 MUs (including 53 MU from Wind Power Project, Jaisalmer, 97 MU from Soar Power Project,).

Besides hydro power development, NHPC has also taken up Wind and Solar projects. NHPC has developed of 1 no. Wind Projects, in Jaisalmer at Rajasthan and 1 No Solar Project in Dindigul District at Tamilnadu with the capacity of 50 MW each. NHPC is in process for the development of Floating Solar Power project in West Kallada, Kerala. Letter of Award for 10MW Floating Solar Project under 1st Phase was issued, which had to cancelled, due to non-submission of Performance Bank Guarantee (PBG) by Engineering, Procurement and Construction (EPC) Contractor. Kerala State Electricity Board (KSEB) has given its consent to go ahead for implementation of 50MW Floating Solar in one go under UMREPP Scheme of MNRE. Notice Inviting Tender (NIT) for invitation of EPC bids have been floated on June 30, 2020.

NHPC has taken up Wind Power Projects for development in the State of Kerala. A MoU with the Power Department, Government of Kerala has also been signed. Earlier the Kerala Government had asked NHPC to tap the high wind potential available in Agali village of Palakkad district, as per availability of evacuation infrastructure. Due to poor response to Notice Inviting Tender (NIT) for earlier envisaged 8 MW project, Kerala State Electricity Board (KSEB) has given its consent to explore the possibilities for implementation of 72 MW Project in one go, so as to conceive a viable proposition. Necessary exploration of power evacuation arrangements and additional land for scaling up the project is in progress.

MNRE has conveyed its in-principle approval to NHPC for enhancement of Solar Park capacity (from 100 MW to 140 MW) in Odisha, which envisages development of 40 MW Project in Ganjam District and 100 MW Project in Deogarh District. Approvals of State Technical Committee (STC) for both the projects have been obtained and necessary lands for development of these projects have been identified. The approval for allotment of land for 40 MW Project at Ganjam District has been conveyed by Industrial Development Corporation of Odisha (IDCO) and land identified for 100 MW Project at Deogarh District has been earmarked by IDCO. Other activities for the development of Solar Projects are in progress

A MoU for setting up of Joint Venture Company between NHPC and Green Energy Development Corporation of Odisha Limited (GEDCOL) (State Nodal Agency for Renewable Energy) for jointly to explore and develop viable floating solar power projects with aggregate capacity of 500 MW in different reservoirs situated in Odisha is under process. The proposed MoU has been approved by the Govt. of Odisha. The MoU with the state government will be signed shortly.

A Joint Venture Company between NHPC and Telangana State Renewable Energy Development Corporation (TSREDCO) (State Nodal Agency) for jointly exploring and developing viable floating solar power projects with an aggregate capacity of 500 MW in reservoir of Mid Manair Dam, Karim Nagar, Telangana is under discussion. The MoU will be signed after the approval from Govt. of Telangana.

NHPC has also formed a subsidiary with UPNEDA (under UP Government) on 02.02.2015, namely 'Bundelkhand Saur Urja Limited' for 32 MW Solar Power Project in Jalaun, Uttar Pradesh. The shareholding of NHPC is not less than 74% & that of UPNEDA is not more than 26%. Bidding process and signing of PPA are under progress. In principal Approval has been received from Minstry for development of 1200 MW Solar Power park scheme by Bundelkhand Saur Urja Limited under Ultra Mega Renewable Energy Power Parks (UMREPP) mode of the Solar Park Scheme in Jalaun Distrcit of Uttar Pradesh.

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. To harness the potential of clean energy, Company has the following subsidiaries/associates/joint venture companies as on March 31, 2020 :

| SUBSIDIARY COMPANIES | | |
|---|---|---|
| NHDC Limited (NHDC) | NHPC (51.08%) and Government of Madhya Pradesh (48.92%) | NHDC has two operating power stations viz. Indira Sagar (1,000 MW) and Omkareshwar (520 MW) in Madhya Pradesh. During the year 2019-20, NHDC had generated 4,109.63 MUs from its power stations i.e. 2,877.34 MUs from Indira Sagar Power Station and 1,232.29 MUs from Omkareshwar Power Station.<br>NHDC is also exploring the possibilities for capacity addition by diversification of its activities in renewable sources of energy i.e. solar power projects in the state of Madhya Pradesh. |
| Loktak Downstream | NHPC (73.17%) and Government of | LDHCL is currently implementing Loktak Downstream Hydro-electric Project (66 MW) in |

| | | |
|---|---|---|
| Hydroelectric Corporation Limited (LDHCL) | Manipur (26.83%) | Tamenglong, Manipur. All statutory clearances for the project have been received. Tendering process for the EPC packages has already been initiated. Efforts for expeditious signing of PPA are under process.<br><br>The Government of Manipur has also allocated hydro-electric component of Thoubal Multipurpose Scheme (7.5 MW) to the Company. The Board of NHPC Limited has accorded its in-principle approval for equity contribution for this project. The project, at present, is under investigation stage. |
| Bundelkhand Saur Urja Limited (BSUL) | NHPC (99.99%) and Uttar Pradesh New & Renewable Energy Development Agency (UPNEDA) | BSUL was incorporated for the development of 50 MW Solar Power Project in Tehsil Kalpi, District Jalaun, Uttar Pradesh and other conventional & non-conventional power projects entrusted by the Govt. of Uttar Pradesh. 63.491 Ha land has been transferred to BSUL. On the basis of availability of land, a 32 MW Solar Power Plant was envisaged for implementation.<br>In principal Approval has been received from Ministry for development of 1200 MW Solar Power park scheme by Bundelkhand Saur Urja Limited under Ultra Mega Renewable Energy Power Parks (UMREPP) mode of the Solar Park Scheme in Jalaun Distrcit of Uttar Pradesh. |
| Lanco Teesta Hydro Power Limited (LTHPL) | Wholly Owned Subsidiary | LTHPL is executing 500 MW Teesta VI HE Project in Sikkim. NHPC has acquired LTHPL through CIRP process in October, 2019 and infused equity of Rs. 897.50 as consideration amount pursuant to approved resolution plan. The Cabinet Committee on Economic Affairs (CCEA), Government of India has accorded its investment approval of Rs. 5748.04 crore for the acquisition |

| | | |
|---|---|---|
| | | of LTHPL and execution of balance works of Teesta VI HE Project in March, 2019. |
| ASSOCIATE/JOINT VENTURE COMPANY | | |
| Chenab Valley Power Projects Private Limited (CVPPPL) | NHPC Limited (49.89%), Jammu & Kashmir State Power Development Corporation Limited (49.89%) and PTC India Limited (0.22%) | Three projects viz. Pakal Dul HE Project (1,000 MW), Kiru HE Project (624 MW) and Kwar HE Project (540 MW) in UT of Jammu & Kashmir are being developed by CVPPPL. The Company has taken up infrastructure development works of these projects viz. roads, bridge, building etc. |
| National High Power Test Laboratory Private Limited (NHPTL) | NHPC Limited, NTPC Limited, Power Grid Corporation of India Limited, Damodar Valley Corporation and Central Power Research Institute (each having shareholding of 20%) | NHPTL was established to set up an online high power test laboratory for short-circuit test facility in the Country. The laboratory for High Voltage Transformer (HVTR) at 400 kV level and 765kV level is already in operation at Bina, Madhya Pradesh. Laboratory for Medium Voltage Transformer (MVTR) is expected to be commissioned by September 2020. |

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 2018, 2019 and 2020 we generated total income (excluding exceptional items) of 8425.03 Crore, 9085.96 crore and 9771.59 crore respectively.

The company earned a net profit of Rs. 2758.65 crore, 2630.55 crore and Rs 3007.17 crore (excluding OCI) respectively in Fiscals years 2018, 2019 and 2020.

In FY 2019-20, we derived Rs. 8735.41 crore audited total revenue from operation , 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 2018,2019 and 2020 were 85.32%, 84.97% and 84.04% 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 9001:2015, ISO 14001:2015 certifications from the M/s URS Certification Limited, Noida (UP), all of which are valid until July 23, 2020.

In recognition of our performance and our consistent achievement of targets as negotiated under the MoU system of GoI, we enter into MoU with MoP on an annual basis. The GoI has rated our performance as "Excellent" from Fiscal 1995 through to Fiscal 2006, "Very Good" in Fiscal 2007, "Excellent" in Fiscal 2008, "Very Good" in Fiscal 2009, 2010, 2011, 2012 & 2013 "Good" in Fiscal 2014. Performance rating for the Fiscal 2015 & 2016 is "Very Good" for the fiscal year 2017 it is ' Good' and for fiscal year 2018 and 2019 it is 'Very Good' . Also, in recognition of our performance, we were designated as a Mini-Ratna Category-I public sector undertaking in April 2008.

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 73.33% of the paid-up Equity Share capital of our Company after Buyback of NHPC Shares, which has been completed in the month of January 2019.

**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 project 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 &Investigation, Exploratory Drilling and Preparation of DPR:**

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 has in-house expertise equipped with latest technology/instruments to carryout detailed topographical survey and developing maps. The company has also in-house expertise to carrying out exploratory drilling in difficult terrains (mountainous/riverbed) required for sub surface exploration of hydropower projects. Based on investigation reports, NHPC prepares PFR/FR/DPR for obtaining statuary clearances from various scrutiny agencies like CEA/CWC etc.

**Geological Investigation Capabilities:**

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 real time Seismic Data Center has also been established at Corporate Office for centralized online monitoring of Seismic Data collected by all accelerographs installed at the Power Stations.

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.

**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 Hydro Power Stations (including two through its subsidiary NHDC), 01 Wind Power Project and 01 Solar Power Project. The Chamera-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 Crore and an investment base of over Rs. 59,000 Crore. The Company has strong Financial Position having highest Credit Rating 'AAA' with Stable outlook, assigned by Domestic Credit Rating Agencies for all listed bonds, outstanding as on 31.01.2021, issued by NHPC Ltd. Further, S&P has rated NHPC with International Rating BBB(-) with negative outlook.

**Strong operating performance:**

NHPC has at present 24 Power Stations with an aggregate capacity of 7071 MW under operation (including 2 Nos. power stations of 1520 MW in JV mode, 1 Wind Power Project and 1 Solar Power Project). NHPC has commissioned Kishanganga HE Project (330 MW) in J&K and 50 MW Solar Power Project in Tamilnadu in 2017-18. 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. They also have rich experience in the design of various type of dams such as Concrete dam, Rockfill dam, Concrete face Rockfill dam**.** 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, MoUs and Acquisition:**

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 2 hydroelectric projects in the state of Himachal Pradesh and Arunachal Pradesh with aggregate capacity of 2800 MW and 2 nos. HE projects in JV mode viz., 1000 MW Pakal Dul HE Project and 624 MW Kiru HE Project in J&K through a JV company M/s CVPPPL and 500 MW Teesta-VI HE Project in Sikkim through Lanco Teesta Hydro Power Limited (LTHPL) a company for which NCLT has given its approval for acquisition by NHPC on 26.07.2019, and now it is a wholly owned subsidiary of NHPC Limited on 09.10.2019. Now NHPC shall execute balance work with an estimated cost of Rs. 5748.04 crore ( at July 2018 PL).

Further, NHPC has been declared as successful resolution applicant by the Committee of Creditors of Jal Power Corporation Limited, a company implementing Rangit Stage-IV HE Project (120 MW) in Sikkim, subject to approval of resolution plan by the Hon'ble National Company Law Tribunal, Hyderabad Bench.

NHPC is in process of development of Floating Solar Power project in Kollam, Kerala. As desired by Kerala State Electricity Board (KSEB), 10 MW shall be developed in Ist Phase. Tender finalized, the work is under award stage. Signing of PPA with KSEB and signing of Tripartite Agreement for transfer of land to NHPC are in process.

MNRE has conveyed in-principle approval for setting up of one solar park of capacity 100 MW in Odisha by NHPC. 40 MW shall be developed in Ist Phase at the identified land in Ganjam District. Approval of State Technical Committee (STC) for 40 MW has been conveyed by M/s Green Energy Development Corporation of Odisha Ltd (GEDCOL) on 25.08.2018. Transfer of Land, signing of PPA and connectivity approval in process. NIT for EPC contract has been floated on 05.04.2019.

A Memorandum of Understanding (MoU) has been signed with Government of Himachal Pradesh for the execution of Dugar HE Project (449 MW) in Himachal Pradesh in September, 2019.
NHPC has signed a Memorandum of Agreement (MoA) for R&D collaboration with IIT Kanpur in September, 2019 and IIT(ISM) Dhanbad in November, 2019

NHPC is in the process for selection of Solar Power Developers (SPD`s) for setting up grid connected solar PV projects of aggregate capacity 2000 MW on the land to be identified and arranged by the SPD`s in anywhere in India. Request for Selection (RfS) under process.

NHPC has already commissioned 1494.70 kWp roof top solar plants in NHPC Offices/projects/units. Bids for EPC contract for development of 1589 kWp at NHPC projects have been received and are under technical evaluation.

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. In principal Approval has been received from Minstry of for development of 1200 MW Solar Power park scheme by Bundelkhand Saur Urja Limited under Ultra Mega Renewable Energy Power Parks (UMREPP) mode of the Solar Park Scheme in Jalaun Distrcit of Uttar Pradesh.

8 MW wind power project in Kerala is to be set up in Palakkad District, Kerala. Allotment of Land by State Govt is under process. Bidding process under progress and signing of PPA by KSEB is awaited.

**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 work of preparing DPRs of Chamkharchhu-I H.E. Project (770 MW) by the Ministry of Power. Further the signing of Joint Venture Agreement cum Share Holders' Agreement of proposed JV with Govt. of Bhutan for implementation of 770 MW Chamkharchhu-I HE Project, is ready for signing. SHA & AOI shall be signed after finalization of concession agreement which is pending with RGoB & CCEA approval of GoI.

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. In addition, NHPC is also providing consultation in survey for checking of HRT alignment during construction of 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).

NHPC and NEA Engineering Company Limited, Nepal has exchanged 'Letter of Intent' in December, 2019 for mutual co-operation in the field of Design & Engineering of hydropower projects. This exchange would start a new journey of co-operation between India and Nepal for Hydropower Development in Nepal. Further, a MoU has been signed with HIDCL (Hydroelectricity Investment and Development Company Limited – A Company owned by Govt. of Nepal) in June, 2020 for joint cooperation on development of hydropower projects in Nepal.

**Completed Projects:**

We have set forth below the details of all our completed projects, including joint venture project:

| Power Station | State/ UT | Installed Capacity (MW) | Year of Commissioning | Tariff (2018-19) (Rs./Kwh) including Water utilization charges levied by UT of J&K and Ladakh |
|---|---|---|---|---|
| BairaSiul | Himachal Pradesh | 180 | 1981 | 2.04 |
| Loktak | Manipur | 105 | 1983 | 3.86 |
| Salal | Jammu & Kashmir | 690 | 1987/1995 | 2.34 |
| Tanakpur[1] | Uttarakhand | 120 | 1992 | 3.30 |
| Chamera I | Himachal Pradesh | 540 | 1994 | 2.28 |
| Uri I | Jammu & Kashmir | 480 | 1997 | 2.10 |
| Rangit | Sikkim | 60 | 2000 | 3.81 |
| Chamera II | Himachal Pradesh | 300 | 2004 | 2.01 |
| Dhauliganga | Uttarakhand | 280 | 2005 | 2.43 |
| Dulhasti | Jammu & Kashmir | 390 | 2007 | 5.99 |
| Teesta V | Sikkim | 510 | 2008 | 2.33 |
| Sewa II | Jammu & Kashmir | 120 | 2010 | 5.48 |
| Chamera III | Himachal Pradesh | 231 | 2012 | 3.94 |
| Chutak | Jammu & Kashmir | 44 | 2013 | 8.73 |
| TLDP-III | West Bengal | 132 | 2013 | 4.75* |
| NimmoBazgo | Jammu & Kashmir | 45 | 2013 | 10.03 |
| Uri II | Jammu & Kashmir | 240 | 2014 | 5.14 |
| Parbati-III | Himachal Pradesh | 520 | 2014 | 3.08 |
| TLDP-IV | West Bengal | 160 | 2016 | 2.89 |
| Kishanganga (3*110) | Jammu & Kashmir | 330 | 2018 | 4.10 |
| Wind Power, Jaisalmer | Rajasthan | 50 | 2016 | 3.67* |
| Solar Power | Tamilnadu | 50 | 2018 | 4.41* |
| **Completed Projects with NHDC** | | | | |
| Indira Sagar | Madhya Pradesh | 1000 | 2005 | 3.71 |
| Omkareshwar | Madhya Pradesh | 520 | 2007 | 5.96 |
| ***Note: 1 Derating of Tanakpur Power Station of 94.2 MW from September 1996 vide CEA letter no.DMLF/PS/9/7/96*** | | | | |

***Tariff for 2020-21.**

**Present bills are being raised as per tariff determined by CERC for FY 2018-19 as petitions for the period 2019-24 have been submitted in CERC and orders in this regard are yet to be issued.**

**Projects under Construction**

We have set forth below the details of all our hydroelectric projects, which are currently under construction:

**A. HYDRO PROJECTS:-**

| 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.)[1] | 800 | Dec'01 | 3,919.59 | Apr'20 | 9897.59 |
| Subansiri Lower [2] (Arunachal Pradesh/ Assam) | 2000 | Dec'02 | 6,285.33 | Jan'20 | 19992.43 |
| **Total** | **2800** | | **10204.92** | | **29890.02** |

1. First and second units have been successfully synchronized with grid at part-load in September, 2018 by using discharge from Jiwa Nallah. Third and fourth units have also been successfully test synchronized with grid in September, 2019. After completion of Hurla Nallah Diversion Works, water of Hurla Nallah successfully diverted into HRT on 30th November 2020. This will augment to the power generation of Parbati-II as well as Parbati III Power Station. Project is anticipated to be commissioned by March 2022.
2. Work at Project resumed w.e.f. 15.10.2019, pursuant to NGT Clearance on 31.07.2019 and signing of MOA with Govt of Assam on 23.08.2019. the work remained suspended w.e.f. 24.03.2020 to 20.04.2020 due to Covid-19 lockdown, work resumed w.e.f. 21.04.2020 at site. Cumulative dam concreting of 1254014 cum has been done out of 2070616 cum (60.56% achieved so far). Power Houde civil package awarded on 01.09.2020 and works is under progress. Ist interdependent Milestone (IM-1) i.e. Handing over of Unit-1 pit to E&M contractor for Generator Stator assemble' has been achieved on 06.01.2021. Erection work at intake gages is in progress and fabrication work of Penstock liner is in progress. The project is expected to be completed by Aug'23.

**Projects under Construction- Joint Venture:**

| Ongoing Projects & States | Installed Capacity (MW) | Price Level | CCEA/Cabinet Approved Cost (Rs. in Crore) |
|---|---|---|---|
| Pakal Dul (4x250) J&K[3] | 1000 | Mar'13 | 8112 |
| KIRU (4X156)[4] | 624 | July'18 | 4288 |

3. MOP on 28.10.2014 has conveyed the Cabinet Sanction of the project at an estimated cost of Rs. 8112.12 Crores at Mar'13 price level. MOP vide letter dated 19.10.2016 issued modified Sanction letter of Pakal Dul HE Project to the extent that the equity part of JKSPDC i.e. 1192 crore shall be released by Government of India as a Grant to M/s

CVPPPL. Civil construction activities for Power House and Dam works are in progress and mobilization of contractor for HRT-TBM works is in progress.

4. Hon'ble Prime Minister has laid the foundation stone of 624MW Kiru Hydroelectric Project on February 03, 2019. This project is owned by Chenab Valley Power Projects Pvt. Ltd, a joint venture between NHPC, JKSPDC Ltd. (A Jammu & Kashmir government undertaking) and PTC Ltd. Investment sanction in r/o Kiru H. E. Project (624 MW) received from Govt. of India with estimated cost of Rs.4288 crore. LOA for all contract packages issued and civil construction activities for Power House and Dam works are in progress.

**<u>Project under Construction- Subsidiary</u>** :

| Ongoing Projects & States | Installed Capacity (MW) | Price Level | CCEA/Cabinet Approved Cost (Rs. in Crore) |
|---|---|---|---|
| Teesta VI (4x125) Sikkim[5.] | 500 | July'18 | 5748.04 |

5. CCEA in its meeting held on 07.03.2019 had given its approval for investment sanction for acquisition of M/s Lanco Teesta Power Limited and execution of balance works of the project. M/s LTHPL has been acquired by NHPC on 09.10.2019 & Board started functioning. Civil works Lot I, Hydro Mechanical works Lot II and six out of eight packages of E&M works has been awarded. Tendering of all other works are in process. The LOA of Lot II civil contractor has been annulled on 06.11.2020 due to non-submission of PBG within stipulated period. Contract Agreement signed with Lot-1 civil contractor and he is mobilizing resources. Planning & establishment works including obtaining necessary approvals from State Administration being done by contractors. Land for permanent works, quarry, dumping have been handed over to Lot I civil contractor. Dewatering of HRT at Adit-I, Adit-II & Delisting Basin area is in process.

**<u>Projects Awaiting Clearances:</u>**

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](3X65) | Uttarakhand | 195 |
| 2 | Dibang[2] (12X240) | Arunachal Pradesh | 2880 |
| 3 | Teesta IV[3] (4X130) | Sikkim | 520 |
| 4 | Tawang I[4] (3X200) | Arunachal Pradesh | 600 |
| 5 | Tawang II[5] (4X200) | Arunachal Pradesh | 800 |

| | | | |
|---|---|---|---|
| | | **Total (A)** | **4995** |
| **B. Hydro – Projects in Joint Venture** | | | |
| 1 | Kwar[6] (4x135) | J&K (JV With JKSPDC & PTC) | 540 |
| 2. | Ratle H.E.Project (J&K)[7] | J&K ( JV with JKPDD & JKSPDC) | 850 |
| | | **Total B** | **2190** |
| **C. Hydro – Subsidiary Under Clearance** | | | |
| 1. | Loktak D/S ( 2X33)[8] | Manipur, (JV between NHPC 74% % Govt. of Manipur 26%) | 66 |
| | | **Total (C)** | **66** |
| **D. Foreign Assignment under JV Scheme.** | | | |
| 1 | Chamkharchu-I[9] | Bhutan (JV of NHPC & Druk Green Power | 770 |
| **E. Project under FR/DPR Preparation** | | Corporation) | |
| 1 | Bursar ( 4x200)[10] | J&K (JV With JKSPDC & PTC) | 800 |
| 2 | Garba Tawaghat[11] | Uttarakhand | 630 |
| 3 | Dugar[12] | Himachal Pradesh | 500 |
| 4 | Goriganga-III A[13] | Uttarakhand | 150 |

**Notes:**

1. PIB had recommended the project for investment subject to clearance from Hon'ble SC for Uttarakhand Projects. Decision of Hon'ble SC is awaited.

2. Dibang: Concurrence to Project, Environment Clearance, Forest Clearance (Stage-I) and FRA clearance available. CCEA approval for Rs. 1600 crore to incur expenditure on pre-investment activities & balance clearances of the project accorded. FC (St-II) accorded on 12.03.2020. Cost estimate vetted by CEA on 22.05.2020. Further, Draft PIB memo incorporating reply to IFD comments submitted to MoP on 10.07.2020. As desired by JS (Hydro) in VC held on 18.09.2020, cost updation at current price level is under process.

3. Teesta IV: All statutory clearances received except forest clearance (stage-II). FRA Compliance is underway. Approval for pre-investment activities is available and PIB memo for implementation of project submitted to MoP. Cost Estimate at May, 2020 PL is under approval of management before submission to CEA for vetting.

4. Tawang I: All statutory Clearances have been received except Forest clearance. FRA compliance is underway and Basin Study Report has been submitted and accepted. After receipt of Forest Clearance (Stage-I), the process for PIB / CCEA shall be initiated. Approval of Pre-investment activities is available.

5. Tawang II: All statutory clearances received except forest clearance (stage-II). FRA Compliance is underway. Approval of pre-investment activities is available.

6. Kwar: All clearances except Indus Valley Treaty are available. Tendering for main works is under process. PIB Memo circulated by MoP on 07.03.2018. All replies to comments of respective Agencies/Ministries stands submitted. CEA vide letter dated 05.12.2018 vetted the Cost with GST. Consent from Govt. of J&K for waiver of 12% free power & water usage charges is awaited. Tendering is in process.

7. Ratle : A MoU has been exchanged among NHPC Limited, Jammu & Kashmir State Power Development Department (JKPDD) and J&K State Power Development Corporation (JKSPDC) for execution of 850 MW Ratle Hydroelectric Project (Jammu & Kashmir) in the august presence of Prime Minister of India on 3rd Feb 2019. PIB meeting held on 09.03.2020. After detailed deliberation, PIB recommended that Govt. of J&K should be taken on Board on all issues and modalities of the JV. Agreement between MOP and Govt. Of J&K with full financial closure is necessary before the proposal is considered for approval. Tendering for execution of Ratle H.E. Project through EPC mode is in progress.

8. Loktak D/S: All statutory clearances of project except CCEA are available. More options to make project viable being explored. Tendering of all major works is in process. Draft PIB Memo submitted to MoP on 13.10.2020. The same has been forwarded by MoP to CEA on 19.10.2020 for examination and vetting of the proposal on latest PL with a request to NHPC to co-ordinate the matter with CEA and furnish the updated cost estimate to CEA for examination at the earliest. Updated project hard cost at July,20 PL cleared by CEA on 01.11.2020. Further IDC calculation, Phasing and tariff sheet as per latest vetted cost submitted to CEA on 02.11.2020. Reply to F&CA, CEA comments on the draft PIB furnished on 03.11.2020. HPA vide letter dtd 04.11.2020 has vetted the phasing of Hard Cost of Project.

9. Chamkharchhu: Project to be developed by JVC of NHPC and DRUKGreen Power Corporation, Bhutan. Joint venture Agreement cum Share Holder’s Agreement of proposed JV Company is ready for signing. SHA & AOI shall be signed after finalisation of concession agreement with RGoB & CCEA approval of GoI. Revised draft material for PIB Memorandum submitted to MoP on 23.06.2017 & PIB memo circulated by MoP on 08.09.2017. Reply to all observations of various agencies stand submitted. NHPC vide letter dated 23.06.2020 has requested MoP to take up the issue of finalization of Concessional Agreement with MEA. PIB memo circulated by MOP on 08.09.2017. Comments of CEA, MEA , NITI Aayog, DOE (MoF), DEA (MoF) have been replied. MOP on 01.02.18 was requested to take up the matter with MEA for finalization and signing of concession Agreement with DGPC, Bhutan.

10. Bursar: The DPR submitted to CEA on 06.01.2017. Presently the DPR is under examination at CEA/CWC/GSI. EAC in its meeting on 05.12.2017 has recommended

for grant of EC to the project. MoEF&CC vide letter dated 23.01.2018 has requested that Forest Clearance letter may be submitted for issuance of Environment Clearance letter to the project. NHPC vide letter dated 15.11.2018 has requested MoEF&CC to extend the period of recommendation of EAC by another 6 months. Proposal for Forest Clearance submitted to GoJ&K State Forest Dept. started joint inspection and enumeration of trees on forest land to be diverted for the project on 30.04.2018, forest clearance is in process. Wildlife clearance proposal for the project has been approved by State Board of Wildlife, J&K. CEA vide letter dated 17.02.2017 has vetted the cost of Pre investment activities. The Delegated Investment Board (DIB) material submitted to MOP on dtd. 20.04.2017. MOP desired the Draft PIB proposal for complete project cost. NHPC intimated that the same shall be submitted after DPR examination is completed by CEA/ CWC/ MOWR. Wildlife clearance accorded by MOEF&CC on 25.03.2019.

11. Implementation of the project is hold due to the following reasons:
    a) To take up the matter at appropriate forum for obtaining consent of Govt. of Nepal. b) Issuance of final Notification of boundary of Eco-Sensitive zone of Askot Wildlife Sanctuary by MoEF. MoP is pursing the matter for 8 th JWG/JSC meeting.

12. Revised proposal for pre-investment activities amounting to Rs. 89.41 crs. submitted to MoP on 07.10.2020. All queries stand replied. NIT for EIA & EMP Studies issued on 09.09.2020. Bids opened on 13.10.2020. DPR is likely to be submitted by Nov’2020.

13. ToR for the project available. EIA /EMP studies in process. • Final notification for Demarcation of Eco-sensitive zone for Ascot wildlife Sanctuary is yet to be notified. • DPR prepared and submitted to CEA on 30.03.18/02.04.2018. CEA accepted the DPR for appraisal on 07.05.2018 and checking in different Directorates of CEA/CEC is in progress

**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 GoI. These projects are undertaken in the spirit of cooperation with foreign governments and also to broaden our international experience. The status of various turnkey agency projects undertaken by our consultancy services division is set out below:

| Project | Country/State/Union Territory | Installed/ Proposed Total Capacity (MW) | Status |
|---|---|---|---|
| Devighat | Nepal | 14.10 | Commissioned |
| Kurichhu | Bhutan | 60.00 | Commissioned |
| Kalpong | India (Andaman & Nicobar Islands) | 5.25 | Commissioned |
| Sippi | India (Arunachal Pradesh) | 4.00 | Commissioned |
| Kambang | India (Arunachal Pradesh) | 6.00 | Commissioned |
| **Total** | | **89.35** | |

**Specialized Government Agency Works**

**DEEN DAYAL UPADHYAY GRAM JYOTI YOJNA (Erstwhile RGGVY)**

NHPC implemented 36 nos. Rural Electrification projects under the X$^{th}$ and XI$^{th}$ 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 crore. 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 30.06.2017 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 Sadak Yojna (PMGSY):**

An MOU was signed amongst 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 Sadak Yojna (PMGSY). Under the scheme, NHPC awarded the works for execution of 758 roads spread over 06 districts and having cost of Rs. 1725.65 Crore for execution. As on 31.03.2018, 753 roads having 3084 km length have been completed. Further, construction of balance 05 roads in Vaishali 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 753 roads already completed, maintenance period of five years of 694 roads covering 2835 km of road length has been completed. While 59 roads having 294 kms 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:

(i) Assessing power potential, plant capacity and energy based on inputs like hydrological series etc.
(ii) Framing of Technical Specifications for E&M Works.

(iii) Evolving optimized designs for electromechanical works of projects under planning and execution.
(iv) Providing technical data on electromechanical equipment.

**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, NimooBazgo and Kishanganga power stations are equipped with advanced distributed control systems / SCADA systems. We are in process of implementing DCS/ SCADA systems at Tanakpur, Chamera I, Rangit, & Salal power stations. Further, DCS/SCADA systems at Bairasiul, Loktak is planned to be undertaken under Renovation and modernization for life extension program of these power stations. DCS/SCADA system provides for better operation, monitoring and control of the power station.

**Sale of Energy**

**Tariff:**

Tariff for each of our hydropower stations are determined by the CERC. A new tariff regulation was issued by CERC pursuant to notification no. L-1/236/2018-CERC dated March 07, 2019, and relates to the Control Period (CP) from April 1, 2019 to March 31, 2024.

Tariff is determined by reference to AFC, which comprise of return on equity, depreciation, interest on loan, interest on working capital and operation & maintenance expenses. The AFC is recoverable in the form of primary energy charges and capacity charges. Recovery of capacity charges depends on the actual availability of our machines for generating power. Capacity charge is determined by the NAPAF, which has been prescribed for each project by CERC whereas Energy charge is recoverable on the basis of actual generation.

We are entitled to receive incentives for achieving plant availability factor greater than NAPAF as well as for generating energy in excess of the design energy of the plant @ Rs 1.20/kWh or energy charge rate. Whichever is lower.

**Power Purchase Agreements:**

The GoI allocates the output of each of our stations among the beneficiary DISCOMs. Each of our power station has PPAs with its customers. Under the terms of the PPAs, we are obliged to supply electricity to SEBs or their successor entities, private distribution companies and other GoI entities in accordance with the terms of the allocation issued by the GoI from time to time. The power supplied to customers is billed as per tariff determined under tariff regulations issued by CERC from time to time.

The MoUs signed with respective state governments where power station is situated we need to provide 12% of the energy that we generate to the respective state free of cost. In addition to above, as per 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, GoI.

The term of validity of the PPA is generally for life span of the project i.e. 40 years as per CERC Tariff Regulations, 2019. 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 in case customer continues to get Power from the Projects.

The tariffs charged and the conditions for the supply of energy, as well as the levy of surcharge and rebates are determined according to the tariff regulations issued by the CERC or policies of GoI from time to time. NHPC also offers its own rebate scheme to willing customers. Further, settlement of any disputed current dues is determined according to the directives of the CERC or the GoI as issued from time to time.

The parties to a PPA are not liable for any claim for loss or damage arising out of failure to carry out the terms of such PPA to the extent that such failure is due to force majeure events such as riot, strike, lock out, fire, explosion, flood, drought, earthquake, war or other forces, accidents etc. 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. Notwithstanding the existence of any question, dispute & differences referred to arbitration, the parties here to shall continue to perform their respective obligations under this agreement.

Availability of long term PPAs for Power Stations of your Company is the key to its sustainability. Long term PPAs give revenue visibility for the Company and assured rate of return. Your Company strives for signing of long term PPAs for its Power Stations. NHPC has long term PPAs with beneficiaries for most of its Power Stations. Major achievements on front of PPAs during the year 2019-20 are as follows :

<table>
<tr><th>S. No.</th><th>Name of State/Union Territory/Distribution Companies</th><th>Name of Power Station</th><th>Validity Period (in years) from Commercial Date of Operation (COD)</th></tr>
<tr><td colspan="4">Operating Power Stations</td></tr>
<tr><td>1</td><td>Jammu & Kashmir</td><td>Uri-II</td><td>10</td></tr>
<tr><td>2</td><td>Uttar Pradesh Power Corporation Limited (UPPCL), Uttar Pradesh</td><td rowspan="2">Uri-II and Parbati-III</td><td>35</td></tr>
<tr><td>3</td><td>BSES Rajdhani Power Limited (BRPL), BSES Yamuna Power Limited (BYPL) and Tata Power Delhi Distribution Limited (TPDDL), Delhi</td><td>40</td></tr>
</table>

| | | | |
|---|---|---|---|
| 4 | Uttarakhand Power Corporation Limited (UPCL), Uttarakhand | | |
| 5 | Haryana Power Purchase Centre (HPPC), Haryana | | |
| **Construction Projects** | | | |
| 6 | Department of Power, Arunachal Pradesh | Subansiri Lower HE Project | 40 |
| 7 | Kerala State Electricity Board | Floating Solar Plant | 25 |

NHPC has also signed PPA with WBSEDCL on 14.09.2020 in respect of TLDP-III Power Station for useful life of the plant with levelised tariff of Rs 5.41/kWh for balance useful for the period 01.04.2019 to 18.05.2053 as agreed between NHPC Ltd. WBSEDCL and approved by BOD of NHPC in its 433rd meeting.

**NHPC Limited in Trading Business**

NHPC is having Category–I Trading License which was granted by CERC vide its order dated 23.04.2018.

NHPC Limited as Intermediary Procurer/Trading Licensee invited bids for Procurement of 2000 MW Solar Power from ISTS Grid Connected Solar Photo Voltaic Projects under Tariff based Competitive Bidding as per MoP guidelines dated 03.08.2017 and Tariff of Rs. 2.55/unit (for 1680 MW) & Rs. 2.56/unit (for 320 MW) was discovered on 16.04.2020.

In spite of challenging conditions due to Covid-19, NHPC has signed Power Sale Agreement (PSA) with DISCOMs of MP (1000 MW), Chhattisgarh (400 MW), Jammu & Kashmir-(300 MW) and Punjab (300 MW) for 25 years from date of commercial operation. Similarly, back to back Power Purchase Agreement (PPAs) has been signed with Solar Power Developer (SPD) and they have to commission the plants in March/ April 2022.

Trading Margin of Rs 0.07/kWh shall be earned by NHPC during contract period of 25 years. Yearly tentative earning from Trading Margin shall be around Rs 35 Cr.

**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 GoI, on behalf of the central sector power utilities, executed Tripartite Agreements with the RBI and the state governments valid up to 31.10.2016, to effectuate a settlement of overdue payments, by way of tax-free bonds, owned to NHPC by the SEBs or their successor entities or other state government entities with provisions for incentive for future timely payment.

Under these agreements, the overdue amounts outstanding as of September 30, 2001 were securitized by the issue of tax-free power bonds and long term advances amounting to Rs. 2,818.04 crore against outstanding principal dues, late payment surcharge, and conversion of bonds issued by the SEBs after March l, 1998. Tax free interest on the power bonds and long- term advances are payable to NHPC at a rate of 8.5% p.a. payable on half yearly basis. These bonds matured 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).
Tripartite Agreements have been extended by GOI, RBI and the States (Except Punjab and Maharashtra) for the period of 10/15 years up to 31.10.2026 and 31.10.2031.

AS pre direction of GOI, from 01.08.2019 onwards RLDCs shall schedule power to only those entities who have in place LCs in favour of Central Generating Companies. Discoms have been given flexibility to provide LC for one week or pay in advance for scheduling of power for next day in case of acute shortage of funds. This shall ensure discipline in payment by Discoms for future energy bills.

**Collection through Atmanirbhar Bharat Abhiyan:**

Ministry of Power vide its advisory dated 15.05.2020 announced a special economic and comprehensive package including therein the liquidity infusion by PFC/REC of Rs.90,000 crore to DISCOMs against receivables and loans to be given against State guarantees for exclusive purpose of discharging liabilities of DISCOMS to power Generating companies (Gencos). An amount of Rs 860.81 Cr has been received against outstanding dues of various beneficiary DISCOMs from PFC Ltd. and REC Ltd. under special liquidity infusion of Rs 90,000 Cr as part of Atmanirbhar Bharat Abhiyan.

| S. No | DISCOMs | Amount (Rs in Cr.) | Date of Receipt |
|---|---|---|---|
| 1 | UPPCL, Uttar Pradesh | Rs 363.84 | 30.07.2020 |
| 2 | Wind Power (JdVVNL), Jodhpur | Rs 2.43 | 03.09.2020 |
| 3 | NBPDCL and SBPDCL, Bihar | Rs 20.76 | 30.09.2020 |
| 4 | JKPCL (erstwhile JKPDD), J&K | Rs 453.30 | 16.10.2020/ 17.10.2020 |
| 5 | TANGEDCO, Tamil Nadu | Rs 19.98 | 18.12.2020 |

**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.

A broad R&R package being implemented by NHPC at its various projects comprises the following :

1. Compensation for land, houses, shops and other properties etc.
2. Homestead land.
3. Transportation, charges for household items, cattle etc.
4. Construction of house
5. Solatium charges.
6. Financial assistance for construction of cattle shed or poultry farm.
7. Agricultural land depending on availability or landless grant.
8. Subsidy for seeds /fertilizers/ land development.
9. Development of public health centre, school, community centre etc.

10. Provision of basic amenities like road, drinking water, electricity, medical etc.
11. Vocational training to develop entrepreneurial skills.
12. Preference in allotment of shops in NHPC's shopping complex.
13. Special measure for tribals.
14. Renovation/ relocation of religious structures or structures of archaeological importance.

**Corporate Social Responsibility:**

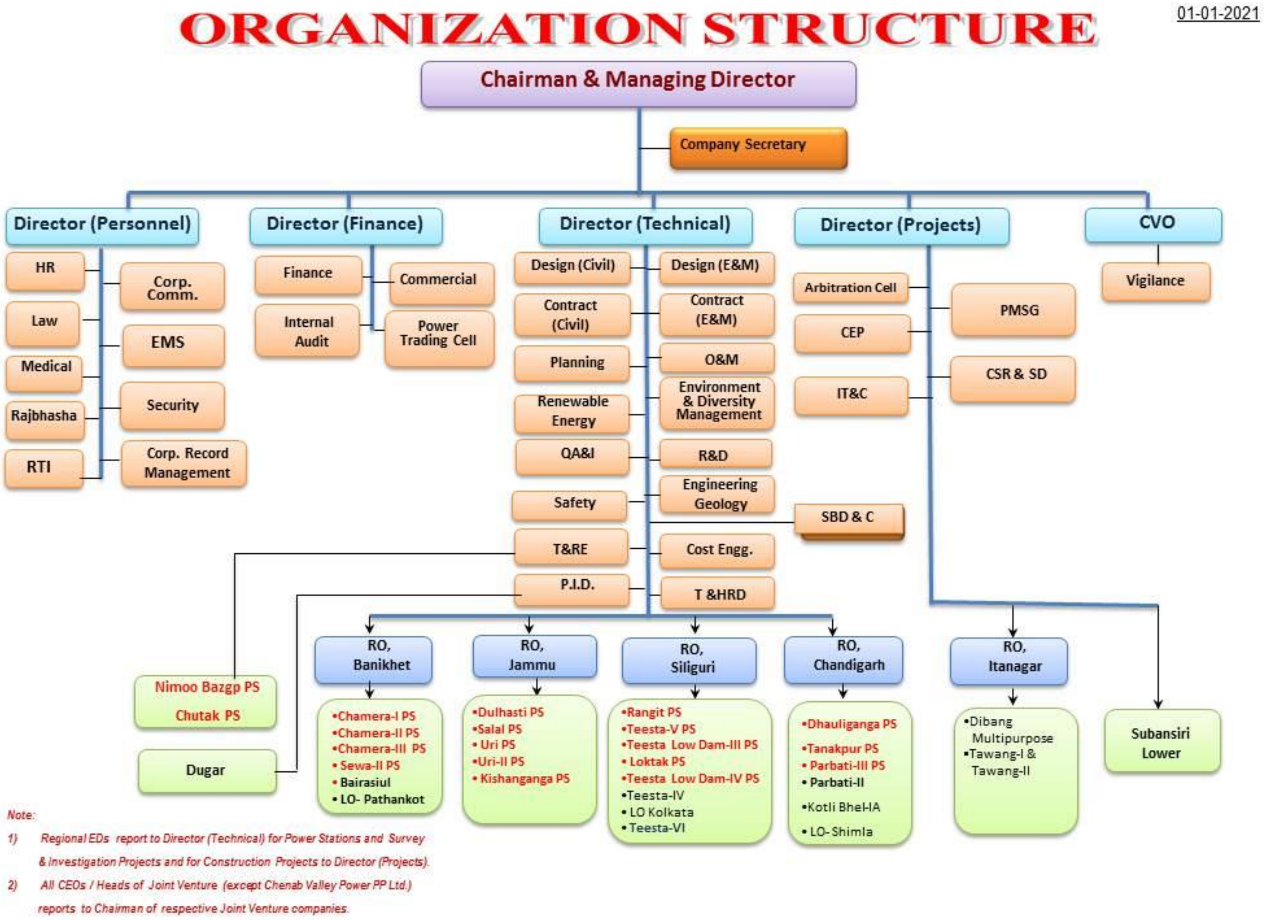
Company has been actively engaged in various CSR activities over the years. The aim of CSR activities is to create a deeper positive impact on society at large by development of key areas, especially by addressing the social, economic, environmental and welfare concerns of stakeholders. CSR activities of the Company focus on equitable development through empowerment of marginalized and underprivileged sections/ communities. The thrust areas under CSR inter-alia include Education, Health, Sanitation, Drinking water, Rural Development, Skill Development, Environment, Women Empowerment etc. The Corporate Social Responsibility & Sustainability Policy of your Company is available at http://www.nhpcindia.com/writereaddata/Images/pdf/CSR_Policy_E_CMA_201811_1.pdf

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

| Sector / Area | Particulars of CSR Initiatives |
|---|---|
| Education | • Scholarships to students<br>• Providing support for the setting up of Engineering College.<br>• Providing Infrastructural support to Schools |
| Skill Development | • Enhancement of employability of rural youth and women by means of Skill Development Programs Supporting infrastructural development and other up-gradation activities in adopted Industrial Training Institutes. |
| Health | • Organizing medical camps, health awareness programs<br>• Augmentation of health infrastructure<br>• Deployment of Mobile medical units (MMUs) in rural areas. |
| Sanitation | • Construction of toilets in Govt. schools under Swachh Vidyalaya Abhiyan<br>• Undertaking various Swachh Bharat Abhiyan activities<br>• Providing sanitation facilities in public places<br>• Providing potable drinking water, community RO Plant & Sanitation Complex, arrangement of drinking water supply lines |
| Rural Development | • Construction/renovation of pathways, RCC Bridges, drains, rain shelters, community halls, cremation sheds, grave yards etc.<br>• Establishment of food processing units |

| | |
|---|---|
| Environment | • Development of Bio-Diversity Park.<br>• Installation of solar street lights<br>• Solid Waste Management. |
| Women empowerment | • Training to women in various areas to generate self-employment.<br>• Literacy program for rural women |
| Sports, Art, Culture & capacity building etc. | • Training to Promote sports<br>• Conducting capacity building program. |

**(III & IV) Organisation Structure & Management of the Company .**



### i) 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 and Government Nominee Director. As on 31.12.2020, there were 6 Directors, of which five were Functional Directors including Chairman and Managing Director and one Government Nominee Director.

| Particulars | Board structure | Actual strength as on 31.12.2020 |
|---|---|---|
| Chairman and Managing Director | 1 | 1 |
| Functional Directors | 4 | 4 |
| Government Nominee Directors | 2 | 1 |
| Independent Directors | 7 | 0 |
| **Total** | **14** | **06** |

Composition of Board of Directors as on 31.12.2020

| S. No. | Name, Qualification, Occupation, Age and DIN | Designation | Date of Joining/ Appointment | Other Directorships/ Interests |
|---|---|---|---|---|
| 1. | Sh. Abhay Kumar Singh<br>**Qualification** : B.Tech (Civil)<br>**Occupation** : Service.<br>**Age** : 58 Years<br>**DIN** : 08646003 | Chairman & Managing Director | February 24, 2020 | • Loktak Downstream Hydroelectric Corporation Limited - Nominee Director & Chairman<br>• NHDC Limited - Chairperson |
| 2. | Shri Ratish Kumar<br>**Qualification:** B.Tech (Electrical)<br>**Occupation:** Service<br>**Age:** 59 years<br>**DIN:** 06852735 | Director (Projects) | January 6, 2016 | • Bundelkhand Saur Urja Limited- Chairman & Nominee Director<br>• Lanco Teesta Hydro Power Limited- Chairman and Nominee Director. |
| 3<br>3. | Shri Nikhil Kumar Jain<br>**Qualification:** B.E in Industrial Engineering, LL.B<br>**Occupation:** Service<br>**Age:** 58 years<br>**DIN:** 05332456 | Director (Personnel) | February 7, 2017 | Nil |
| 4 | Shri Yamuna Kumar Chaubey<br>**Qualification:** Degree in Civil Engineering<br>**Occupation:** Service | Director (Technical) | April 01,2020 | • Bundelkhand Saur Urja Limited- Nominee Director<br>•Chenab Valley Power |

| | | | | |
|---|---|---|---|---|
| | **Age:** 57 years<br>**DIN:** 08492346 | | | Projects Private Limited – Nominee Director |
| 5. | Shri Rajendra Prasad Goyal<br>**Qualification:** M.com, CMA<br>**Occupation:** Service<br>**Age:** 55 years<br>**DIN:** 08645380 | Director (Finance) and CFO | October 01, 2020 | • Chenab Valley Power Projects Private Limited- Director<br>• Loktak Downstream Hydroelectric Corporation Limited - Director |
| 6. | Shri Tanmay Kumar<br>**Qualification:** Graduate in Civil Engineering and Post Graduate in Soil Mechanics & Foundation Engeneering<br>**Occupation:** Service<br>**Age:**54 years<br>**DIN:** 02574098 | Govt. Nominee Director | June 11, 2020 | • SJVN Limited- Nominee Director<br>• REC Limited- Nominee Director<br>• Power Finance Corporation Limited – Nominee Director<br>• Kholongchhu Hydro Energy Limited – Nominee Director |

i. **Details of change in directors since last 3 years as on 31st December, 2020 -**

| S. No. | Name, Designation and DIN | Date of Joining/Appointment | Date of Cessation | Reason |
|---|---|---|---|---|
| 1. | Shri Rajendra Prasad Goyal<br>Designation: Director (Finance)<br>DIN: 08645380 | October 1, 2020 | Continuing | - |
| 2. | Shri Tanmay Kumar<br>Designation: Government Nominee Director<br>DIN: 02574098 | June 11, 2020 | Continuing | - |
| 3. | Shri Yamuna Kumar Chaubey<br>Designation: Director (Technical)<br>DIN: 08492346 | April 1, 2020 | Continuing | - |
| 4. | Sh. Abhay Kumar Singh<br>Chairman & Managing Director.<br>DIN 08646003 | Feb 24, 2020 | Continuing | - |
| 5. | Shri Aniruddha Kumar<br>Designation: Government Nominee Director<br>DIN: 07325440 | July 30, 2018 | May 29, 2020 | Cessation |
| 6. | Shri Jugal Kishore Mohapatra<br>Designation: Independent Director<br>DIN: 03190289 | October 7, 2017 | September 7, 2020 | Completion of tenure. |
| 7. | Shri Bhagwat Prasad<br>Designation: Independent Director<br>DIN: 07941795 | October 7, 2017 | September 7, 2020 | Completion of tenure. |
| 8. | Shri Mahesh Kumar Mittal<br>Designation: Director (Finance)<br>DIN: 02889021 | March 1, 2017 | September 30, 2020 | Cessation due to superannuat |

| S. No. | Name, Designation and DIN | Date of Joining/Appointment | Date of Cessation | Reason |
|---|---|---|---|---|
| | | | | ion |
| 9. | Shri Nikhil Kumar Jain<br>Designation: Director (Personnel)<br>DIN: 05332456 | February 7, 2017 | Continuing | - |
| 10. | Shri Janardan Choudhary<br>Designation: Director (Technical)<br>DIN: 07871968 | July 5, 2018 | 31.03.2020 | Cessation due to superannuation |
| 11. | Shri Balraj Joshi<br>Designation: Chairman & Managing Director<br>DIN: 07449990 | April 1, 2016# | December,31 2019 | Cessation due to superannuation |
| 12. | Shri Ratish Kumar<br>Designation: Director (Projects)<br>DIN: 06852735 | January 6, 2016 | December 31, 2020 | Cessation due to superannuation |
| 13. | Shri Satya Prakash Mangal<br>Designation: Independent Director<br>DIN: 01052952 | November 26, 2015 | November 17, 2019 | Completion of tenure. |
| 14. | Prof. Kanika Tandon Bhal<br>Designation: Independent Director<br>DIN: 06944916 | November 26, 2015 | November 17, 2019 | Completion of tenure. |
| 15. | Prof. Arun Kumar<br>Designation: Independent Director<br>DIN: 07346292 | November 26, 2015 | November 17, 2019 | Completion of tenure. |
| 16. | Shri Nalini Kant Jha<br>Designation: Independent Director<br>DIN: 07950262 | October 7, 2017 | November 5, 2018 | Cessation due to death |
| 17. | Smt. Archana Agrawal<br>Designation: Government Nominee Director<br>DIN: 02105906 | March 6, 2016 | July 30, 2018 | Cessation |
| 18. | Shri Aniruddha Kumar<br>Designation: Government Nominee Director<br>DIN: 07325440 | May 28, 2018 | July 18, 2018 | Cessation |
| 19. | Smt. Krishna Tyagi<br>Designation: Government Nominee Director<br>DIN: 07230978 | July 8, 2015 | January 1, 2018 | Cessation |

*#Note: Shri Balraj Joshi was appointed as Director (Technical) on April 1, 2016. Further, Shri Balraj Joshi was appointed as Chairman & Managing Director on September 22, 2017.*

**(V) - 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 Mar 31, 2020 were Rs. 11515.11 crore. The details are as follows:

Claims against our Company not acknowledged as debts in respect of:

(Rs. in crore)

| Particulars | Amount |
|---|---|
| Capital Works | 10144.10 |
| Land Compensation Cases | 137.04 |
| Disputed Income Tax, Sales Tax and Service Tax Demands and others | 1233.97 |
| **Total** | **11515.11** |

"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 materialize, our financial condition may be adversely affected.

2. ***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 which has been severely affected due to intermittent law and order problem, strike/agitation called by various local groups and construction activities of the project was stopped with effect from December 16, 2011, however now with the order of Hon'ble National Green Tribunal dated 31.07.2019 construction work has been resumed at project site.

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.

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

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

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

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

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

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.

4. ***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.

5. ***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 FY 2019-20, we have incurred an expenditure of Rs.4154.71 crore on the CAPEX plan and further in FY 2020-21 we have revised budget estimate of Rs. 6305.00 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.

6. ***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 2020 we derived Rs. 8735.41 crore revenue from the operation. We supply 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. Further direct recovery from the GoI payments that are funded from central plan assistance given to the relevant State are possible under Tripartite Agreements that were valid until 31st October 2016. Tripartite Agreements have further extended by GOI, RBI and the States ( except Punjab and Maharashta) for the period of 10/15 years up to 31.10.2026 and 31.10.2031, however, we cannot assure you that the State Electricity entities will always be required to, or able to, secure their payments to us. Any change that adversely affects our ability to recover our dues form the State Electricity entities may adversely affect our financial position. AS pre direction of GOI, from 01.08.2019 onwards RLDCs shall schedule power to only those entities who have in place LCs in favour of Central Generating Companies.

7. ***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 Ministry of Power or 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.

8. ***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 40 years/35 years/10 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 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. Although long term PPAs assume the certainty of revenue stream, however, 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.

9. ***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.

GOI has in April 2019 come out with measures and a subsidy of Rs. 1.5 crore/MW for projects up to 200 MW and Rs. 1.00 cr/mw for projects more than 200 MW shall be given by GOI. Separate funding shall be given for flood moderation aspects. On the line of Renewal purchase obligation to DISCOMS, Hydropower obligations shall be introduced in times to come.

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.

10. ***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.

***11. 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.

***12. 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.

***13. 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.

***14. 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 meets 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.

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

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.

***16. 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.

***17. 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.***

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 laborers directly, should our contractors default on wage payments, we may be held responsible under Indian law for wage payments to laborers 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 laborers as our employees. Any further order from a court or any regulatory authority may adversely affect our business and financial condition.

***18. 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.***

Our foreign currency borrowings is exposed to fluctuations in foreign exchange rates. 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.

***19. 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.

***20. 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.

***21. 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.

**22.** ***The progress of one of project Subansiri Lower H.E. Project was 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 was stalled due to protest of anti-dam activists w.e.f. 16.12.2011, however with the order of NGT dated 31.07.2019, there is no hurdle in the construction work now and construction activities have resumed.
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.

**External Risk Factors**

***23. 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. For example, Due to the recent lock down declared by Central Government on account of COVID Pandemic, Construction activities at sites of two projects i.e. Subansiri and Parbati II projects remained suspended from March 23, 2020 till April 22, 2020.

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

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

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

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

Time and cost overruns is a major concern in the construction of hydro-electric projects. Most of the hydro-electric projects are located in hilly terrain and are prone to devastating natural calamities like landslides, hill slope collapses, roadblocks, flood, cloud burst etc. These calamities cause severe setbacks to construction schedule. Further, in-spite of extensive survey and investigation, geological uncertainties have to be tackled, especially in long tunnels such as Head Race Tunnel. NHPC, with its rich experience and expertise coupled with state-of-the-art technology, has overcome such surprises many times in the past. However, these are common and unpredictable geological uncertainties, which may result in time and cost over-run.

***26. 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.

***27. 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**

***28. 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 stock exchange, 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.

***29. There is no guarantee that the Bonds issued pursuant to the Issue will be listed on stock exchange 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.

***30. 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.

***31. 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.

***32. 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 "AAA" [Triple A] BY CARE Limited and India Rating. 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.

***33. 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.

34. **Debenture Redemption Reserve is not required pursuant to Companies (Share Capital and Debenture) Amendment Rule, 2019** :

Pursuant to the provisions of in Companies (Share Capital and Debenture) Amendment Rule, 2019, NHPC being a listed Company, is not required to create DRR for its privately placed bonds now**.** However, 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 :

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

**(VI) 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 | - | - |

**(VII) Disclosures pertaining to willful default: NIL**

**(VIII) Compliance Officer of the Issuer**

Company Secretary,
NHPC Office Complex, Sector - 33,
Faridabad - 121 003, Haryana, India
Tel: +91 129 2254684,
E-mail: companysecretary@nhpc.nic.in, csnhpc@gmail.com,

## 2. PARTICULARS OF OFFER

### 2(I) FINANCIAL POSITION OF THE COMPANY:-

| Key Financials | Six Months ended as on 30.09.2020 | For the year ended March,31 2020 (Audited) | For the year ended March,31 2019 (Audited) | For the year ended March 31, 2018 (Audited) | For the year ended March 31, 2017 (Audited) |
|---|---|---|---|---|---|
| Revenue from Operations | 5072.90 | 8735.41 | 8161.18 | 6,934.03 | 7,271.17 |
| Other Income | 512.07 | 1036.18 | 924.78 | 1,491.00 | 1,458.67 |
| Total Income | 5584.97 | 9771.59 | 9,085.96 | 8,425.03 | 8,729.84 |
| Generation and other expenses | 1197.08 | 2416.62 | 1962.38 | 1,705.57 | 1,932.69 |
| Employee Benefits Expenses | 670.01 | 1515.52 | 1704.65 | 1,585.33 | 1,574.92 |
| Finance Cost | 292.87 | 795.42 | 894.88 | 922.32 | 1,073.22 |
| Depreciation and amortisation | 663.44 | 1545.34 | 1589.99 | 1,405.89 | 1,388.40 |
| Purchase of Power Trading | 212.37 | 234.13 | 12.68 | - | - |
| Profit Before Rate Regulated activities and Tax | 2549.20 | 3264.56 | 2921.38 | 2,805.92 | 2,760.61 |
| Rate Regulatory Income / (Expenses) | 71.29 | 343.61 | 823.40 | 719.82 | 713.99 |
| Exceptional item | 185.00 | | | | |
| Profit Before Tax | 2435.49 | 3608.17 | 3744.78 | 3,525.74 | 3,474.60 |
| Provision For Tax (Including Deferred Tax) | 414.45 | 601.00 | 1114.23 | 767.09 | 679.01 |
| **Profit/ (Loss) After Tax** | **2021.04** | **3007.17** | **2630.55** | **2,758.65** | **2,795.59** |
| Other Comprehensive Income | (60.71) | (0.62) | (12.41) | 5.88 | 7.67 |
| **Total Comprehensive Income** | **1960.33** | **3006.55** | **2618.14** | **2764.53** | **2803.26** |
| Paid-up Equity Share Capital | 10045.03 | 10045.03 | 10,045.03 | 10,259.32 | 10,259.32 |
| Other Equity (Reserve & Surplus) | 21577.67 | 19938.78 | 19,169.70 | 18,068.83 | 16,682.81 |
| Net worth. | 31622.70 | 29983.81 | 29,214.73 | 28,328.15 | 26,942.13 |

**2(II) – OTHER PARTICULARS OF THE OFFER**

**Issue Size**

Private Placement by NHPC Limited of secured, non-cumulative, non-convertible, redeemable, taxable bonds with face value of Rs. 10 Lacs each, in the nature of debentures (Bonds) for an amount of **Rs. 1500 Cr. including green shoe option of RS.1000 Cr.** ("Issue Size").

**Registration, Government Approvals and Resolutions**

The present issue is being made pursuant to the following:

(i) Resolution of the Board of Directors of the Company passed in its 434th meeting held on 06.05.2020.

(ii) Shareholders' approval u/s 180 (1) (c) of the Companies Act 2013 authorizing Board of Directors for borrowings from time to time not exceeding in aggregate at any time of Rs. 30,000 crore obtained through postal ballot process held on 9th September 2014

**Objects of the Issue**

To meet out the Capital Expenditure and partly recoupment of expenditure already incurred on under construction projects.

**Minimum Subscription:**

In terms of the SEBI Debt Regulations, the Issuer may decide the amount of minimum subscription which it seeks to raise by issue of Bonds and disclose the same in the offer document. The Issuer has decided not to stipulate any minimum subscription for the present Issue and therefore the Issuer shall not be liable to refund the issue subscription(s)/ proceed(s) in the event of the total issue collection falling short of issue size or certain percentage of issue size.

**Underwriting:**

The present Issue of Bonds is on private placement basis and is not underwritten.

**Nature of Bonds:**

The Bonds are to be issued in the form of Secured, Non-Cumulative, Non-Convertible, Redeemable, Taxable Bonds in the nature of Debentures. The Bonds shall be issued under the Bond Trust Deed which will be executed in favor of the Debenture Trustee .

**Principle terms of Security:**

The Bonds will be secured by a first/pari passu charge on specified assets of the Company as may be mentioned in the Bond Trust Deed. The security will be created within the time stipulated as per the relevant statutory provisions.
The Company shall at all times maintain a minimum security cover of 1.0 times of the value of Bonds proposed to be issued including the interest accrued thereon. Necessary

documents for the creation of the charge, where applicable, including the Trust Deed will be executed and the same would be forwarded to the Stock exchange(s) for uploading on their website within stipulated time. The creation of such security is sufficient compliance of the Company's obligation to create security.

Debt security shall be considered as secured only if the charged asset is registered with Sub-registrar and Registrar of Companies or CERSAI or Depositories etc as applicable or is independently verifiable by the Debenture Trustee.

Process of Due Diligence to be carried out by the debenture trustee shall be governed as per the provisions laid down in Debenture Trustee Agreement.

**Face Value, Issue Price, Effective Yield for Investor**

Each Bond has a face value of Rs. 10 Lacs each and is issued at par .Since there is no premium or discount on either issue price or on redemption value of the Bonds, the effective yield for the investors shall be the same as the coupon rate on the respective bond series. Each bond will have 10 Separately Transferable Redeemable Principal Parts (STRPPs) **having face value of Rs. 1.00 lacs each.**

**Terms and Mode of Payment**

The full face value of the Bonds applied for is to be paid through RTGS/other permitted electronic banking channels. Investor(s) need to send in the application form and the RTGS details to the Company as contained in Private Placement Offer.

**Deemed Date of Allotment**

Interest on Bonds shall accrue to the Bondholder(s) from and including Deemed Date of Allotment. All benefits relating to the Bonds will be available to the investor(s) from the Deemed Date of Allotment. The actual allotment of Bonds may take place on a date other than the Deemed Date of Allotment. In case if the issue closing date is changed (pre-poned / postponed), the Deemed Date of Allotment may also be changed (pre-poned/ postponed) by the Company at its sole and absolute discretion.

**Issue of Letter of Allotment(s)/Bond(s)**

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 may be akin to the Letter of Allotment. On completion of the all statutory formalities, such credit in the account will be akin to Bonds.

The Bonds since issued in electronic (dematerialized) form, will be governed as per the provisions of The Depository Act, 1996, Securities 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.

**Registrar & Transfer Agent & Depository Arrangements**

The Company has appointed M/s RCMC Share Registry PVT LTD, B-25/1, First Floor, Okhla Industrial Area, Phase-II, New Delhi-110020.Email:rakesh@rcmcdelhi.com Phone: 011-26387320, 26387321, 26387323 as Registrars & Transfer Agent for the present bond issue.

The Company has made necessary depository arrangements with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) for issue and holding of Bonds in dematerialized form. In this context the Company has signed two tripartite agreements as under:

(i) Tripartite Agreement dated 24.12.2001 between NHPC Limited, M/s RCMC Share Registry PVT LTD and National Securities Depository Ltd. (NSDL) for offering depository option to the investors.

(ii) Tripartite Agreement dated 01.01.2002 between NHPC Limited, M/s RCMC Share Registry PVT LTD and Central Depository Services (I) Ltd. (CDSL) for offering depository option to the investors.
Investors can hold the bonds only in dematerialized form and deal with the same as per the provisions of Depositories Act, 1996 as amended from time to time.

**Market Lot**

The market lot will be one bond (“Market Lot”). Since the bonds are being issued only in dematerialized form, the odd lots will not arise either at the time of issuance or at the time of transfer of Bonds.

**Trading of Bonds**

The marketable lot for the purpose of trading shall be one bond i.e. in denomination of Rs 10 lakh. Trading of bonds would be permitted in demat mode only and such trades shall be cleared and settled in recognized stock exchange(s) subject to conditions specified by SEBI. In case of trading in Bonds which has been made over the counter, the trades shall be executed and reported on a recognized stock exchange having a nationwide trading terminal or such other platform as may be specified by SEBI.

**Mode of Transfer of Bonds**

Bonds shall be transferred subject to and in accordance with the rules/ procedures as prescribed by the NSDL/ CDSL/ Depository Participant of the transferor/ transferee and any other applicable laws and rules notified in respect thereof. The normal procedure followed for transfer of securities held in dematerialized form shall be followed for transfer of these Bonds held in electronic form. The seller should give delivery instructions containing details of the buyer’s DP account to his depository participant. The provisions of The Depositories Act,1996 read with the Companies Act shall apply for transfer and transmission of Bonds.

The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date. In the absence of the same, interest will be paid/ redemption will be made to the person, whose name appears in the records of the Depository. In such cases, claims, if any, by the transferee(s) would need to be settled with the transferor(s) and not with the Issuer.
Transfer of Bonds to and from NRIs/ OCBs, in case they seek to hold the Bonds and are eligible to do so, will be governed by the then prevailing guidelines of RBI.

**Determination of Coupon:** The Coupon is decided based on bids received on Electronic Bidding Platform (EBP).
**Basis of Allocation / Allotment:** As approved by Competent Authority of the Company in line with EBP operating guidelines.

**Interest on Application Money**

Interest at the respective Coupon Rates (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 investor(s) **on face value of 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. Such interest would be paid on all the valid allotted applications. To clarify, in case the deemed date of allotment and date of receipt of application money is same no interest on application money will be payable.

The interest cheque(s)/ demand draft(s) for interest on application money (along with Refund Orders, in case of refund of application money, if any) shall be dispatched by the NHPC within 7 days from the Deemed Date of Allotment, as the case may be, will be dispatched by registered post/courier/speed post to the sole/ first applicant, at the sole risk of the applicant. Alternatively, the payment towards interest on application money/refund of application money ,if any, will be credited to the applicant's account within 7 days from the deemed date of allotment. The investor is requested to furnish complete details of their Bank Account including IFSC code if they desire to have payment through RTGS/EFT/NECS.

**Interest on the Bonds**

The Bonds shall carry interest at the Coupon Rate from, and including, the Deemed Date of Allotment up to, but excluding the Redemption Date. Interest shall be payable on the "Coupon Payment Dates", excluding such coupon payment date, to the holders of Bonds as on the relevant Record Date. Interest on Bonds will cease from the Redemption Date in all events. For Coupon Payment Dates refer the Term Sheet.

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.

**Computation of Interest: Day Count Convention**

The interest shall be computed on the basis of Actual/Actual day convention as per term sheet.

**Effect of Holidays**

If the interest payment does not fall on a business day, the payment may be made on the following business 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 day which is not a business day.

If the Redemption Date (also being the last Coupon Payment Date) of the Bonds falls on a day that is not a business Day, the redemption proceeds (including coupon payment) shall be paid on the immediately preceding business Day along with interest accrued on the Bonds until but excluding the date of such payment. The interest/redemption payments shall be made only on the days when the money market is functioning in Mumbai. For the purpose of interest and redemption payment refer working day definition in term sheet. An illustration for guidance in this regard is as per table below:

The following table is indicative and only for illustration, does **not reflect actual amount and dates. The face value of security is of Rs. 10 lakh each. Also only second and fourth Saturdays and all Sundays have been considered as holidays, the actual holidays may differ from year to year.**

**ILLUSTRATION**

| | | | | | |
|---|---|---|---|---|---|
| FACE VALUE | 1000000 | | | | |
| COUPON RATE | 6.86 | Per Annum | | | |
| DATE OF ALLOTMENT | 12.02.2021 | | | | |
| REDEMPTION | Bonds are redeemable at par in 10 years ( STRPP wise redemption) starting at the end of 6th year from the deemed date of allotment. | | | | |
| CALCULATION OF INTEREST FOR 1 BOND OF AC SERIES | | | | | |
| AMOUNT (IN RS.) | | | | | |
| Year | PAY OUT DATE | DAY | No of Days in Coupon Period | Interest | Redemption |
| 1st Year | 14-02-2022 | Monday | 365 | 68600 | |
| 2nd Year | 13-02-2023 | Monday | 365 | 68600 | |
| 3rd Year | 12-02-2024 | Monday | 365 | 68600 | |
| 4th Year | 12-02-2025 | Wednesday | 366 | 68600 | |
| 5th Year | 12-02-2026 | Thursday | 365 | 68600 | |
| 6th Year | 12-02-2027 | Friday | 365 | 68600 | 100000 |
| 7th Year | 11-02-2028 | Friday | 364 | 6841 | 100000 |
| 7th Year | 14-02-2028 | Monday | 365 | 54880 | |
| 8th Year | 12-02-2029 | Monday | 366 | 54880 | 100000 |
| 9th Year | 12-02-2030 | Tuesday | 365 | 48020 | 100000 |
| 10thYear | 12-02-2031 | Wednesday | 365 | 41160 | 100000 |
| 11th Year | 12-02-2032 | Thursday | 365 | 34300 | 100000 |
| 12th Year | 11-02-2033 | Friday | 365 | 6841 | 100000 |
| 12th Year | 14-02-2033 | Monday | 366 | 20580 | |
| 13th Year | 10-02-2034 | Friday | 363 | 6822 | 100000 |
| 13th Year | 13-02-2034 | Monday | 365 | 13720 | |
| 14th Year | 12-02-2035 | Monday | 365 | 13720 | 100000 |
| 15th Year | 12-02-2036 | Tuesday | 365 | 6860 | 100000 |

**Record Date**

Fifteen calendar days prior to each coupon payment date and redemption date (both dates exclusive).In the event that the Record Date falls on a day on which money market is closed in Mumbai, the succeeding working day or a date notified by the Company to the stock exchanges shall be considered as the Record Date.

**Working Day:**

When the money market is open and functioning in Mumbai.

**Tax Benefits:**
The holder(s) of the Bonds are advised to consider in their own case, the tax implications in respect of subscription to the Bonds after consulting their own tax advisor/ counsel.

**Deduction of Tax at Source:**

Tax as applicable under the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof will be deducted at source from Interest on Application Money and/or Interest on Bonds, as applicable. For seeking TDS exemption/ lower rate of TDS, relevant tax exemption certificate/ declaration of non-deduction of tax at source on interest on application money, should be submitted along with the application form. Where any deduction of Income Tax is made at source, the Company shall send to the Bondholder(s) a Certificate of Tax Deduction at Source.
Regarding deduction of tax at source and the requisite declaration forms to be submitted, prospective investors are advised to consult their own tax consultant(s).

**Redemption:**

Bonds will carry ten STRPPs to be redeemed at par from the 6th year from the deemed date of allotment. The Bond will not carry any obligation, for interest or otherwise, after the date of redemption. The Bonds shall be taken as discharged on payment of the redemption amount by the Company on maturity to the registered Bondholders whose name appear 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.

**Settlement/ Payment on Redemption:**

Payment on redemption will be made by way of cheque(s)/ redemption warrants(s)/ demand draft(s)/ credit through RTGS system/ECS in the name of the Bondholders whose name appear on the List of Beneficial Owners given by Depository to the Company as on the Record Date/ Book Closure Date.

The Bonds shall be taken as discharged on payment of the redemption amount by the Company on maturity to the list of Beneficial Owners as provided by NSDL/ CDSL/ Depository Participant. Such payment will be a legal discharge of the liability of the Company towards the Bondholders. On such payment being made, the Company shall inform NSDL/ CDSL/ Depository Participant and accordingly the account of the Bondholders with NSDL/ CDSL/ Depository Participant shall be adjusted (debited).

The Company's liability to the Bondholders towards all their rights including for payment or otherwise shall cease and stand extinguished from the due date of redemption in all events. Further the Company will not be liable to pay any interest or compensation after the date of redemption. On the Company dispatching/ crediting the amount to the Beneficiary(ies) as specified above in respect of the Bonds, the liability of the Company shall stand extinguished.

**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 relevant provisions of the Companies Act, 2013.

**Succession :**

In the event of the demise of the sole/first holder of the Bond(s) or the last survivor, in case of joint holders for the time being, the Issuer shall recognize the executor or administrator of the deceased Bondholder, or the holder of succession certificate or other legal representative as having title to the Bond(s).The Issuer shall not be bound to recognize such executor or administrator, unless such executor or administrator obtains probate, wherever it is necessary, or letter of administration or such holder is the holder of succession certificate or other legal representation, as the case may be, from a Court in India having jurisdiction over the matter. The Issuer may, in its absolute discretion, where it thinks fit, dispense with production of probate or letter of administration or succession certificate or other legal representation, in order to recognize such holder as being entitled to the Bond(s) standing in the name of the deceased Bondholder on production of sufficient documentary proof or indemnity.

**Who Can Apply :**

The following categories are eligible to apply for this private placement of Bonds:
All QIBs, and any non-QIB Investors specifically mapped by the Issuer on the EBP Platform, are eligible to bid / invest / apply for this Issue.
All participants are required to comply with the relevant regulations/ guidelines applicable to them for investing in this Issue. Applicants are advised to ensure that Applications made by them do not exceed the investment limits that they are subject to under applicable statutory and/or regulatory provisions. Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/consents/approvals in connection with applying for or subscribing to the Bonds pursuant to the Issue.
However, out of the aforesaid class of investors eligible to invest, this Private Placement Offer cum Application Letter is intended solely for the use of the person to whom it has been sent by the Company for the purpose of evaluating a possible investment opportunity by the recipient(s) in respect of the securities offered herein, and it is not to be reproduced or distributed to any other persons (other than professional advisors of the prospective investor receiving this Private Placement Offer cum Application Letter from the Company).

**Documents to be provided by applicant :**

Investors need to submit duly certified true copies of the following documents, as may be applicable to them, along with the Application Form: -
(i) Memorandum and Articles of Association/ Constitution/ Bye-laws/ Trust Deed;
(ii) Board Resolution authorizing the investment and containing operating instructions;
(iii) Power of Attorney/ relevant resolution/ authority to make application;
(iv) Specimen signatures of the authorized signatories (ink signed), duly certified by an appropriate authority;
(v) Copy of Permanent Account Number Card (“PAN Card”) issued by the Income Tax Department;

(vi) Copy of a cancelled cheque for ECS payments;
(vii) Necessary forms for claiming exemption from deduction of tax at source on interest on application money, wherever applicable.

In addition to above, the investors may also attach such other documents as may be considered necessary by them. For investments made under Power of Attorney, certified true copy of notarized/registered Power of Attorney or other authority may also be submitted.

**Application under Power of Attorney**

In case of application made under a Power of Attorney, the relevant Power of Attorney or the relevant resolution or authority to make the application, as the case may be, together with the certified true copy thereof along with the certified copy of the Memorandum and Articles of Association and/or Bye-Laws , as the case may be and the tax exemption certificate must be attached to the Application Form or lodged for scrutiny separately with the photocopy of the application form, quoting the serial number of the application form and the Bank's branch where the application has been submitted, at the office of the Registrars to the Issue after submission of the application form to the Banker to the issue or directly to Company as mentioned in the general instructions annexed to the Application Form, failing which the application is liable to be rejected. Further modifications/ additions in the power of attorney or authority should be notified to the Company or to its Registrars or to such other person(s) at such other address(es) as may be specified by the Company from time to time through a suitable communication.

**Mode of Subscription/ How to Apply**:

This being a private placement offer, who has been addressed through this communication directly, only are eligible to apply. Copies of Private Placement offer Letter and Application form may be obtained from the Registered Office of NHPC Ltd.

**Payment Mechanism**:

Successful bidders should do the funds pay-in to the bank account of the NSE Clearing Corporation Ltd. from their registered bank account only before the cut off time as prescribed by the exchange. The account number of the clearing corporation will be displayed at the time of bidding at the EBP.

**Private Placement Offer cum Application Letter :**

Application complete in all respects (along with all necessary documents as detailed in this Private Placement Offer Letter) must be submitted on /before the last date indicated in the issue time table or such extended time as decided by the Issuer, accompanied by details/proof of remittance of the application money.

Application for the Bonds must be in the prescribed format in Part-B of this offer and completed in BLOCK LETTERS in English. The name of the applicant's bank, type of account and account number must be filled in the Application Form. This is required for the applicant's own safety and these details will be printed on the refund orders and interest/ redemption warrants.
The applicant should mention their Permanent Account Number (PAN) allotted under the Income-Tax Act, 1961 or where the same has not been allotted, the GIR No. and the Income

tax Circle/Ward/District. As per the provision of Section 139A(5A) of the Income Tax Act, PAN/GIR No. needs to be mentioned on the TDS certificates. Hence, the investor should mention his PAN/GIR No. if the investor does not submit Form 15AA/other evidence, as the case may be for non-deduction of tax at source. In case neither the PAN nor the GIR Number has been allotted, the applicant shall mention "Applied for" and in case the applicant is not assessed to income tax, the applicant shall mention 'Not Applicable' (stating reasons for non-applicability) in the appropriate box provided for the purpose. Application Form without this information will be considered incomplete and are liable to be rejected.
Applicants are requested to tick the relevant column "Category of Investor" in the Application Format at Part-B of this offer cum application.

**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.

**Right to Accept or Reject Applications :**

The Company reserves it's full, unqualified and absolute right to accept or reject the application, in part or in full, without assigning any reason thereof. The rejected applicant will be intimated along with the refund warrant, if applicable. No interest on application money will be paid on rejected applications. The application form that is not complete in all respects is liable to be rejected and would not be paid any interest on the application money. Application would be liable to be rejected on one or more technical grounds, including but not restricted to:

a. Number of bonds applied for is less/ more than the number of bonds allocated to the investor;

b. Application exceeding the issue size;

c. Bank account details not given;

d. Details for issue of bonds in electronic/ dematerialized form not given; PAN/GIR and IT Circle/Ward/District not given;

e. In case of applications under Power of Attorney by limited companies, corporate bodies, trusts, etc. relevant documents not submitted;

f. In case of failure of any successful bidders to complete the subscription amount payments by the Pay-in Time.

g. Successful bidders should ensure to make payment of the subscription amount for the Debentures from their same bank account which is updated by them in the NSE - EBP Platform while placing the bids. In case of mismatch in the bank account details between NSE - EBP Platform and the bank account from which payment is done by the successful bidder, the payment would be returned

In the event, if any Bond(s) applied for is/ are not allotted in full, the excess application monies of such Bonds will be refunded, as may be permitted.

**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.

**Nomination Facility :**

Nomination facility is available as per provisions under Companies Act 2013.

**Bondholder not a Shareholder :**

The bondholders will not be entitled to any of the rights and privileges available to the shareholders. If, however, any resolution affecting the rights attached to the Bonds is placed before the members of the Company, such resolution will first be placed before the bondholders for their consideration.

**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 resolution passed at a meeting of the Bondholders, provided that nothing in such consent or resolution shall be operative against the Company where such consent or resolution modifies or varies the terms and conditions of the Bonds, if the same are not acceptable to the Company.

**Future Borrowings :**

The Company will be entitled to borrow/raise loans or avail of Financial Assistance in whatever form and to issue Debentures/Bonds/Notes/other Securities in any manner with ranking as pari-passu basis or otherwise and to change its capital structure, including issue of shares of any class or redemption or reduction of any class of paid up capital on such terms and conditions as the Company may think appropriate without any consent of Bondholders under any series.

**Bond/ Debenture Redemption Reserve (DRR) :**

Transfer to Bonds/Debenture Redemption Reserved shall be in accordance to the applicable provisions of the SEBI Debt Regulations and the Companies (Share Capital and Debentures) Rules, 2014 as amended. Accordingly, pursuant to the latest amendments as on 16.08.2019 in the said rule, we are not required to create DRR from our profits every year, however a sum which shall not be less than fifteen percent of the amount of its debentures maturing during the year, ending on the 31$^{st}$ day of March of the next year shall be invested/deposited in any one or more methods of investments or deposits as provided in sub clause (vi) of the rule.
The Company shall create a Bond/Debenture Redemption Reserve in accordance with any further applicable provisions.

**Disputes & Governing laws and jurisdiction :**

The Bonds shall be construed to be governed in accordance with Indian laws and rules framed there under. The Courts in New Delhi alone shall have exclusive jurisdiction in connection with any dispute/difference between the Company and the Beneficial Owners of Bonds under these presents.

**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 one All India English daily newspaper and one regional language newspaper and/ or if communication in this regard has been effected to the depositories.
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.

**Contribution being made by the Promotors or Directors either as part of the offer or separately in furtherance of such object.: Nil**

**The details of significant and material orders passed by the Regulators, Courts and Tribunals impacting the going concern : - Nil**

**SUMMARY TERM SHEET:**

| | |
|---|---|
| Security Name | **NHPC AC Series** |
| Issuer | NHPC LIMITED |
| Issue Price | At Par at Rs. 10.00 lacs each. |
| Tenor | 15 years from deemed date of allotment including moratorium period of 5 years. |
| Issue Size ( Base amount) | Rs. 500 Crores |
| Option to retain oversubscription (Amount)- Green shoe option | Rs. 1000 Crores. |
| Face Value | Rs. 10 Lacs Each per bond.<br>10 Separately Transferable Redeemable Principal Parts (STRPPs) **having face value of Rs. 1.00 lacs each**, redeemable annually from the end of $6^{th}$ year from the deemed date of allotment till maturity. |
| Premium/Discount | Nil |
| Type of Instrument | Secured, Redeemable, Non Convertible, Non Cumulative, Taxable Bonds (AC Series) in the nature of Debentures. |
| Nature of Instrument | Secured |
| Seniority | Senior and Unsubordinated |
| Mode of Issue | Private Placement |
| Listing (including name of Stock Exchange(s) where it will be listed and timeline for listing) | Wholesale Debt Market (WDM) Segment of Bombay Stock Exchange (BSE) and NSE. |
| Bidding | Through electronic bidding platform of BSE. |
| Issue opening date | 10.02.2021. |

| | |
|---|---|
| Issue closing date | 10.02.2021 |
| Mode of Bidding | Closed bidding |
| Manner of Allotment | Uniform Yield. |
| Manner of settlement | Through Clearing Corporation of BSE. |
| Settlement Cycle | T+2 |
| Deemed date of allotment | 12.02.2021 |
| Rating of the Instrument | CARE AAA; STABLE<br>IND AAA/STABLE |
| Objects of the Issue | To meet out the CAPEX requirement of the company including partly recoupment of CAPEX already incurred. |
| Details of the utilization of the Proceeds | To meet out the CAPEX requirement of the company including partly recoupment of CAPEX already incurred. |
| Coupon Rate | 6.86% per annum |
| 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<br><br>Interest shall be computed on an "actual/actual basis". Where the interest period (start date to end date) includes February 29, interest shall be computed on 366 days-a-year basis. |
| Redemption Date | Each Bond shall comprise 10 Separately Transferable Redeemable Principal Parts (STRPPs). Each STRPP is redeemable at par separately from the end of 6$^{th}$ year of the deemed date of allotment till the end of 15$^{th}$ year. |
| Redemption Amount | At par- Rs. 10.00 lacs per bond comprising 10 STRPPs of Rs. 1.00 lacs each. Each STRPP shall be redeemed annually at the end of 6$^{th}$ year, 7$^{th}$ year, 8$^{th}$ year, 9$^{th}$ year, 10$^{th}$ year, 11$^{th}$ year, 12$^{th}$ year, 13$^{th}$ year, 14$^{th}$ year, and 15$^{th}$ year respectively. |
| Discount at which security is issued and the effective yield | 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 |
| Minimum Application | Rs 10.00 Lac thereafter in multiples of Rs 10.00 lac |

| | |
|---|---|
| Issuance mode of the instrument | Demat |
| Trading mode of the instrument | Demat |
| Depository | National Securities Depository Ltd. (NSDL) & Central Depository Services Ltd. (CDSL) |
| Trustee | SBI CAP TRUSTEE Company Limited. |
| Registrar | RCMC Share Registry Private Limited |
| Rating Agencies | INDIA RATING & RESEARCH PVT LTD<br>CARE RATING LIMITED. |
| Eligible Investors | All Qualified Institutional Buyers (QIBs) and any non – QIB investors specifically mapped on the BSE- EBP Platform, are eligible to bid/invest/apply for this issue.<br>All participants are required to comply with the relevant regulations/guidelines applicable to them for investing in this issue. |
| 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 in the IM). |
| Record Date | 15 calendar days prior to each Coupon Payment Date and redemption date (both dates exclusive). |
| All covenants of the issue ( including side letters, accelerated payment clause etc) | As per the structure and payment conditions as specified in this term sheet. |
| Effect of Holiday | If the interest payment date falls on a holiday, the payment would 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.<br>If the redemption date (also being the last coupon payment date) of the bonds falls on a day that is not a working day, the redemption proceeds (including the coupon payment) shall be paid on the immediately preceding working day along with interest accrued on the Bonds until but excluding the date of such payment. |
| Security (where applicable) (Including description, type of security (movable/immovable/tangible etc) type of charge ( pledge/ hypothecation, Mortgage etc), Date of creation of security, likely date of creation of security, minimum security cover, revaluation, replacement of security, interest to the debenture holder over and above the coupon rate as specified in the Trust Deed and disclosed in the offer | The Bonds will be secured by way of 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.<br>The company reserves the right to create further charge on such asset cover for its present and future financial |

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|---|---|
| document.) | requirements or otherwise, without any prior consent of the Bondholders, or as provided for under the Bond Trust Deed, provided that minimum asset cover of one time is maintained.<br>While the debt securities are secured to the tune of 100% of the principal and interest amount in favor of debenture trustee, it is the duty of the Debenture Trustee to monitor that the security is maintained, however the recovery of 100% of the amount shall depend on the market scenario prevalent at the time of enforcement of the security. |
| Transaction Documents | The Issuer has executed/ shall execute the documents including but not limited to the following in connection with the Issue:<br>1. Letter of Appointment in favor of Debenture Trustees to the Bondholders;<br>2. Debenture Trusteeship Agreement;<br>3. Debenture Trust Deed;<br>4. Rating Agreement with Rating Agency;<br>5. Tripartite Agreement between the Issuer; Registrar and NSDL for issue of Bonds in dematerialized form;<br>6. Tripartite Agreement between the Issuer, Registrar and CDSL for issue of Bonds in dematerialized form;<br>7. Letter appointing Registrar and MoU entered into between the Issuer and the Registrar;<br>8. Application to BSE for seeking its in-principle approval for bidding of Bonds;<br>9. Listing Agreement with BSE & NSE. |
| Conditions Precedent to Disbursement | The subscription from investors shall be accepted for allocation and allotment by the Issuer subject to the following:<br>i. Rating letter(s) from the rating agency(ies) not being more than one month old from the issue opening date;<br>ii. Letter from the Debenture Trustees conveying their consent to act as Trustees for the Bondholder(s);<br>iii. Letter from BSE conveying its in-principle approval for listing of Bonds. |
| Conditions Subsequent to Disbursement | The Issuer shall ensure that the following documents are executed/ activities are completed as per time frame: |

| | |
|---|---|
| | i. Credit of demat account(s) of the allottee(s) by number of Bonds allotted within 02 working days from the date of bidding thru Electronic Book Platform.<br>ii. Listing of bonds within T+4 days from the closure of issue as per the guidelines issued by SEBI vide circular No SEBI/HO/DDHS/CIR/P/2020/198 dtd 05.10.2020.<br>iii. Execution of DTD, MoE /Deed of Hypothecation for creation of security within 3 months from the closure of issue.<br>iv. The charge shall be registered with ROC within prescribed time from the date of creation of charge as per provisions laid down under section 77 of The companies Act 2013, as amended.<br>Besides, the Issuer shall perform all activities mandatory as per the applicable law. |
| Events of Default (including manner of voting/conditions of joining Inter Creditor Agreement) | 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, excluding in case of technical errors due to reasons beyond the control of the Company.<br>Besides, it would also constitute an "Event of Default" by the Issuer, if the Issuer does not perform or does not comply with one or more of its material obligations in relation to the Bonds issued in pursuance of terms and conditions stated in the Offer Letter-cum-application form.<br>Provisions as contained in to SEBI (Issue and Listing of Debt Securities) (Amendment) Regulation,2008 as amended, Guidelines issued by SEBI time to time and The Companies Act,2013 as amended shall apply, in case of event of default. |
| Creation of Recovery Expense Fund | As per the guidelines issued by SEBI vide circular no. SEBI/HO/MIRSD/CRADT/CIR/P/2020/207 dated 22.10.2020, contribution towards Recovery Expense Fund (REF) Rs 25 lacs has been made to NSE vide PBG No AMSIFBG210320001 dated 01.02.2021. |
| Conditions for breach of covenants ( as specified in DTD) | As per the Debenture Trust Deed to be executed between NHPC and Debenture Trustee of the Bond. |
| 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 |

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| | 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 and guidelines issued by SEBI time to time. |
| Provisions related to Cross Default Clause | N/A |
| Role and Responsibilities of Debenture Trustee | The trustee shall protect the interest of the Bondholders in the event of default by the Company about timely payment of interest and repayment of principal and shall 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.<br>The trustee 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 Trustee) Regulation,1993, The Bond Trusteeship Agreement, The Bond Trust Deed, Disclosure Documents and all other related transactions documents, with due care, diligence and loyalty.<br>The trustee 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. |
| Risk factors pertaining to the issue | Risk factors pertaining to the issue have been described in the Offer Letter of AC Series Bonds. |
| Additional Covenants | i. **Security Creation:** Where an issuer fails to execute the trust deed within the period specified in the sub-regulation without prejudice to any liability arising on account of violation of the provisions of the Act and these Regulations, the company will refund the subscription with agreed rate of interest or will pay penal interest of at least two percent per annum over the coupon rate till theses conditions are complied with at the option of investors.<br><br>ii. **Default in Payment** : In case of default in payment of Interest and/or Principle redemption on the due dates, additional interest of at least @ 2% |

| | |
|---|---|
| | p.a. over the coupon rate will be payable by the Company for the defaulting period.<br><br>iii. **Delay in Listing** : In case of delay in listing of the debt securities beyond the timeline specified in para 2 of circular no SEBI/HO/DDHS/CIR/P/2020/198 dated 05.10.2020, the Company will pay penal interest of at least 1% p.a. over the coupon rate for the period of delay to the investor ( i.e. from the date of allotment to the date of listing).<br>The interest rate mentioned in above three cases are the minimum interest rates payable by the Company and are independent of each other. |
| Date of Passing Board resolution | 06th May 2020 |
| Date of resolution passed by the Shareholders in the postal ballot process, authorizing the overall borrowing limit under clause ( c ) of sub section (1) of section 180 . | 09th September, 2014 |
| Governing Law and Jurisdiction | The Bonds are governed by and shall be construed in accordance with the existing applicable laws of India. Any dispute arising thereof shall be subject to the jurisdiction of district courts of Delhi. |
| Validity of the offer letter` | Till the date of closure of the issue. |

**2 (iv) FINANCIAL INDEBTEDENESS - DETAILS OF OTHER BORROWINGS (DETAILS OF SECURED & UNSECURED LOAN FACILITIES, NON CONVERTIBLE DEBENTURES (NCDs), CPs, PARTICULARS OF DEBT SECURITIES ISSUED FOR CONSIDERATION OTHER THAN CASH OR AT A PREMIUM OR DISCOUNT OR IN PURSUANCE OF AN OPTION, TOP TEN DEBENTURE HOLDERS, DETAILS OF CORPORATE GUARANTEES, DEFAULTS etc.)**

**Summary of Long Term Borrowings as on 31st January, 2021:**

| Sl. No. | Category of Borrowings | Outstanding Amount (Rs. In Crore) |
|---|---|---|
| 1. | Secured Bonds | 15716.18 |
| 2. | Secured Term Loan from Banks/F.I | 474.00 |
| 3. | Unsecured Domestic Loans | 4741.22 |
| 4. | Unsecured Foreign Currency Loan | 1730.82 |
| | **Total** | **22662.22** |

**Details of Secured Bonds:**

(Amount Rs. in Crores)

| Debenture Series | Tenor / Period of Maturity | Coupon | Amount Outstanding as on 31.01-21 | Date of Allotment | Redemption Date / Schedule |
|---|---|---|---|---|---|
| P-Series | 15 Years with 5 years moratorium | 9.00% (Fixed) | 1000.00 | 01.02.10 | 10% every year commencing from 01.02.16 to 01.02.25 |
| Q-Series | 15 Years with 3 years moratorium | 9.25% (Fixed) | 738.50 | 12.03.12 | 12 equal instalment commencing from 12.03.16 to 12.03.27 |
| R1 SERIES BONDS | 13 Years with 1 years moratorium | 8.70%(Fixed) | 41.10 | 11.02.13 | 12 equal instalment commencing from 11.02.15 to 11.02.26 |
| R2 SERIES BONDS | 14 Years with 2 years moratorium | 8.85% (Fixed) | 222.88 | 11.02.13 | 12 equal instalment commencing from 11.02.16 to 11.02.27 |
| R3 SERIES BONDS | 15 Years with 5 years moratorium | 8.78% (Fixed) | 713.60 | 11.02.13 | 10 equal instalment commencing from 11.02.19 to 11.02.28 |
| TAX FREE BOND 1A SERIES | 10years with 9 years moratorium | 8.18% | 50.81 | 02.11.13 | On maturity i.e. 2.11.2023 |
| TAX FREE BOND 1B SERIES | 10years with 9 years moratorium | 8.43% | 60.77 | 02.11.13 | On maturity i.e. 2.11.2023 |
| TAX FREE BOND 2A SERIES | 15years with 14 years moratorium | 8.54% | 213.12 | 02.11.13 | On Maturity i.e. 2.11.2028 |
| TAX FREE BOND 2B SERIES | 15years with 14 years moratorium | 8.79% | 85.61 | 02.11.13 | On Maturity i.e. 2.11.2028 |
| TAX FREE BOND 3A SERIES | 20years with 19 years moratorium | 8.67% | 336.07 | 02.11.13 | On maturity i.e. 2.11.2033 |
| TAX FREE BOND 3B SERIES | 20years with 19 years moratorium | 8.92% | 253.62 | 02.11.13 | On maturity i.e. 2.11.2033 |
| S1 Series | 10 yrs | 8.49% | 146.00 | 26.11.14 | In 10 equal installment from 26.11.15 to 26.11.24. |

| | | | | | |
|---|---|---|---|---|---|
| S2 Series | 15 yrs with 3yrs moratorium | 8.54% | 495.00 | 26.11.14 | In 12 equal installment from 26.11.18 to 26.11.29. |
| T Series | 15 yrs with 3 yrs moratorium | 8.50% | 1229.10 | 14-Jul-15 | In 12 equal instalment from 14.07.19 to 14.07.30 |
| U Series | 15 yrs (Bullet Redemption) | 8.24% | 540.00 | 27-Jun-2016 | 27-Jun-2031 |
| U 1 Series | 14 years 355 Days (Bullet Redemption) | 8.17% | 360.00 | 07-Jul-2016 | 27-Jun-2031 |
| V1 SERIES BONDS | 5 Years | 6.84% | 155.00 | 24-Jan-17 | 5 equal annual installments w.e.f. 24.01.2018 to 24.01.2022 ((STRPP Ato E) |
| V2 SERIES BONDS | 10 Years | 7.52% | 1475.00 | 06-Jun-17 | 5 equal annual installments w.e.f.06.06.2023 to 06.06.2027 ((STRPP Ato E) |
| W1 SERIES BONDS | 5 Years | 6.91% | 600.00 | 15-Sep-17 | 5 equal annual installments w.e.f.15.09.2018 to 15.09.2022 ((STRPP Ato E) |
| W2 SERIES BONDS | 10 Years | 7.35% | 750.00 | 15-Sep-17 | 5 equal annual installments w.e.f.15.09.2023 to 15.09.2027 ((STRPP Ato E) |
| X SERIES BONDS | 10 Years | 8.65% | 1500.00 | 08-Feb-19 | 7 Equal instalment w.e.f. 08.02.2023 to 08.02.2029 |
| Y SERIES BONDS | 10 Years | 7.50% | 1500.00 | 08-Oct-19 | 5 equal installments w.e.f. 07.10.2025 to 06.10.2029 |
| Y1 SERIES BONDS | 10 Years | 7.38% | 500.00 | 03-01-2020 | 5 equal installments w.e.f. 03.01.2026 to 03.01.2030 |
| AA Series Bonds | 10 Years | 7.13% | 1500.00 | 11-02-2020 | 5 equal installments w.e.f. 11.02.2026 to 11.02.2030 |
| AA-1 Series Bonds | 10 Years | 6.89% | 500.00 | 11-03-2020 | 5 equal installments w.e.f. 11.03.2026 to 11.03.2030 |
| AB Series Bonds | 10 Years | 6.80% | 750.00 | 24.04.2020 | 5 equal installments w.e.f. 24.04.2026 to 24.04.2030 |

**Secured Term Loan from Banks/F.I**

(Amount Rs. in Crores)

| Lender's Name | Type of Facility | Amt Sanctioned | Amount Outstanding as on 31.01.2021 | Repayment Date / Schedule |
|---|---|---|---|---|
| Life Insurance Corp of India | Line of Credit | 1896.00 | 474.00 | 09 equal half yearly installments of Rs. 79 crores each up to 30.10.2023 |

**Unsecured Domestic Loans:**

(Amount Rs. in Crores)

| Lender's Name | Type of Facility | Principal Amount Outstanding as on 31.01.21 | Repayment Date / Schedule |
|---|---|---|---|
| Government of India | Subordinate Debt for Nimoo Bazgo HE Project | 523.04 | 18 equal annual installments from 12th year after commissioning of the project. |
| Government of India | Subordinate Debt for Chutak HE Project | 508.53 | 24 equal annual installments from 6th year after commissioning of the project. |
| Government of India | Subordinate Debt for Kishanganga HE Project | 3709.65 | 10 equal annual installments from 11th year after commissioning of the project. |

**Unsecured Foreign Currency Loan:**

(Amount Rs. in Crores)

| Lender's Name | Type of Facility | Amount Sanctioned | Principal Amount Outstanding as 31.01.2021 | Repayment Date / Schedule |
|---|---|---|---|---|
| Japan Bank of International Cooperation | Term Loan Tranche-I | JPY 566.50 | 85.88 | Half yearly equal installments upto 20.01.2026 |
| Japan Bank of International Cooperation | Term Loan Tranche-II | JPY 1631.60 | 394.37 | Half yearly equal installments upto 20.12.2027 |
| Japan Bank of International Cooperation | Term Loan Tranche-III | JPY 1389 | 561.82 | Half yearly equal installments upto 20.03.2034 |
| MUFG BANK HONGKONG | Term Loan | JPY 1079.55 | 688.75 | Bullet payment on 25.07.2024. |

**List of Top 10 Bond Holders:**

**TOP 10 BONDS HOLDERS AS ON 31.01.2021**

| NAME OF BOND HOLDERS | AMOUNT in INR |
|---|---|
| NPS TRUST | 35072100000.00 |
| CBT | 27065500000.00 |
| LIFE INSURANCE CORPORATION OF INDIA | 12000000000.00 |
| PUNJAB NATIONAL BANK | 9250000000.00 |
| STATE BANK OF INDIA | 9100000000.00 |
| MAX LIFE INSURANCE COMPANY LIMITED | 3120000000.00 |
| STATE BANK OF INDIA EMPLOYEES PENSION FUND | 2700000000.00 |
| ADITYA BIRLA SUN LIFE INSURANCE COMPANY LIMITED | 2654500000.00 |
| HDFC MUTUAL FUND | 1984000000.00 |
| AXIS MUTUAL FUND | 1971000000.00 |
| | **104917100000.00** |

**Amount of corporate guarantees issued by the issuer in favor of various counter parties including its subsidiaries, joint venture entities, group companies etc.**

**NIL.**

**Commercial Paper Issued by the Issuer: NIL.**

**Other borrowings (standalone) (including hybrid debt like foreign currency convertible bonds ("FCCBs"), optionally convertible bonds/ debentures/ preference shares):**

**NIL**

**Details of default in statutory dues or debt servicing, amount and duration of default:**

**NIL**

**Particulars of 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:**

**NIL**

**XXII Shareholding Pattern of the Company as on 31.01.2021**

| **Consolidated Shareholding Pattern As 31.01-2021** | | | |
|---|---|---|---|
| **Category** | **No.of Holders** | **Total Shares** | **% To Equity** |
| PRESIDENT OF INDIA | 1 | 7,12,67,72,676 | 70.948213 |
| INSURANCE COMPANIES | 14 | 77,44,25,487 | 7.709535 |
| MUTUAL FUNDS | 32 | 64,77,41,069 | 6.448371 |
| RESIDENT INDIVIDUALS | 6,76,386 | 54,61,82,994 | 5.437343 |
| BODIES CORPORATES | 1,515 | 43,70,87,264 | 4.351277 |
| FOREIGN PORTFOLIO - CORP | 136 | 39,40,79,831 | 3.923131 |

| | | | |
|---|---|---|---|
| BANKS | 9 | 4,96,30,385 | 0.494079 |
| H U F | 20,868 | 3,07,65,024 | 0.306271 |
| INDIAN FINANCIAL INSTITUTIONS | 1 | 1,17,45,321 | 0.116927 |
| NON RESIDENT INDIANS | 2,851 | 94,25,021 | 0.093828 |
| NON RESIDENT INDIAN NON REPATRIABLE | 2,204 | 44,41,766 | 0.044219 |
| CLEARING MEMBERS | 290 | 38,74,958 | 0.038576 |
| Qualified Institutional Buyer | 3 | 32,37,936 | 0.032234 |
| I E P F | 1 | 28,96,477 | 0.028835 |
| TRUSTS | 48 | 19,04,433 | 0.018959 |
| FOREIGN INSTITUTIONAL INVESTORS | 2 | 4,90,316 | 0.004881 |
| NBFC | 9 | 3,33,172 | 0.003317 |
| FOREIGN NATIONALS | 1 | 500 | 0.000005 |
| OVERSEAS CORPORATE BODIES | 1 | 175 | 0.000002 |
| Total | 7,04,372 | 10,04,50,34,805 | 100.00 |

**3. Disclosure with regard to Interest of Directors, Litigation, Etc.**

| Sl. No. | Particulars | 2019-20 | 2018-19 | 2017-18 |
|---|---|---|---|---|
| **3.vi.0** | Details of any inquiry, inspections or investigations initiated or conducted under the Companies Act or any previous company law in case of company and all of its subsidiaries. | Nil | Nil | Nil |
| **3.vi.1** | Any prosecutions filed (whether pending or not) fines imposed, compounding of offences in case of the company and all of its subsidiaries | Nil | Nil | Nil |

| Sl. No. | Particulars | 2019-20 | 2018-2019 | 2017-2018 |
|---|---|---|---|---|
| **vii** | Details of acts of material frauds committed against the company | Nil | Nil | Nil |

(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) 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.

**FY 2019-20**

| Name | Designation | Salary / Allowances and PRP* | Value of Perquisites u/s 17(2) of the Income Tax Act,1961 | Others** | Total |
|---|---|---|---|---|---|
| Shri. A.K.Singh, | CMD ( became CMD on 24.02.2020) | 775398.00 | 0 | 131718.00 | 907116.00 |
| Sh.Balraj Joshi | EX-CMD (Ceased to be CMD on 31.12.19) | 5866983.00 | 2410850.00 | 4860366.00 | 13138199.00 |
| Sh. Mahesh Kumar Mittal | Director (Finance) | 7052574.00 | 346823.00 | 647615.00 | 8047012.00 |
| Sh. Nikhil Kumar Jain | Director ( Personnel) | 5734644.00 | 752142.00 | 1706213.00 | 8192999.00 |
| Sh.Ratish Kumar | Director (Project) | 8659184.00 | 264090.00 | 894646.00 | 9817920.00 |
| Sh. Janardan Choudhary | Director (Technical) (Ceased to be Director on 31.03.2020) | 6280687.00 | 1094438.00 | 1280672.00 | 8655797.00 |
| **Grand Total** | | **34369470.00** | **4868343.00** | **9521230.00** | **48759043.00** |

*Salary under Section 17(1) of the Income Tax Act, 1961 includes arrears and Performance Related Pay (PRP) as per respective position held by the directors during that period.

**Others include gratuity, leave encashment, lease rent, new year gift, medical reimbursement, EPF, Social Security Scheme & Pension Fund (Matching Contribution) etc. which were not included in point no. (1).

Note: (1) During the year, amount of ` 19,42,253 and 1,48,430 was paid to Shri K. M. Singh, Ex-CMD and Shri D. P. Bhargava, Ex-Director (Technical) respectively for their dues related to earlier year(s).

**F.Y. 2018-19** **(Amount in Rs.)**

| Name | Designation | Salary / Allowances* | Others* | Performance Related Pay (PRP) ** | Total |
|---|---|---|---|---|---|
| Sh.Balraj Joshi | Chairman & Managing Director | 5298793.00 | 1468057.00 | 232878.00 | 6999728.00 |
| Sh. Mahesh Kumar Mittal | Director ( Finance) | 5388028.00 | 1019013.00 | 79171.00 | 6486212.00 |
| Sh. Nikhil Kumar Jain | Director ( Personnel) | 4353441.00 | 1132072.00 | 114731.00 | 5600244.00 |
| Sh.Ratish Kumar | Director (Project) | 5397749.00 | 1112474.00 | 294543.00 | 6804766.00 |
| Sh. Janardan Choudhary | Director ( Technical) | 3755469.00 | 845289.00 | 185461.00 | 4786219.00 |
| Sh. K.M.Singh | Ex-Chairman & Managing Director | 434774.00 | 1321096.00 | 0.00 | 1755870.00 |
| Sh.. Jayant Kumar | Ex-Director ( Finance) | 793417.00 | 1548953.00 | 1046270.00 | 3388640 |
| Sh.A.B.L.Srivastava | Ex-Chairman & Managing Director | 0.00 | 0.00 | 581017.00 | 581017.00 |
| Sh.. R.S.Meena | Ex-Director ( Personnel) | 152604.00 | 1457528.00 | 944563.00 | 2554695.00 |
| **Grand Total** | | **27609780.00** | **6915004.00** | **4432607.00** | **38957391.00** |

1. * Salary includes pay revision of board level and below board level executives w.e.f. 01.01.17 and regularization of pay scale of below board level executives w.e.f. 01.01.07 as per respective position held by the directors during that period.
2. Benefits include leave encashment, new year gift, medical reimbursement, EPF, Social scheme & pension fund ( matching contribution) etc. which were not included in salary.
3. ** includes amount of earlier years paid on account of regularization of pay scale of below board level executives w.e.f. January 1,2007, as per the respective position held by them during that period. Performance related pay for 2017-18 shall be paid in the FY 2019-20 or thereafter as per the guidelines of DPE.

**F.Y. 2017-18** **(Amount in Rs.)**

| Name | Designation | Salary / Allowances | Benefits* | Performance Related Pay (PRP) @ | Total |
|---|---|---|---|---|---|
| Sh.Balraj Joshi* | Chairman & Managing Director | 2431743 | 3124275 | | 5556018 |
| Sh. K.M.Singh ** | Chairman & Managing Director | 865348 | 3908951 | 641706 | 5416005 |
| Mr. Mahesh Kumar Mittal | Director ( Finance) | 3205498 | 685843 | | 3891341 |
| Mr. Nikhil Kumar Jain | Director ( Personnel) | 2575338 | 662196 | | 3237534 |
| Mr.Ratish Kumar | Director (Project) | 2554779 | 1170355 | 255484 | 3980618 |
| Mr. Jayant Kumar | Ex-Director ( Finance) | 0 | 0 | 917420 | 917420 |
| Mr. R.S.Meena | Ex-Director ( Personnel) | 0 | 0 | 1029588 | 1029588 |
| Mr. D.P.Bhargava | Ex-Director( Technical) | 0 | 0 | 1032344 | 1032344 |
| Grand Total | | 11632706 | 9551620 | 3234836 | 25060868 |

* Appointed as Chairman and Managing Director w.e.f. September 22,2017.

** Ceased to be Chairman and Managing Director on attaining the age of superannuation on July 31,2017.

@ Performance Related Pay (PRP) for the FY 2015-16, paid to Functional Directors is based on the incentive scheme of the Company as per DPE Guidelines.

**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.20,000/= for each meeting of the Board or the Committees of the board is being paid to independent Directors.

**FY 2019-20**

| Name of Independent Director | Sitting Fees (in Rs)* | | Total (in Rs.) |
|---|---|---|---|
| | Board/committee Meeting | Commissions and Others | |
| Sh. Satya Prakash Mangal ( ceased to be director on 17.11.2019) | 280000.00 | 0.00 | 280000.00 |
| Prof Arun Kumar ( ceased to be director on 17.11.2019) | 380000.00 | 0.00 | 380000.00 |
| Prof Kanika T.Bhal ( ceased to be director on 17.11.2019) | 260000.00 | 0.00 | 260000.00 |
| Shri Jugal Kishore Mohapatra | 300000.00 | 0.00 | 300000.00 |
| Shri Bhagwat Prasad | 460000.00 | 0.00 | 460000.00 |
| **Name of Nominee Director :** | | | |
| Shri Aniruddha Kumar | 0.00 | 0.00 | 0.00 |

**FY 2018-19** **(Amount in Rs.)**

| Name of Independent Director | Sitting Fees (in Rs)* | | Total (in Rs.) |
|---|---|---|---|
| | Board Meeting | Committee Meetings | |
| Prof. Arun Kumar | 2,00,000 | 4,60,000 | 6,60,000 |
| Prof. N.K.Jha | 1,00,000 | 0 | 1,00,000 |
| Prof.KanikaT.Bahl | 2,00,000 | 3,00,000 | 5,00,000 |
| Mr.Satya Prakash Mangal | 2,00,000 | 3,60,000 | 5,60,000 |
| Sh.Jugal Kishore Mohapatra | 1,80,000 | 1,20,000 | 3,00,000 |
| Sh.Bhagwat Prasad | 2,00,000 | 2,40,000 | 4,40,000 |

**FY 2017-18** **(Amount in Rs.)**

| Name of Independent Director | Sitting Fees (in Rs)* | | Total (in Rs.) |
|---|---|---|---|
| | Board Meeting | Committee Meetings | |
| Dr. Arun Kumar | 1,40,000 | 4,60,000 | 6,00,000 |
| Prof. N.K.Jha | 80,000 | 40,000 | 1,20,000 |
| Mrs.KanikaT.Bahl | 1,00,000 | 1,60,000 | 2,60,000 |
| Mr.Satya Prakash Mangal | 2,20,000 | 3,20,000 | 5,40,000 |
| Sh.Jugal Kishore Mohapatra | 1,00,000 | 40,000 | 1,40,000 |
| Sh.Bhagwat Prasad | 1,00,000 | 1,00,000 | 2,00,000 |

***In addition to sitting fee, Independent directors are also reimbursed boarding/lodging/conveyance expenses incurred for attending meetings of the Board/Committee.**

**(iv) NHPC: RELATED PARTY TRANSACTIONS:**

**FY 2019-20**

During the financial year 2019-20, all contracts/ arrangements/ transactions entered in by the Company with related parties were in the ordinary course of its business and on arm's length basis. There were no materially significant related party transactions, which have potential conflict with the interest of the Company at large. The policy on related party transactions as approved by the Board can be accessed on the Company's website at the link: http://www.nhpcindia.com/writereaddata/Images/pdf/Policy-Related-Party-Transaction.pdf.

**FY 2018-19**

During the Financial Year 2018-19, the Company has not entered into any material transaction with any of its related parties.

**FY 2017-18**

During the Financial year 2017-18, the company has not entered into any material transaction with any of its related parties.
The policy on related party transactions as approved by the Board can be accessed on the Company's website at the link: http://www.nhpcindia.com/writereaddata/images/pdf/Policy-Related-Party-Transaction.pdf.

(v) **Summary of Reservation or Qualifications or Adverse remarks by Auditors -**

AS PER ANNEXURE ENCLOSED.

**(V) Details of any inquiry, inspections or investigations initiated or conducted under Companies Act 2013 :**

| Sl. No. | Particulars | 2019-20 | 2018-19 | 2017-18 |
|---|---|---|---|---|
| **3.vi.0** | Details of any inquiry, inspections or investigations initiated or conducted under the Companies Act or any previous company law in case of company and all of its subsidiaries. | Nil | Nil | Nil |
| **3.vi.1** | Any prosecutions filed (whether pending or not) fines imposed, compounding of offences in case of the company and all of its subsidiaries | Nil | Nil | Nil |

| Sl. No. | Particulars | 2019-20 | 2018-2019 | 2017-2018 |
|---|---|---|---|---|
| **vii** | Details of acts of material frauds committed against the company | Nil | Nil | Nil |

1. **FINANCIAL POSITION OF THE COMPANY**

**4. (a) Capital Structure of NHPC Limited**

**Details of Share Capital as on 31.01.2021** (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: Equity Shares of Rs 10 each fully paid up | 10045.03 |
| **4.(a).(ii)(b)**<br>Size of the present offer | Not Applicable |
| **4.a).(iii)(c & d)**<br>Paid up capital<br>(A) After the offer<br>(B) After conversion of convertible instruments<br>© Share premium account<br>▪ Before the offer<br>▪ After the offer | Not Applicable |

**(iv) 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 | *Date of AGM in which Articles of Association were amended for Buyback of Shares.* | 12,30,07,42,770 | Buy Back of shares |
| 24.10.2013 | *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.* | | |
| 07.02.2017 | *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.* | 8,11,34,79,770 | Buy Back of shares |
| 14.11.2018 | *Date of Board Meeting in which buyback of shares was* | 2,14,28,57,140 | Buy Back of Shares |

| | | | |
|---|---|---|---|
| | *approved by the Board of Directors and corporate action for the shares was executed on 24.01.19.* | | |

**(iv) 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:

| Date of Issue/ Allotment | No. of Equity Shares | Face Value (₹) | Issue price (₹) | Consideration in Cash/ other than cash | Cumulative No. of Equity Shares | Cumulative Equity Share Capital (₹ in Crore) |
|---|---|---|---|---|---|---|
| August 13, 1976 | 3,283 | 1,000 | 1,000 | Cash | 3,283 | 0.33 |
| December 29, 1976 | 1,950 | 1,000 | 1,000 | Cash | 5,233 | 0.52 |
| April 28, 1977 | 2 | 1,000 | 1,000 | Cash | 5, 235 | 0.52 |
| September 3,1977 | 40,000 | 1,000 | 1,000 | Cash | 45,235 | 4.52 |
| February 28,1978 | 6,29,529 | 1,000 | 1,000 | Other than cash | 6,74,764 | 67.48 |
| February 28,1978 | 60,700 | 1,000 | 1,000 | Cash | 7,35,464 | 73.55 |
| September 18, 1978 | 73,298 | 1,000 | 1,000 | Cash | 8,08,762 | 80.88 |
| February 2, 1979 | 25,000 | 1,000 | 1,000 | Cash | 8,33,762 | 83.38 |
| August 6, 1980 | 1 | 1,000 | 1,000 | Cash (Rs. 400)<br>Other than cash (Rs. 600) | 8,33,763 | 83.38 |
| March 31,1981 | 1,46,150 | 1,000 | 1,000 | Cash | 9,79,913 | 97.99 |
| December 21,1981 | 15,000 | 1,000 | 1,000 | Cash | 9,94,913 | 99.49 |
| March 27,1982 | 33,300 | 1,000 | 1,000 | Cash | 10,28,213 | 102.82 |
| June 14, 1982 | 35,000 | 1,000 | 1,000 | Cash | 10,63,213 | 106.32 |
| September 02, 1982 | 36,000 | 1,000 | 1,000 | Cash | 10,99,213 | 109.92 |
| December 14, 1982 | 1,24,000 | 1,000 | 1,000 | Cash | 12,23,213 | 122.32 |
| February 23, 1983 | 15,000 | 1,000 | 1,000 | Cash | 12,38,213 | 123.82 |
| March 26, 1983 | 60,000 | 1,000 | 1,000 | Cash | 12,98,213 | 129.82 |

| Date of Issue/ Allotment | No. of Equity Shares | Face Value (₹) | Issue price (₹) | Consideration in Cash/ other than cash | Cumulative No. of Equity Shares | Cumulative Equity Share Capital (₹ in Crore) |
|---|---|---|---|---|---|---|
| June 6,1983 | 32,900 | 1,000 | 1,000 | Cash | 13,31,113 | 133.11 |
| September 5, 1983 | 61,859 | 1,000 | 1,000 | Cash | 13,92,972 | 139.30 |
| December 16, 1983 | 48,550 | 1,000 | 1,000 | Cash | 14,41,522 | 144.15 |
| March 5,1984 | 2,14,541 | 1,000 | 1,000 | Cash | 16,56,063 | 165.61 |
| May 14, 1984 | 1,39,579 | 1,000 | 1,000 | Cash | 17,95,642 | 179.56 |
| January 8,1985 | 4,27,459 | 1,000 | 1,000 | Cash | 22,23,101 | 222.31 |
| June 21,1985 | 11,75,665 | 1,000 | 1,000 | Cash | 33,98,766 | 339.88 |
| November 18,1985 | 4,72,500 | 1,000 | 1,000 | Cash | 38,71,266 | 387.12 |
| February 24,1986 | 4,20,000 | 1,000 | 1,000 | Cash | 42,91,266 | 429.13 |
| June 6,1986 | 8,03,546 | 1,000 | 1,000 | Cash | 50,94,812 | 509.48 |
| December 26,1986 | 3,05,000 | 1,000 | 1,000 | Cash | 53,99,812 | 539.98 |
| March 31, 1987 | 10,000 | 1,000 | 1,000 | Cash | 54,09,812 | 540.98 |
| April 29, 1987 | 3,31,200 | 1,000 | 1,000 | Cash | 57,41,012 | 574.10 |
| November 25, 1987 | 11,26,681 | 1,000 | 1,000 | Cash | 68,67,693 | 686.77 |
| March 9, 1988 | 1,57,700 | 1,000 | 1,000 | Cash | 70,25,393 | 702.54 |
| May 4, 1988 | 1,62,258 | 1,000 | 1,000 | Cash | 71,87,651 | 718.77 |
| August17, 1988 | 4,75,000 | 1,000 | 1,000 | Cash | 76,62,651 | 766.27 |
| December 28, 1988 | 2,49,500 | 1,000 | 1,000 | Cash | 79,12,151 | 791.22 |
| March 27, 1989 | 65,789 | 1,000 | 1,000 | Cash | 79,77,940 | 797.80 |
| December 28, 1989 | 5,09,700 | 1,000 | 1,000 | Cash | 84,87,640 | 848.76 |
| April 2, 1990 | 1,04,800 | 1,000 | 1,000 | Cash | 85,92,440 | 859.24 |
| July 16, 1990 | 41,50,400 | 1,000 | 1,000 | Cash | 1,27,42,840 | 1,274.28 |
| August 30, 1990 | 2,50,000 | 1,000 | 1,000 | Cash | 1,29,92,840 | 1,299.28 |
| October 29, 1990 and November 5, 1990 | 8,20,000 | 1,000 | 1,000 | Cash | 1,38,12,840 | 1,381.28 |
| January 24, 1991 | 19,45,000 | 1,000 | 1,000 | Cash | 1,57,57,840 | 1,575.78 |
| February 26, 1991 | 4,35,200 | 1,000 | 1,000 | Cash | 1,61,93,040 | 1,619.30 |
| May 13, 1991 | 9,26,300 | 1,000 | 1,000 | Cash | 1,71,19,340 | 1,711.93 |
| July 17, 1991 | 6,40,000 | 1,000 | 1,000 | Cash | 1,77,59,340 | 1,775.93 |

| Date of Issue/ Allotment | No. of Equity Shares | Face Value (₹) | Issue price (₹) | Consideration in Cash/ other than cash | Cumulative No. of Equity Shares | Cumulative Equity Share Capital (₹ in Crore) |
|---|---|---|---|---|---|---|
| August 9, 1991 | 2,15,000 | 1,000 | 1,000 | Cash | 1,79,74,340 | 1,797.43 |
| November 27, 1991 | 7,11,800 | 1,000 | 1,000 | Cash | 1,86,86,140 | 1,868.61 |
| December 24, 1991 | 5,38,000 | 1,000 | 1,000 | Cash | 1,92,24,140 | 1,922.41 |
| June 19, 1992 | 11,87,200 | 1,000 | 1,000 | Cash | 2,04,11,340 | 2,041.13 |
| August 5, 1992 | 3,90,000 | 1,000 | 1,000 | Cash | 2,08,01,340 | 2,080.13 |
| October 9, 1992 | 6,05,000 | 1,000 | 1,000 | Cash | 2,14,06,340 | 2,140.63 |
| November 27,1992 | 3,70,000 | 1,000 | 1,000 | Cash | 2,17,76,340 | 2,177.63 |
| January 27,1993 | 7,76,000 | 1,000 | 1,000 | Cash | 2,25,52,340 | 2,255.23 |
| July 2,1993 | 9,58,500 | 1,000 | 1,000 | Cash | 2,35,10,840 | 2,351.08 |
| September 2,1993 | 5,60,000 | 1,000 | 1,000 | Cash | 2,40,70,840 | 2,407.08 |
| November 25,1993 | 9,20,000 | 1,000 | 1,000 | Cash | 2,49,90,840 | 2,499.08 |
| June 15,1996 | (20,56,461)* | 1,000 | 1,000 | - | 2,29,34,379 | 2,293.44 |
| June 15,1996 | 20,58,600 | 1,000 | 1,000 | Cash | 2,49,92,979 | 2,499.30 |
| July 25,1997 | (2,38,832)* | 1,000 | 1,000 | - | 2,47,54,147 | 2,475.41 |
| July 25,1997 | 13,91,800 | 1,000 | 1,000 | Cash | 2,61,45,947 | 2,614.59 |
| September 23,1997 | 5,11,000 | 1,000 | 1,000 | Cash | 2,66,56,947 | 2,665.69 |
| November 1,1997 | 15,70,000 | 1,000 | 1,000 | Cash | 2,82,26,947 | 2,822.69 |
| December 5,1997 | 5,00,000 | 1,000 | 1,000 | Cash | 2,87,26,947 | 2,872.69 |
| February 21,1998 | 9,60,000 | 1,000 | 1,000 | Cash | 2,96,86,947 | 2,968.69 |
| July 22,1998 | 10,65,000 | 1,000 | 1,000 | Cash | 3,07,51,947 | 3,075.19 |
| September 18,1998 | 6,40,000 | 1,000 | 1,000 | Cash | 3,13,91,947 | 3,139.19 |
| October 17,1998 | 3,30,000 | 1,000 | 1,000 | Cash | 3,17,21,947 | 3,172.19 |
| November 13/19, 1998 | 50,000 | 1,000 | 1,000 | Cash | 3,17,71,947 | 3,177.19 |
| January 4, 1999 | 5,44,200 | 1,000 | 1,000 | Cash | 3,23,16,147 | 3,231.61 |
| January 29, 1999 | 50,000 | 1,000 | 1,000 | Cash | 3,23,66,147 | 3,236.61 |
| March 19, 1999 | 10,09,800 | 1,000 | 1,000 | Cash | 3,33,75,947 | 3,337.59 |
| April 28, 1999 | 6,06,400 | 1,000 | 1,000 | Cash | 3,39,82,347 | 3,398.23 |

| Date of Issue/ Allotment | No. of Equity Shares | Face Value (₹) | Issue price (₹) | Consideration in Cash/ other than cash | Cumulative No. of Equity Shares | Cumulative Equity Share Capital (₹ in Crore) |
|---|---|---|---|---|---|---|
| July 31, 1999 | 8,42,600 | 1,000 | 1,000 | Cash | 3,48,24,947 | 3,482.49 |
| July 31, 1999 | 6,30,000 | 1,000 | 1,000 | Cash | 3,54,54,947 | 3,545.49 |
| August 27, 1999 | 13,14,600 | 1,000 | 1,000 | Cash | 3,67,69,547 | 3,676.95 |
| September 24, 1999 | 60,000 | 1,000 | 1,000 | Cash | 3,68,29,547 | 3,682.95 |
| October 25, 1999 | 20,000 | 1,000 | 1,000 | Cash | 3,68,49,547 | 3,684.95 |
| November 30, 1999 | 5,20,000 | 1,000 | 1,000 | Cash | 3,73,69,547 | 3,736.95 |
| January 18, 2000 | 4,70,000 | 1,000 | 1,000 | Cash | 3,78,39,547 | 3,783.95 |
| February 3, 2000 | 9,22,100 | 1,000 | 1,000 | Cash | 3,87,61,647 | 3,876.16 |
| March 10, 2000 | 8,90,000 | 1,000 | 1,000 | Cash | 3,96,51,647 | 3,965.16 |
| March 30, 2000 | 3,20,800 | 1,000 | 1,000 | Cash | 3,99,72,447 | 3,997.24 |
| April 26, 2000 | 2,32,500 | 1,000 | 1,000 | Cash | 4,02,04,947 | 4,020.49 |
| July 20, 2000 | 11,78,300 | 1,000 | 1,000 | Cash | 4,13,83,247 | 4,138.32 |
| August 25, 2000 | 14,00,000 | 1,000 | 1,000 | Cash | 4,27,83,247 | 4,278.32 |
| September 27, 2000 | 6,91,800 | 1,000 | 1,000 | Cash | 4,34,75,047 | 4,347.50 |
| October 24, 2000 | 12,39,100 | 1,000 | 1,000 | Cash | 4,47,14,147 | 4,471.41 |
| March 8, 2001 | 14,30,800 | 1,000 | 1,000 | Cash | 4,61,44,947 | 4,614.49 |
| April 30, 2001 | 14,80,000 | 1,000 | 1,000 | Cash | 4,76,24,947 | 4,762.49 |
| June 20, 2001 | 29,11,500 | 1,000 | 1,000 | Cash | 5,05,36,447 | 5,053.64 |
| September 7, 2001 | 9,46,400 | 1,000 | 1,000 | Cash | 5,14,82,847 | 5,148.28 |
| November 26, 2001 | 14,47,700 | 1,000 | 1,000 | Cash | 5,29,30,547 | 5,293.05 |
| April 30, 2002 | 62,67,700 | 1,000 | 1,000 | Cash | 5,91,98,247 | 5,919.82 |
| July 24, 2002 | 6,35,100 | 1,000 | 1,000 | Cash | 5,98,33,347 | 5,983.33 |
| August 22, 2002 | 10,18,400 | 1,000 | 1,000 | Cash | 6,08,51,747 | 6,085.17 |
| October 21, 2002 | 18,57,500 | 1,000 | 1,000 | Cash | 6,27,09,247 | 6,270.92 |
| December 23, 2002 | 21,69,300 | 1,000 | 1,000 | Cash | 6,48,78,547 | 6,487.85 |
| February 26, 2003 | 20,55,350 | 1,000 | 1,000 | Cash | 6,69,33,897 | 6,693.39 |
| April 28, 2003 | 12,13,700 | 1,000 | 1,000 | Cash | 6,81,47,597 | 6,814.76 |
| June 11, 2003 | 10,66,200 | 1,000 | 1,000 | Cash | 6,92,13,797 | 6,921.38 |
| July 28, 2003 | 14,40,000 | 1,000 | 1,000 | Cash | 7,06,53,797 | 7,065.38 |

| Date of Issue/ Allotment | No. of Equity Shares | Face Value (₹) | Issue price (₹) | Consideration in Cash/ other than cash | Cumulative No. of Equity Shares | Cumulative Equity Share Capital (₹ in Crore) |
|---|---|---|---|---|---|---|
| September 30, 2003 | 21,22,100 | 1,000 | 1,000 | Cash | 7,27,75,897 | 7,277.59 |
| December 18, 2003 | 22,38,500 | 1,000 | 1,000 | Cash | 7,50,14,397 | 7,501.44 |
| January 27, 2004 | 27,41,900 | 1,000 | 1,000 | Cash | 7,77,56,297 | 7,775.63 |
| April 28, 2004 | 42,75,500 | 1,000 | 1,000 | Cash | 8,20,31,797 | 8,203.18 |
| July 30, 2004 | 23,69,400 | 1,000 | 1,000 | Cash | 8,44,01,197 | 8,440.12 |
| September 15, 2004 | 30,58,700 | 1,000 | 1,000 | Cash | 8,74,59,897 | 8,745.99 |
| October 30, 2004 | 23,54,200 | 1,000 | 1,000 | Cash | 8,98,14,097 | 8,981.41 |
| December 30, 2004 | 18,71,200 | 1,000 | 1,000 | Cash | 9,16,85,297 | 9,168.53 |
| March 24, 2005 | 25,70,900 | 1,000 | 1,000 | Cash | 9,42,56,197 | 9,425.62 |
| April 21, 2005 | 15,88,900 | 1,000 | 1,000 | Cash | 9,58,45,097 | 9,584.51 |
| July 22, 2005 | 9,94,300 | 1,000 | 1,000 | Cash | 9,68,39,397 | 9,683.94 |
| September 30, 2005 | 18,59,300 | 1,000 | 1,000 | Cash | 9,86,98,697 | 9,869.87 |
| September 30, 2005 | 83,323 | 1,000 | 1,000 | Cash | 9,87,82,020 | 9,878.20 |
| November 23, 2005 | 10,46,900 | 1,000 | 1,000 | Cash | 9,98,28,920 | 9,982.89 |
| December 29, 2005 | 17,57,100 | 1,000 | 1,000 | Cash | 10,15,86,020 | 10,158.60 |
| March 24, 2006 | 5,66,800 | 1,000 | 1,000 | Cash | 10,21,52,820 | 10,215.28 |
| April 20, 2006 | 2,03,800 | 1,000 | 1,000 | Cash | 10,23,56,620 | 10,235.67 |
| July 21, 2006 | 11,36,800 | 1,000 | 1,000 | Cash | 10,34,93,420 | 10,349.34 |
| September 6, 2006 | 15,11,200 | 1,000 | 1,000 | Cash | 10,50,04,620 | 10,500.46 |
| February 7, 2007 | 24,56,200 | 1,000 | 1,000 | Cash | 10,74,60,820 | 10,746.08 |
| March 13, 2007 | 13,54,600 | 1,000 | 1,000 | Cash | 10,88,15,420 | 10,881.54 |
| March 13, 2007[1] | The equity shares of ₹ 1000 each were split into equity shares of face value of ₹ 10 each | | | | | |
| March 26, 2007 | 31,66,70,500 | 10 | 10 | Cash | 11,19,82,12,500 | 11,198.21 |
| May 26, 2007 | (2,45,50,000)^ | 10 | 10 | - | 11,17,36,62,500 | 11,173.66 |
| March 13, 2008 | 88,30,930 | 10 | 10 | Cash | 11,18,24,93,430 | 11,182.49 |

| Date of Issue/ Allotment | No. of Equity Shares | Face Value (₹) | Issue price (₹) | Consideration in Cash/ other than cash | Cumulative No. of Equity Shares | Cumulative Equity Share Capital (₹ in Crore) |
|---|---|---|---|---|---|---|
| August 26, 2009 | 1,11,82,49,343 | 10 | 36 | Cash | 12,30,07,42,773 | 12,300.74 |
| December 19, 2013[2] | (1,23,00,74,277) | 10 | 19.25 | Cash | 11,07,06,68,496 | 11,070.66 |
| March 27, 2017[3] | (81,13,47,977) | 10 | 32.25 | Cash | 10,25,93,20,519 | 10,259.32 |
| Jan 25,2019[4] | (214285714) | 10 | 28.00 | Cash | 10,04,50,34,805 | 10,045.03 |

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

*^ Reduction of share capital on account of closure of Koel Karo hydroelectric project in the state of Jharkhand.*

**Notes:**

1. Pursuant to the spilt of face value of equity shares of the Company from ₹ 1000 to ₹ 10 each on March 13, 2007, the shareholding of the Promoter was changed from 10,88,15,420 shares of ₹ 1,000 each to 1088,15,42,000 shares of ₹ 10 each.
2. On December 19, 2013, 123,00,74,277 Equity Shares of the Company were bought back at a price of ₹ 19.25 per share through the tender offer process.
3. On March 27, 2017, 81,13,47,977 Equity Shares of the Company were bought back at a price of ₹ 32.25 per share through the tender offer process.
4. Buy back of shares at a price of Rs. 28.00 per share through the tender offer process.

**(v) List of top 10 holders of equity shares of the Company as on 31.01.2021**

| Top 10 Shareholders As on 31.01.2021 | | | | | |
|---|---|---|---|---|---|
| **DPID** | **ClientId** | **Name** | **Total Shares** | **% To Equity** | **Cat** |
| IN301330 | 20584494 | PRESIDENT OF INDIA | 7,12,67,72,676 | 70.94821 | POI |
| IN300812 | 10000012 | LIC OF INDIA | 73,93,09,259 | 7.359947 | INS |
| IN301348 | 20014174 | PFC LIMITED | 22,79,62,282 | 2.269403 | LTD |
| 13900 | 16013900 00016050 | CPSE EXCHANGE TRADED SCHEME (CPSE ETF) | 18,27,05,017 | 1.818859 | MUT |
| IN300054 | 10009134 | HDFC TRUSTEE COMPANY LTD. A/C HDFC BALANCED ADVANTAGE FUND | 17,68,33,569 | 1.760408 | MUT |
| IN301151 | 28909290 | REC LIMITED | 17,53,02,206 | 1.745163 | LTD |
| IN303786 | 10001099 | SBI FOCUSED EQUITY FUND | 14,91,93,532 | 1.485247 | MUT |
| IN300167 | 10123796 | FIH PRIVATE INVESTMENTS LTD | 3,84,30,000 | 0.382577 | FPC |
| IN303438 | 10003257 | VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND | 3,43,17,450 | 0.341636 | FPC |
| IN300054 | 10037322 | EDGBASTON ASIAN EQUITY TRUST | 3,16,25,626 | 0.314838 | FPC |

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

NHPC Limited has acquired 500 MW Teesta-VI HE Project in Sikkim through Lanco Teesta Hydro Power Limited (LTHPL) on 09.10.2019 , for which NCLT has given its approval for acquisition by NHPC on 26.07.2019 on the total consideration of Rs. 897.50 crore under modified plan. The estimated cost of the project is Rs. 5748.04 Crores ( at July 2018 PL).

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

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

**4. b) & 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)**

| SI. No. | Parameters | FY 2019-20 | FY 2018-19 | FY 2017-18 |
|---|---|---|---|---|
| 4.b.0 | Profit Before Tax | 3608.17 | 3744.78 | 3525.74 |
| 4.b.1 | Profit After Tax | 3007.17 | 2630.55 | 2758.65 |
| 4.c.0 | Dividend amounts | 1938.69 | 1000.46 | 1251.65 |
| 4.c.1 | Interest Coverage Ratio | **7.53** | **7.68** | **9.76** |

***Figures of FY 2016-17 onwards are as per IND AS.Figures .**

4 d) **Summary of Financial Position of the Company :**

| Key Financials | Six Months ended as on 30.09.2020 | For the year ended March,31 2020 (Audited) | For the year ended March,31 2019 (Audited) | For the year ended March 31, 2018 (Audited) | For the year ended March 31, 2017 (Audited) |
|---|---|---|---|---|---|
| Revenue from Operations | 5072.90 | 8735.41 | 8161.18 | 6,934.03 | 7,271.17 |
| Other Income | 512.07 | 1036.18 | 924.78 | 1,491.00 | 1,458.67 |
| Total Income | 5584.97 | 9771.59 | 9,085.96 | 8,425.03 | 8,729.84 |
| Generation and other expenses | 1197.08 | 2416.62 | 1962.38 | 1,705.57 | 1,932.69 |
| Employee Benefits Expenses | 670.01 | 1515.52 | 1704.65 | 1,585.33 | 1,574.92 |
| Finance Cost | 292.87 | 795.42 | 894.88 | 922.32 | 1,073.22 |
| Depreciation and amortisation | 663.44 | 1545.34 | 1589.99 | 1,405.89 | 1,388.40 |
| Purchase of Power Trading | 212.37 | 234.13 | 12.68 | - | - |
| Profit Before Rate Regulated activities and Tax | 2549.20 | 3264.56 | 2921.38 | 2,805.92 | 2,760.61 |
| Rate Regulatory Income / (Expenses) | 71.29 | 343.61 | 823.40 | 719.82 | 713.99 |
| Exceptional item | 185 | | | | |
| Profit Before Tax | 2435.49 | 3608.17 | 3744.78 | 3,525.74 | 3,474.60 |
| Provision For Tax (Including Deferred Tax) | 414.45 | 601.00 | 1114.23 | 767.09 | 679.01 |
| **Profit/ (Loss) After Tax** | **2021.04** | **3007.17** | **2630.55** | **2,758.65** | **2,795.59** |
| Other Comprehensive Income | (60.71) | (0.62) | (12.41) | 5.88 | 7.67 |
| **Total Comprehensive Income** | **1960.33** | **3006.55** | **2618.14** | **2764.53** | **2803.26** |
| Paid-up Equity Share Capital | 10045.03 | 10045.03 | 10,045.03 | 10,259.32 | 10,259.32 |
| Other Equity (Reserve & Surplus) | 21577.67 | 19938.78 | 19,169.70 | 18,068.83 | 16,682.81 |
| Net worth. | 31622.70 | 29983.81 | 29,214.73 | 28,328.15 | 26,942.13 |

**Notes:**

1. The figures mentioned above are extracted from the audited financial statement pertaining to the respective financial years and in case of period ended 30th Sep '20, the figures are taken from the published financial results reviewed by the Joint Statutory Auditors.

2.The Company has adopted Indian Accounting Standards ("Ind AS") from 1st April, 2016 and accordingly, FY 2015-16 figures have been restated during FY 2016-17 in accordance with Companies (Indian Accounting Standard) Rules, 2015 as prescribed under Section 133 of the Companies Act, 2013 read with the relevant rules framed thereunder and the other accounting principles generally accepted in India. Further, the figure for the financial year ended March 31, 2016 is extracted from the comparative figures of the audited standalone financial statements of the Company for the financial year ended March 31, 2017, since the figures were restated as per Ind AS for Financial year 2015-16 consequent to the transition to Ind AS.

**4. e)**

**STATEMENT OF CASH FLOW**

| S.No | Particulars | Year Ended as on 31.03.2020 | Year Ended as on 31.03.2019 | Year Ended as on 31.03.2018 |
|---|---|---|---|---|
| 1. | Net Profit before tax and extraordinary items | 3608.17 | 3744.78 | 2878.63 |
| 2. | Less: Movement in Regulatory Deferral Account Balance. | 343.61 | 823.40 | 62.33 |
| | **ADD :** | | | |
| 3. | Depreciation (including Prior Period) | 1545.34 | 1589.99 | 1395.51 |
| 4. | Finance Cost (net of EDC) | 795.42 | 894.88 | 922.32 |
| 5. | (Proflt)/ Loss on sale of assets/ Debt/ Claim written off | 2.51 | 0 | 0 |
| 6. | Provisions (Net loss) | 155.17 | 107.10 | 69.78 |
| 7. | (Profit)/Loss on Sale of Projects | 0 | 0 | 0 |
| 8. | Tariff Adjustment | 0 | 45.47 | 58.37 |
| 9. | Sales adjustment on account of FERV | 42.94 | 92.34 | 66.36 |
| | | **5805.94** | **5651.16** | **5328.64** |
| | **LESS :** | | | |
| 10. | Advance against Depreciation written back(including Prior Period) | 44.72 | 60.72 | 60.68 |
| 11. | Provisions (Net gain) | 5.22 | 30.77 | 85.57 |
| 12. | ERV | -50.15 | 3.18 | (2.88) |
| 13. | Profit on sale of Assets & Investment \Realization of loss | 0 | 1.20 | 6.89 |
| 14. | Dividend Income | 489.97 | 282.47 | 632.12 |
| 15. | Interest Income | 162.16 | 165.61 | 252.73 |
| 16. | Other Adjustments | 28.53 | 21.36 | 3.04 |
| 17. | **Cash flow from operating activities before working capital adjustments** | **5125.49** | **5085.85** | **4290.49** |
| | **Working Capital Changes** | | | |
| 18. | (Increase)/Decrease in Inventories | -1.33 | -21.44 | -4.22 |
| 19. | (Increase)/Decrease in Trade Receivables | -1778.85 | -2107.81 | 584.32 |
| 20. | (Increase)/Decrease in Other Assets, Loans & Advances | -75.91 | -876.83 | -517.31 |
| 21. | Increase/(Decrease) in Other Liabilities & Provisions | - 160.87 | 2038.89 | 29.96 |
| 22. | **Cash flow from operating activities before taxes** | **3108.53** | **4118.66** | **4383.24** |
| 23. | Less : Taxes | 635.08 | 678.90 | 662.22 |
| 24. | **NET CASH FLOW FROM OPERATING ACTIVITIES (A)** | **2473.45** | **3439.76** | **3721.02** |

| | | | | |
|---|---|---|---|---|
| **B.** | **CASH FLOW FROM INVESTING ACTIVITIES** | | | |
| **25.** | Purchase of Fixed Assets & expenditure on construction projects (including expenditure during construction) | -2708.71 | -1492.48 | -1517.94 |
| **26.** | Loss/(Profit) on sale/transfer of Assets | 0.52 | 0.92 | 0.00 |
| **27.** | Investment in Joint Venture | -140.45 | -100 | -125.36 |
| | Investment in Subsdiaries | -924.70 | | |
| **28.** | Interest Income | 127.05 | 144.14 | 260.49 |
| **29.** | Dividend Received | 489.97 | 282.47 | 632.12 |
| | **NET CASH FLOW FROM INVESTING ACTIVITIES (B)** | **-3156.32** | **-1164.95** | **-750.69** |
| **C.** | **CASH FLOW FROM FINANCING ACTIVITIES** | | | |
| **30.** | Buyback of Shares (including premium payments) | 0 | -606.20 | 0 |
| **31.** | Dividend & Dividend Tax Paid | -2237.47 | -1149.03 | -1378.50 |
| **32.** | Proceeds on Borrowings | 5967.71 | 2578.00 | 4354.99 |
| **33.** | Repayments of Borrowings | -1715.05 | -1877.16 | -4855.88 |
| **34.** | Interest & Financial Charges | -1332.22 | -1215.12 | -1143.87 |
| **35.** | Repayment of Lease Liabilities | -3.27 | 0 | 0 |
| | **NET CASH FLOW FROM FINANCING ACTIVITIES (C)** | **679.70** | **-2269.51** | **-3023.26** |
| | **NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS** | **-3.17** | **5.30** | **-52.93** |
| | **Cash & Cash Equivalents at the beginning of the year** | **12.04** | **6.74#** | **59.89** |
| | **Cash & Cash Equivalents at the close of the year** | **8.87** | **12.04** | **6.96** |

**Note: Figures of FY 2016-17 onwards are as per IND AS.**

**# Difference of 0.22 crore in opening balance due to reclassification of amount held for works being executed by company on behalf of other agencies from cash to bank.**

**4. f) Change In Accounting Policies**

**2017-18 :**

**Statement of Changes/Additions including Significant Accounting Policies during FY 2017-18**

| Note no. | As on 31.03.2017 | Revised during FY 2017-18 | Reasons for change |
|---|---|---|---|
| 1 | (ii) Basis of preparation | | |
| | (A) Statement of Compliance<br>These financial statements are prepared on accrual basis of accounting in accordance with Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 (The Act)[Companies (Indian Accounting Standards) Rules, 2015& Companies (Indian Accounting Standards) Amendment Rules, 2016] and other applicable provisions of the Act, and the provisions of the Electricity Act, 2003 to the extent applicable. | (A) Statement of Compliance<br>These standalone financial statements are prepared on accrual basis of accounting and comply with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and subsequent amendments thereto, the Companies Act, 2013 (to the extent notified and applicable), applicable provisions of the Companies Act, 1956, and the provisions of the Electricity Act, 2003 to the extent applicable. | Compliance of HM issued by C&AG during Phase-I Audit of Account of 2017-18 |
| | These are the Company's first Ind AS financial statements and Ind AS 101 'First Time Adoption of Indian Accounting Standards', has been applied.<br>For all the periods upto and including March 31, 2016, the Company prepared its financial statements in accordance with Generally Accepted Accounting Principles (GAAP) in India, Accounting Standards prescribed under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, the Companies Act, 2013 (to the extent notified and applicable), applicable provisions of the Companies Act, 1956, and the provisions of the Electricity Act, 2003 to the extent applicable.<br>Note 35 explains how the transition from previous GAAP to Ind AS has affected the | -deleted- | Relates to first –time adoption of Ind AS and was relevant only for FY 2016-17. |

| | | | |
|---|---|---|---|
| | Company's financial position, financial performance and cash flows. | | |
| 1 | (ii) Basis of preparation<br>(D) Use of estimates and management judgments<br>Critical judgments and estimates<br>b) Useful life of Property, Plant and Equipment<br>The estimated useful life of property, plant and equipment is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.<br>Useful life of the assets used for generation of electricity is determined by the Central Electricity Regulatory Commission (CERC) Tariff Regulations as mentioned in part B of Schedule II of the Companies Act, 2013 except for construction plant & machinery and computers & peripherals which are in accordance with Schedule II of the Companies Act, 2013. | (ii) Basis of preparation<br>(D) Use of estimates and management judgments<br>Critical judgments and estimates<br>b) Useful life of Property, Plant and Equipment and Intangible Assets<br>The estimated useful life of property, plant and equipment and intangible assets are based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset. Useful life of the assets used for generation of electricity is determined by the Central Electricity Regulatory Commission (CERC) Tariff Regulations as mentioned in part B of Schedule II of the Companies Act, 2013 except for construction plant & machinery and computers & peripherals which are in accordance with Schedule II of the Companies Act, 2013 and mobile phones which are as per management assessment. | Due to C&AG Phase-II HM No. 2 of Kotli Bhel for FY 2017-18. |
| | c) Recoverable amount of property, plant and equipment and capital work in progress<br>The recoverable amount of property, plant and equipment | c)Recoverable amount of property, plant and equipment, capital work in progress and intangible assets<br>The recoverable amount of | Due to C&AG Phase-II HM No. 2 of Kotli Bhel for FY |

| | | | |
|---|---|---|---|
| | and capital work in progress is based on estimates and assumptions, in particular the expected market outlook and future cash flows associated with the power plants. Any changes in these assumptions may have a material impact on the measurement of the recoverable amount resulting in impairment. | property, plant and equipment, capital work in progress and intangible assets are based on estimates and assumptions, in particular the expected market outlook and future cash flows associated with the power plants. Any changes in these assumptions may have a material impact on the measurement of the recoverable amount resulting in impairment. | 2017-18. |
| | (iii) SIGNIFICANT ACCOUNTING POLICIES | | |
| | 1.0 (C): Property, Plant & Equipment<br><br>PPE are initially measured at cost of acquisition/construction including decommissioning or restoration cost wherever required. The cost includes expenditure that is directly attributable to the acquisition/construction of the asset. In cases where final settlement of bills with contractors is pending, but the asset is complete and available for use, capitalisation is done on estimated basis subject to necessary adjustments, including those arising out of settlement of arbitration/court cases. | 1.0 (C): Property, Plant & Equipment<br><br>PPE are initially measured at cost of acquisition/construction including decommissioning or restoration cost wherever required. The cost includes expenditure that is directly attributable to the acquisition/construction of the asset. In cases where final settlement of bills with contractors is pending, but the asset is complete and available for operating in the manner intended by the management, capitalisation is done on estimated basis subject to necessary adjustments, including those arising out of settlement of arbitration/court cases. | |
| | 9.0 Financial assets other than investment in subsidiaries and joint ventures<br><br>(b) Initial recognition and measurement<br><br>All financial assets other than trade receivables are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or Loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statement of Profit and Loss. | 9.0 Financial assets other than investment in subsidiaries and joint ventures<br><br>(b) Initial recognition and measurement<br><br>All financial assets other than trade receivables are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or Loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statement of Profit and Loss. | Rewording of Policy |

| | | | |
|---|---|---|---|
| | The Company measures the trade receivables at their transaction price, if the trade receivables do not contain a significant financing component. | The Company measures the trade receivables at their transaction price, if the trade receivables do not contain a significant financing component. | |
| | 9.0 Financial assets other than investment in subsidiaries and joint ventures<br>c) Subsequent measurement<br>No policy regarding subsequent measurement of trade receivables. | 9.0 Financial assets other than investment in subsidiaries and joint ventures<br>c) Subsequent measurement<br>Trade Receivables:<br>Trade receivables containing a significant financing component are subsequently measured at amortised cost using the effective interest method. | Policy regarding subsequent measurement of Trade Receivables added due to recognition of non-current trade receivables in r/o BYPL |
| | 10.0 Inventories<br>Inventories mainly comprise stores and spare parts to be used for maintenance of Property, Plant and Equipment and are valued at cost or net realizable value (NRV) whichever is lower. The cost is determined using weighted average cost formula and NRV is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.<br>The amount of any write-down of inventories to net realisable value and all losses of inventories is recognized as an expense in the period in which write-down or loss occurs. The amount of any reversal of the write-down of inventories arising from increase in the net realisable value is recognized as a reduction from the amount of inventories recognized as an expense in the period in which reversal occurs. | 10.0 Inventories<br>Inventories mainly comprise stores and spare parts to be used for maintenance of Property, Plant and Equipment and are valued at cost or net realizable value (NRV) whichever is lower. The cost is determined using weighted average cost formula and NRV is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.<br>The amount of any write-down of inventories to net realisable value and all losses of inventories is recognized as an expense in the period in which write-down or loss occurs. | |
| | 13.0 Government Grants<br>(b)Monetary grants received from the Government for creation of assets of Power Stations are recognised as deferred income and amortised over the useful life of the related assets. | 13.0 Government Grants<br>(b)Monetary grants from the government for creation of assets are initially recognised as deferred income when there is reasonable assurance that the grant will be received and the company will comply with the conditions associated with the grant. | Policy Reworded. |

| | | | |
|---|---|---|---|
| | | The deferred income so recognised is subsequently amortised in the Statement of Profit and Loss over the useful life of the related assets.<br><br>(c) Government grant related to income is recognised in the Statement of Profit and Loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate. | New policy for accounting of Government Grants related to Income- for recognition of Generation Based Incentives in r/o Wind Power Project, Jaisalmer. |
| | 18.0 Depreciation and amortization<br><br>b) Depreciation on Property, Plant and Equipment of Operating Units of the Company is charged to the Statement of Profit & Loss on straight-line method following the rates and methodology as notified by CERC for the fixation of tariff except for Construction Plant & Machinery and Computer & Peripherals.<br><br>c) i) Depreciation on Property, Plant and Equipment (except old and used) of other than Operating Units of the Company is charged to the extent of 90% of the cost of the asset following the rates notified by CERC for the fixation of tariff except for Construction Plant & Machinery and Computer & Peripherals.<br><br>ii) Depreciation on old and used items of PPE of other than Operating Units is charged on straight-line method to the extent of 90% of the cost of the asset over estimated useful life determined on the basis of technical assessment.<br><br>d) Depreciation in respect of following items of PPE is charged on straight line method based on the life and residual value (5%) given in the | 18.0 Depreciation and amortization<br><br>b) Depreciation on Property, Plant and Equipment of Operating Units of the Company is charged to the Statement of Profit & Loss on straight-line method following the rates and methodology as notified by CERC for the fixation of tariff except for assets specified in Policy No. 18.0(d) below.<br><br>c) i) Depreciation on Property, Plant and Equipment (except old and used) of other than Operating Units of the Company is charged to the extent of 90% of the cost of the asset following the rates notified by CERC for the fixation of tariff except for assets specified in Policy No. 18.0(d) below.<br><br>ii) Depreciation on old and used items of PPE of other than Operating Units is charged on straight-line method to the extent of 90% of the cost of the asset over estimated useful life determined on the basis of technical assessment.<br><br>d) i) Depreciation in respect of following items of PPE is provided on straight line method based on the life and residual value (5%) given in the Schedule II of the | Reworded<br><br>Reworded<br><br>New Policy– For compliance of Assurance given to the C&AG during 2016-17 |

| | | | |
|---|---|---|---|
| | Schedule II of the Companies Act, 2013:<br>(i) Construction Plant & Machinery<br>(ii) Computer & Peripherals | Companies Act, 2013:<br>- Construction Plant & Machinery<br>- Computer & Peripherals<br>ii) Based on management assessment, depreciation on Mobile Phones is provided on straight line basis over a period of three years with residual value of Re 1. | |
| | 18.0<br>(n) Where the life and / or efficiency of an asset is increased due to renovation and modernization, the expenditure thereon along with its unamortized depreciable amount is charged prospectively over the revised / remaining useful life determined by technical assessment. | 18.0<br>(n) Where the life and / or efficiency of an asset is increased due to renovation and modernization, the expenditure thereon along with its unamortized depreciable amount is charged prospectively over the revised / remaining useful life. determined by technical assessment. | Rectified since life is determined by CERC. |
| | No specific policy | 24.0 Material prior period errors<br>Material prior period errors are corrected retrospectively by restating the comparative amounts for the prior periods presented in which the error occurred. If the error occurred before the earliest period presented, the opening balances of assets, liabilities and equity for the earliest period presented, are restated unless it is impracticable, in which case, the comparative information is adjusted to apply the new accounting policy prospectively from the earliest date practicable. | Accounting practice formalised as Policy. |
| | | 25.0 Earnings per share<br>Basic earnings per equity share is computed by dividing the net profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the financial year. | Accounting practice formalised as Policy. |

| | | | |
|---|---|---|---|
| | | Diluted earnings per equity share is computed by dividing the net profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.<br><br>Basic and diluted earnings per equity share are also presented using the earnings amounts excluding the movements in regulatory deferral account balances. | |

**Additional changes to Note No. 1 for Consolidated Financial Statements**

| | | | |
|---|---|---|---|
| | **Reporting entity**<br><br>NHPC Limited (the "Company") is a Company domiciled in India and limited by shares. The shares of the Company are publicly traded on the National Stock Exchange of India and BSE Limited. The address of the Company's registered office is NHPC LIMITED, NHPC Office Complex, Sector-33, Faridabad, Haryana- 121003. The Company is primarily involved in the generation and sale of bulk power to various Power Utilities. Other business includes providing consultancy and project management & supervision.<br><br>NHPC Limited together with its subsidiaries and joint ventures is hereinafter referred to as the "Group". The Group's consolidated financial statements have been approved for issue by the Company's Board of Directors on May 30, 2018. | **Reporting entity**<br><br>NHPC Limited (the "Company") is a Company domiciled in India and limited by shares. The shares of the Company are publicly traded on the National Stock Exchange of India and BSE Limited. The address of the Company's registered office is NHPC LIMITED, NHPC Office Complex, Sector-33, Faridabad, Haryana- 121003.<br><br>These consolidated financial statements comprise the financial statements of the Company and its subsidiaries (referred collectively as the 'Group') and the Group's interest in its joint ventures. The Group is primarily involved in the generation and sale of bulk power to various Power Utilities. Other business includes providing consultancy and project management & supervision. The Group's consolidated financial statements have been approved for issue by the Company's Board of Directors on May 28, 2018. | **Reworded** |
| 20. | (b) - Deferred Tax | 20 (b) - Deferred Tax<br><br>Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries and joint ventures where the group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future. | Accounting practice formalised as Policy. |

**Change in Accounting Policies**

| Sl. No. | Policy No. | Earlier Policy | Revised Policy | Reasons for change |
|---|---|---|---|---|
| 1 | Note 1 Para III | A summary of the significant accounting policies applied in the preparation of financial statements as given below have been applied consistently to all periods presented in the financial statements. | **(III) SIGNIFICANT ACCOUNTING POLICIES-** A summary of the significant accounting policies applied in the preparation of financial statements as given below have been applied consistently to all periods presented in the financial statements. These accounting policies are formulated in a manner that results in financial statements containing relevant and reliable information about the transactions, other events and conditions to which they apply. These policies need not be applied when the effect of applying them is immaterial. | Materiality consideration when applying accounting policies added. |
| 2 | Policy Nos.1.0(a), 2.0(a), 3.0 (opening para), 4.0(a) | **The following policies were deleted:**<br><br>Property, Plant and Equipment up to March 31, 2015 were carried in the Balance Sheet in accordance with Indian GAAP. The Company had elected to avail the exemption granted by IND AS 101, "First time adoption of IND AS" to regard those amounts as deemed cost at the date of the transition to IND AS (i.e. as on April 1, 2015).<br><br>Capital work in Progress up to March 31, 2015 were carried in the Balance Sheet in accordance with Indian GAAP. The Company had elected to avail the exemption granted by IND AS 101, "First time adoption of IND AS" to regard those amounts as deemed cost at the date of the transition to IND AS (i.e. as on April 1, 2015).<br><br>Upto March 31, 2015, Investment Property were carried in the Balance Sheet in accordance with Indian GAAP. The Company had | **Replaced with:**<br><br>Up to March 31, 2015, Property, Plant and Equipment, Capital Work in Progress, Intangible Assets and Investment Property were carried in the Balance Sheet in accordance with Indian GAAP. The Company had elected to avail the exemption granted by IND AS 101, "First time adoption of IND AS" to regard those amounts as the deemed cost at the date of transition to IND AS (i.e. as on April 1, 2015). | Carrying value of PPE, CWIP, Investment Property & intangible assets at deemed cost on transition to Ind AS merged in one para.<br><br>Accordingly, sub-para numbers of 1.0, 2.0 and 4.0 have changed. |

| | | | | |
|---|---|---|---|---|
| | | elected to avail the exemption granted by IND AS 101, "First time adoption of IND ASs" to regard those amounts as deemed cost at the date of the transition to IND AS (i.e. as on April1, 2015).<br><br>Upto March 31, 2015, Intangible assets were carried in the Balance Sheet in accordance with Indian GAAP. The Company had elected to avail the exemption granted by IND AS 101, "First time adoption of IND ASs" to regard those amounts as deemed cost at the date of the transition to IND AS (i.e. as on April 1, 2015). | | |
| 3 | 1.0 | (C) PPE are initially measured at cost of acquisition/construction including decommissioning or restoration cost wherever required. The cost includes expenditure that is directly attributable ~~to the acquisition/construction of the asset~~. In cases where final settlement of bills with contractors is pending, but the asset is complete and available for operating in the manner intended by the management, capitalisation is done on estimated basis subject to necessary adjustments, including those arising out of settlement of arbitration/court cases. | (b) PPE are initially measured at cost of acquisition/construction including decommissioning or restoration cost wherever required. The cost includes expenditure that is directly attributable <u>to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.</u> In cases where final settlement of bills with contractors is pending, but the asset is complete and available for operating in the manner intended by the management, capitalisation is done on estimated basis subject to necessary adjustments, including those arising out of settlement of arbitration/court cases. | Underlined words added for improvement. |
| 4 | 2.0 | (C) Costs including employee benefits, professional fees, expenditure on maintenance and up-gradation of common public facilities, depreciation on assets used in construction of project, interest during construction and other costs that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management are accumulated under "Expenditure Attributable to Construction | (b) Costs including employee benefits, professional fees, expenditure on maintenance and up-gradation of common public facilities, depreciation on assets used in construction of project, interest during construction and other costs that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management are accumulated under "Expenditure Attributable to Construction (EAC)" and subsequently allocated on | Underlined words added pursuant to HM No. 5 of C&AG issued during Phase-I Audit of FY 2018-19. |

| | | | | |
|---|---|---|---|---|
| | | (EAC)" and subsequently allocated on systematic basis over major immovable assets, other than land and infrastructure facilities on commissioning of projects. | systematic basis over major immovable assets, other than land and infrastructure facilities on commissioning of projects. Net pre-commissioning income/expenditure is adjusted directly in the cost of related assets. | |
| 5 | 4.0 | | a) Expenditure on research is charged to revenue as and when incurred. Expenditure on development is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to & has sufficient resources to complete development and to use or sell the asset. | Policy No. 4.0(a) added pursuant to HM No. 5 of C&AG issued during Phase-I Audit of FY 2018-19. |
| 6 | 4.0 | (b) Intangible assets acquired separately are measured on initial recognition at cost. After initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. | (b) Intangible assets acquired separately are measured on initial recognition at cost. Cost includes any directly attributable expenses necessary to make the assets ready for its intended use. After initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses. | Underlined words added for improvement. |
| 7 | 5.0 | (e) Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. | (e) Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Where the Company has paid or received advance consideration in a foreign currency, the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it), is the date when the Company initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration. | Underlined words added pursuant to HM No. 1 of C&AG issued during Phase-I Audit of FY 2018-19. Changes as underlined are due to Companies (Indian Accounting Standard) Amendment Rules, 2018 notified by the MCA on 28th March 2018. |

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| 8 | 9.0 | | (d) On derecognition, the difference between the carrying amount and the amount of consideration received / receivable is recognized in the Statement of Profit and Loss. | Para inserted in Policy No. 9.0(d) pursuant to HM No. 4 of C&AG issued during Phase-I Audit of FY 2018-19. |
| 9 | 18.0 | | (o) Useful life, method of depreciation and residual value of assets where depreciation is charged as per management assessment are reviewed at the end of each financial year and adjusted prospectively over the balance life of the asset, wherever required. | New policy pursuant to HM No. 5 of C&AG issued during Phase-I Audit of FY 2018-19. |
| 10 | 10.0 Inventories | | Scrap is valued at Net Realisable Value. | New policy added. |
| 11 | 15.0 Revenue | | Company's revenues arise from sale and trading of energy, project management / construction contracts/ consultancy assignment services and other income. Revenue from other income comprises interest from banks, employees, contractors etc., dividend from investments in joint ventures & subsidiary companies, dividend from investments in equity, interest from investment in bonds, surcharge received from beneficiaries for delayed payments, sale of scrap, other miscellaneous income, etc. | Introductory Para added |
| 12 | 15.0 Revenue | | **Revenue from sale of power**<br>i) <u>Revenue is measured based on the consideration that is specified in a contract with a customer or is expected to be received in exchange for the products or services and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control over the products or services to a customer.</u><br>ii) Revenue from sale of power (except for power stations considered as Finance/Operating | Policy as per Ind AS 115<br><br>Policy as per Ind AS 115 |

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| | | a) Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs can be estimated reliably, there is no continuous management involvement and the amount of revenue can be measured reliably. Revenue from the sale of power is measured at the fair value of the consideration received or receivable.<br>b) Revenue from the sale of power (except for power stations which are considered as Finance/Operating Lease) is accounted for as per tariff notified by Central Electricity Regulatory Commission. In case of Power Stations where tariff is not notified, sale is recognized on provisional rates worked out by the Company based on the parameters and method adopted by the appropriate authority. Customers are billed on a periodic and regular basis. As at each reporting date, revenue from sale of power includes an accrual for sales delivered to customers but not yet billed (unbilled revenue).<br><br>'f) Advance Against Depreciation (AAD) considered as deferred income up to 31st March 2009 is included in sales on straight line basis over the balance useful life after 31st March of the year closing after a period of 12 years from the date of commercial operation of the project, | Lease) is accounted for as per tariff notified by the Central Electricity Regulatory Commission (CERC) under the CERC (Terms & Conditions of Tariff) Regulations, 2014. In the case of Power Stations where provisional/ final tariff is yet to be notified or where incentives/disincentives are chargeable/ payable as per CERC (Terms & Conditions of Tariff) Regulations, revenue is recognised to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Rebates given to beneficiaries as early payments incentives are deducted from the amount of revenue.<br>iii) In the comparative period, revenue from sale of power was measured at the fair value of the consideration received or receivable. Revenue was recognised when the significant risks and rewards of ownership had been transferred to the buyer, recovery of the consideration was probable, the associated costs could be estimated reliably, there was no continuous management involvement and the amount of revenue could be measured reliably.<br>iv) Customers are billed on a periodic and regular basis. As at each reporting date, revenue from sale of power includes an accrual for sales delivered to customers but not yet billed (unbilled revenue). | Comparative year policy<br><br>Policy wording simplified. |

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| | | considering the total useful life of the project as 35 years. | vii) Advance Against Depreciation (AAD) considered as deferred income up to 31st March 2009 is included in sales on straight line basis <u>over the balance useful life after a period of 12 years from the date of commercial operation of the Power Station.</u> | |
| 13 | 15.0 Revenue | g) Revenue on Project Management / Construction Contracts/ Consultancy assignments is recognized on percentage of completion method. The percentage of completion is determined as proportion of "cost incurred up to reporting date" to "estimated cost to complete the concerned Project Management / Construction Contracts and Consultancy assignment". | **b) Revenue from Project Management / Construction Contracts/ Consultancy assignments**<br>i) Revenue from Project Management / Construction Contracts/ Consultancy assignments is measured based on the consideration that is specified in a contract with a customer or is expected to be received in exchange for the services and excludes amounts collected on behalf of third parties. The Company recognises revenue on the basis of input method. Input methods recognise revenue on the basis of the costs incurred towards the satisfaction of a performance obligation relative to the total expected costs to the satisfaction of that performance obligation.<br>ii) In the comparative period, revenue on Project Management / Construction Contracts/ Consultancy assignments was recognized on percentage of completion method. The percentage of completion is determined as proportion of "cost incurred up to reporting date" to "estimated cost to | Policy added due to Ind AS 115<br>Comparative policy as per Ind AS 18<br>Policy for Contract modification added as per Ind AS 115 |

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| 14 | | | complete the concerned Project Management / Construction Contracts and Consultancy assignment".<br><br>iii) Contract modifications, if any, are accounted for when there is a change in the scope or price (or both) of a contract that is approved by the parties to the contract and when the parties to a contract approve a modification that either creates new or changes existing enforceable rights and obligations of the parties to the contract. Accounting for modifications of contracts involves assessing whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Contract modifications are recorded on standalone basis when the scope of the contract increases because of the addition of promised goods or services or the price of the contract increases by an amount of consideration that reflects the Company's standalone selling prices of the additional promised goods or services and any appropriate adjustments to that price to reflect the circumstances of the particular contract. Services added that are not distinct are accounted for on a cumulative catch-up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price. | |
| 14 | 15.0 Reve | | **c) Revenue from trading of power**<br>i) Accounting for revenue from | New Policy due to |

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| | nue | | trading of power involves assessment of the contract conditions to determine whether the Company is required to act in the capacity of a principal or as an agent. The Company acts in the nature of a principal in case it obtains control of the electricity before transferring it to the customer. Indicators of control includes assessment of whether the company is primarily responsible for fulfilling the promise to provide the electricity, it has the discretion to establish the price or whether it bears the inventory risk. Where the Company does not obtain control of the electricity before transferring it to the customer and its performance obligation is to arrange for the supply of electricity by another party, it acts in the nature of an agent.<br>ii) Where the Company acts as a principal in a contract for trading of power, the amount of the transaction price allocated to the performance obligation that is satisfied is recognised as revenue.<br>iii) Where the Company acts as an agent in a contract for trading of power, the net consideration retained after paying the supplier for the electricity provided to the customer is recognised as revenue from operations. Financial assets and liabilities arising out of these transactions are not set off. | trading of Power |
| 15 | 15.0 Revenue | i) Interest/Surcharge recoverable from customers and liquidated damages /interest on advances to contractors is recognised when no significant uncertainty as to measurability and collectability | **d) Other income**<br>ii) Interest/Surcharge recoverable from customers <u>including those arising out of contracts for trading of power</u> and liquidated damages /interest on advances to contractors is recognised <u>when it is highly probable that a significant reversal in the</u> | Added due to policy for trading of power & Ind AS 115 |

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| | | exists. | amount of revenue recognised will not occur in the future. | |
| 16 | 18.0 Depreciation | b) Depreciation on Property, Plant and Equipment of Operating Units of the Company is charged to the Statement of Profit & Loss on straight-line method following the rates and methodology as notified by CERC for the fixation of tariff except for assets specified in Policy No. 18.0(d) below. | **Depreciation**<br>b) (i) Depreciation on Property, Plant and Equipment of Operating Units of the Company capitalized till five years before the end of the useful life of the Power Station is charged to the Statement of Profit & Loss on straight-line method following the rates and methodology notified by CERC for the fixation of tariff except for assets specified in Policy No. 18.0(d).<br>(ii) Depreciation on Property, Plant and Equipment capitalized during the last five years of the useful life of a Power Station is charged on straight-line method for the period of extended life as per CERC Tariff Regulations/Orders, from the date on which such asset becomes available for use. | Underlined words added (due to depreciation policy for fag end of life)<br><br>New policy for assets capitalized during fag end of life of Power Station |

**2019-20**

## NOTE NO. 1: COMPANY INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

### (I) Reporting entity

NHPC Limited (the "Company") is a Company domiciled in India and limited by shares (CIN: L40101HR1975GOI032564). The shares of the Company are publicly traded on the National Stock Exchange of India and BSE Limited. The address of the Company's registered office is NHPC LIMITED, NHPC Office Complex, Sector-33, Faridabad, Haryana- 121003. The Company is primarily involved in the generation and sale of bulk power to various Power Utilities. Other business includes providing project management / construction contracts/ consultancy assignment services and trading of power.

**(II) Basis of preparation**

**A. Statement of Compliance**

These standalone financial statements are prepared on going concern basis following accrual system of accounting and comply with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and subsequent amendments thereto, the Companies Act, 2013 (to the extent notified and applicable), applicable provisions of the Companies Act, 1956, and the provisions of the Electricity Act, 2003 to the extent applicable.

These financial statements were authorised for issue by the Board of Directors on $27^{th}$ June, 2020.

**B. Basis of Measurement**

The financial statements have been prepared on historical cost basis, except for:

• Certain financial assets and liabilities measured at fair value.

• Plan assets of defined employee benefit plans measured at fair value.

The methods used to measure fair values are discussed in Note 33.

Historical cost is the amount of cash or cash equivalents paid or the fair value of the consideration given to acquire assets at the time of their acquisition or the amount of proceeds received in exchange for the obligation, or at the amounts of cash or cash equivalents expected to be paid to satisfy the liability in the normal course of business. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

**C. Application of new and revised standards**

(i) **Ind AS 116- Leases:** Ind AS 116 replaces Ind AS 17- Leases and sets out principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. With effect from 1st April, 2019, the Company has adopted Ind AS 116 "Leases" using the modified retrospective approach. Impact of adoption of the standard is disclosed in Note 34.

(ii) Amendments/ revision in other standards are either not applicable or do not have any material impact on the financial statements.

**D. Functional and presentation currency**

These financial statements are presented in Indian Rupees (INR), which is the Company's functional currency. All financial information presented in INR has been rounded off to the nearest crore (upto two decimals) except where indicated otherwise.

**(E) Use of estimates and management judgments**

The preparation of financial statements in conformity with Ind AS requires management to make judgments, estimates and assumptions that may impact the application of accounting policies and the reported value of assets, liabilities, income, expenses and related disclosures including contingent assets and liabilities at the Balance Sheet date. The estimates and management's judgments are based on previous experience and other factors considered reasonable and prudent in the circumstances. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In order to enhance understanding of the financial statements, information about significant areas of estimation, uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in the following notes:

**Critical judgments and estimates**

**a) Leases**

The Company evaluates if an arrangement qualifies to be a lease as per the requirements of Ind AS 116, Leases. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Identification of a lease requires significant judgment.

To assess whether a contract conveys the right to control the use of an identified asset for a period of time, an entity shall assess whether, throughout the period of use, the customer has both of the following:

a. the right to obtain substantially all of the economic benefits from use of the identified asset; and

b. the right to direct the use of the identified asset.

To control the use of an identified asset, a customer is required to have the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use. A customer has the right to direct the use of an identified asset throughout the period of use if the customer has the right to direct how and for what purpose the asset is used throughout the period of use.

The Company also uses significant judgment in assessing the lease term (including anticipated renewals) and the applicable discount rate.

The Company determines the lease term as the non-cancellable period of a lease, together with both periods covered by an option to extend the lease if the Company is reasonably certain to exercise that option; and periods covered by an option to terminate the lease if the Company is reasonably certain not to exercise that option. In assessing whether the Company is reasonably certain to exercise an option to extend a lease, or not to exercise an option to terminate a lease, it considers all relevant facts and circumstances that create an economic incentive for the Company to exercise the option to extend the lease, or not to exercise the option to terminate the lease. The Company revises the lease term if there is a change in the non-cancellable period of a lease.

The discount rate is the incremental borrowing rate specific to the lease being evaluated or for a portfolio of leases with similar characteristics.

The Company enters into power purchase agreements with beneficiaries. Power Purchase Agreements (PPA) in the nature of embedded lease with a single beneficiary where the minimum lease term is for the major part of the plant's economic life and the minimum lease payments amount to substantially all the fair value of the plant are considered as a Finance Lease. Other embedded leases are considered as Operating Lease. For embedded leases in the nature of a Finance Lease, the investment in the plant is recognised as a Lease Receivable. The minimum lease payments are identified by segregating the embedded lease payments from the rest of the contract amounts. Each lease receipt is allocated between the receivable and finance lease income so as to achieve a constant rate of return on the Lease Receivable outstanding.

In the case of operating leases or embedded operating leases, the lease income from the operating lease is recognised in revenue on a straight-line basis over the lease term. The respective leased assets are included in the Balance Sheet based on their nature.

**b) Useful life of Property, Plant and Equipment and Intangible Assets**

The estimated useful life of property, plant and equipment and intangible assets are based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

Useful life of the assets used for generation of electricity is determined by the Central Electricity Regulatory Commission (CERC) Tariff Regulations as mentioned in part B of Schedule II of the Companies Act, 2013 except for construction plant & machinery and computers & peripherals which are in accordance with Schedule II of the Companies Act, 2013 and mobile phones which are as per management assessment.

**c) Recoverable amount of property, plant and equipment, capital work in progress and intangible assets**

The recoverable amount of property, plant and equipment, capital work in progress and intangible assets are based on estimates and assumptions, in particular the expected market outlook and future cash flows associated with the power plants. Any changes in these assumptions may have a material impact on the measurement of the recoverable amount resulting in impairment.

**d) Post-retirement benefit plans**

Employee benefit obligations are measured on the basis of actuarial assumptions which include mortality and withdrawal rates as well as assumptions concerning future developments in discount rates, the rate of salary increase, the inflation rate and expected rate of return on plan assets. The Company considers that the assumptions used to measure its obligations are appropriate and documented. However, any changes in these assumptions may have an impact on the resulting calculations.

**e) Revenue**

The Company records revenue from sale of power based on Tariff approved by the CERC, as per the principles of Ind AS 115. However, in cases where tariff rates are yet to be approved, provisional rates are adopted considering the applicable CERC Tariff Regulations. Further, where tariff are pending revision due to revision in cost estimates, tariffs are computed based on the parameters and methods prescribed under the CERC

Tariff Regulations and an estimated amount of revenue is recognised when an application is made to the CERC after obtaining necessary approvals to the extent it is highly probable that there will be no downward adjustment to the revenue recognised.

**f) Provisions and contingencies**

The assessments undertaken in recognising provisions and contingencies have been made in accordance with Ind AS 37, 'Provisions, Contingent Liabilities and Contingent Assets'. The evaluation of the likelihood of the contingent events has been made on the basis of best judgment by management regarding probable outflow of economic resources. Such estimation can change following unforeseeable developments.

**g) Recoverable Amount of Rate Regulated Assets**

The operating activities of the Company are subject to cost-of-service regulations whereby tariff charged for electricity generated is based on allowable costs like interest costs, depreciation, operation & maintenance including a stipulated return. Guidance Note on Rate Regulated Activities issued by the ICAI (previous GAAP) and Ind AS 114- 'Regulatory Deferral Accounts' permits an entity to include in the rate base, as part of the cost of self-constructed (tangible) PPE or internally generated intangible assets, amounts that would otherwise be recognised as an expense in the Statement of Profit and Loss in accordance with Ind AS. The Company estimates that items of regulatory deferral accounts recognised in the financial statements are recoverable as per the current CERC Tariff Regulations 2019-24. However, changes in CERC tariff regulations beyond the current tariff period may affect the recoverability of such balances.

**h) Impairment of Trade Receivables**

Considering the historical credit loss experience for trade receivables, the Company does not envisage either impairment in the value of receivables from beneficiaries or loss due to time value of money owing to delay in realization of trade receivables, except to the extent already provided for.

**i) Investment in Subsidiaries and Joint Ventures**

Investment has been carried at cost and as per assessment by the Company, there is no indication of impairment on such investments. Any changes in assumption may have a material impact on the measurement of the recoverable amount.

**j) Insurance Claim Recoverable**

The recoverable amount of insurance claims in respect of damages to Property, Plant & Equipment is based on estimates & assumptions as per terms and conditions of insurance policies.

**(III) SIGNIFICANT ACCOUNTING POLICIES:**

Summary of the significant accounting policies for the preparation of financial statements as given below have been applied consistently to all periods presented in the financial statements. These accounting policies are formulated in a manner that results in financial statements containing relevant and reliable information about the transactions, other events and conditions to which they apply. These policies need not be applied when the effect of applying them is immaterial.

Up to March 31, 2015, Property, Plant and Equipment, Capital Work in Progress, Intangible Assets and Investment Property were carried in the Balance Sheet in accordance with Indian GAAP. The Company had elected to avail the exemption granted by IND AS 101, "First time adoption of IND AS" to regard those amounts as the deemed cost at the date of transition to IND AS (i.e. as on April 1, 2015).

**1.0 Property, Plant and Equipment (PPE)**

a) An item of PPE is recognized as an asset if it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

b) PPE are initially measured at cost of acquisition/construction including decommissioning or restoration cost wherever required. The cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. In cases where final settlement of bills with contractors is pending, but the asset is complete and available for operating in the manner intended by the management, capitalisation is done on estimated basis subject to necessary adjustments, including those arising out of settlement of arbitration/court cases.

c) Expenditure incurred on renovation and modernization of PPE on completion of the originally estimated useful life of the power station is added to the cost of the related asset when it meets the recognition criteria. PPE acquired as replacement of the existing assets are capitalized and its corresponding replaced assets removed/ retired from active use are derecognized.

d) After initial recognition, Property, Plant and Equipment is carried at cost less accumulated depreciation/amortisation and accumulated impairment losses, if any.

e) Deposits, payments made/ liabilities created provisionally towards compensation (including interest on enhanced compensation till the date of award by the Court), rehabilitation & resettlement and other expenses including expenditure on environment management plans relatable to land in possession are treated as cost of land.

f) Assets over which the Company has control, though created on land not belonging to the Company, are included under Property, Plant and Equipment.

g) Standby equipment and servicing equipment which meet the recognition criteria of Property, Plant and Equipment are capitalized.

h) Spares parts (procured along with the Plant & Machinery or subsequently) which meet the recognition criteria are capitalized. The carrying amount of those spare parts that are replaced is derecognized when no future economic benefits are expected from their use or upon disposal. Other spare parts are treated as "stores & spares" forming part of inventory.

i) If the cost of the replaced part or earlier inspection is not available, the estimated cost of similar new parts/inspection is used as an indication of what the cost of the existing part/ inspection component was when the item was acquired or inspection carried out.

j) An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Profit and Loss when the asset is derecognised.

**2.0 Capital work in Progress**

a) Expenditure incurred on assets under construction (including a project) is carried at cost under Capital Work in Progress (CWIP). Such costs comprise purchase price of assets including import duties and non-refundable taxes (after deducting trade discounts and rebates), expenditure in relation to survey and investigation activities of projects, cost of site preparation, initial delivery and handling charges, installation and assembly costs, etc.

b) Costs including employee benefits, professional fees, expenditure on maintenance and up-gradation of common public facilities, depreciation on assets used in construction of project, interest during construction and other costs that are directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management are accumulated under "Expenditure Attributable to Construction (EAC)" and subsequently allocated on systematic basis over major immovable assets, other than land and infrastructure facilities on commissioning of projects. Net pre-commissioning income/ expenditure is adjusted directly in the cost of related assets.

c) 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 accumulated under "Expenditure Attributable to Construction" and carried under "Capital Work in Progress" and subsequently allocated on a systematic basis over major immovable assets, other than land and infrastructure facilities on commissioning of projects, keeping in view the "attributability" and the "Unit of Measure" concepts in Ind AS 16- "Property, Plant & Equipment". Expenditure of such nature incurred after completion of the project, is charged to the Statement of Profit and Loss.

**3.0 Investment Property**

Investment properties are initially measured at cost, including transaction costs. Subsequent to initial recognition, investment properties are carried at cost less accumulated depreciation and accumulated impairment loss, if any.

Investment properties are derecognised either when they have been disposed off or when they are permanently withdrawn from use and no future economic benefit is expected from their disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognised in the Statement of Profit and Loss in the period of derecognition.

Transfers to or from investment property is made when and only when there is a change in use supported by evidence.

**4.0 Intangible Assets and Intangible Assets under Development**

b) Expenditure on research is charged to revenue as and when incurred. Expenditure on development is capitalized only if the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable and the Company intends to & has sufficient resources to complete development and to use or sell the asset.

b) Intangible assets that are acquired by the Company and which have finite useful lives, are measured on initial recognition at cost. Cost includes any directly attributable expenses necessary to make the assets ready for its intended use. After initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

c) Subsequent expenditure is recognized as an increase in the carrying amount of the asset when it is probable that future economic benefits deriving from the cost incurred will flow to the enterprise and the cost of the item can be measured reliably.

d) An item of Intangible asset is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

**5.0 Foreign Currency Transactions**

a) Transactions in foreign currency are initially recorded at the functional currency spot rate at the date the transaction first qualifies for recognition. At each Balance Sheet date, monetary items denominated in foreign currency are translated at the functional currency exchange rates prevailing on that date.

b) Exchange differences relating to PPE/capital work-in-progress arising out of transaction entered into prior to April 1, 2004 are adjusted to the carrying cost of respective PPE/capital work-in-progress.

c) Exchange differences arising from translation of foreign currency borrowings entered into prior to March 31, 2016 recoverable from or payable to beneficiaries in subsequent periods as per CERC Tariff regulations are recognised as “Deferred Foreign Currency Fluctuation Recoverable/ Payable Account” and adjusted from the year in which the same is recovered/ paid.

d) Exchange differences arising from settlement/ translation of monetary items denominated in foreign currency entered into on or after 01.04.2016 to the extent recoverable from or payable to the beneficiaries in subsequent periods as per CERC Tariff Regulations are recognized as ‘Regulatory Deferral Account Balances’ during construction period and adjusted from the year in which the same become recoverable from or payable to the beneficiaries.

e) Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Where the Company has paid or received advance consideration in a foreign currency, the date of transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part of it), is the date when the Company initially recognizes the non-monetary asset or non-monetary liability arising from the payment or receipt of advance consideration.

**6.0 Regulatory Deferral Accounts**

a) Where an item of expenditure incurred during the period of construction of a project is recognised as expense in the Statement of Profit and Loss i.e. not allowed to be capitalized as part of cost of relevant PPE in accordance with Ind AS, but is nevertheless permitted by CERC to be recovered from the beneficiaries in future through tariff, the right to recover the same is recognized as "Regulatory Deferral Account balances."

b) Expense/ income recognised in the Statement of Profit and Loss to the extent recoverable from or payable to the beneficiaries in subsequent periods as per CERC Tariff Regulations are recognised as "Regulatory Deferral Account balances."

c) These Regulatory Deferral Account balances are adjusted from the year in which the same become recoverable from or payable to the beneficiaries.

d) Regulatory Deferral Account balances are evaluated at each Balance Sheet date to ensure that the underlying activities meet the recognition criteria and it is probable that future economic benefits associated with such balances will flow to the entity. If these criteria are not met, the Regulatory Deferral Account balances are derecognised.

e) Regulatory Deferral Account balances are tested for impairment at each Balance Sheet date.

**7.0 Fair value measurement**

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. Normally at initial recognition, the transaction price is the best evidence of fair value.

However, when the Company determines that transaction price does not represent the fair value, it uses inter-alia valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All financial assets and financial liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy. This categorisation is based on the lowest level input that is significant to the fair value measurement as a whole:

• Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities.

• Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

• Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

For financial assets and financial liabilities that are recognised at fair value on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation at the end of each reporting period.

**8.0 Investments in subsidiaries and joint ventures**

Investments in equity shares of subsidiaries and joint ventures are carried at cost less impairment, if any.

**9.0 Financial assets other than investment in subsidiaries and joint ventures**

A financial asset includes inter-alia any asset that is cash, equity instrument of another entity or contractual right to receive cash or another financial asset or to exchange financial asset or financial liability under conditions that are potentially favourable to the Company. A financial asset is recognized when and only when the Company becomes party to the contractual provisions of the instrument.

Financial assets of the Company comprise Cash and Cash Equivalents, Bank Balances, Investments in equity shares of companies other than in subsidiaries & joint ventures, Trade Receivables, Advances to employees, security deposit, claims recoverable etc.

**a) Classification**

The Company classifies its financial assets in the following categories:

- At amortised cost,
- At fair value through other comprehensive income (FVTOCI), and

The classification depends on the following:

(a) The entity's business model for managing the financial assets and

(b) The contractual cash flow characteristics of the financial asset.

For assets measured at fair value, gains and losses will either be recorded in the Statement of Profit and Loss or Other Comprehensive Income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through Other Comprehensive Income.

**b) Initial recognition and measurement**

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or Loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statement of Profit and Loss.

The Company measures the trade receivables at their transaction price, if the trade receivables do not contain a significant financing component.

**c) Subsequent measurement**

**Debt instruments at amortised cost**

A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

i) The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and

ii) Contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss.

**Debt instrument at Fair Value through Other Comprehensive Income (FVTOCI)**

A 'debt instrument' is classified as at FVTOCI if both the following criteria are met:

i) The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and

ii) The asset's contractual cash flows represent Solely Payments of Principal and Interest (SPPI).

Debt instruments at fair value through Other Comprehensive Income are measured at each reporting date at fair value. Fair value movements are recognized in Other Comprehensive Income (OCI). However, the Company recognizes interest income, impairment losses, reversals and foreign exchange gain or loss in the Statement of Profit and Loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to profit and loss. Interest income from these financial assets is included in other income using the EIR method.

**Equity investments**:

All equity investments in entities other than subsidiaries and joint ventures are measured at fair value. Equity instruments which are held for trading, if any, are classified at Fair Value Through Profit or Loss (FVTPL). For all other equity instruments, the Company classifies the same as at FVTOCI. The Company makes such election on an instrument by- instrument basis. The classification is made on initial recognition and is irrevocable.

All fair value changes on an equity instrument classified at FVTOCI, are recognized in the OCI. There is no subsequent reclassification of fair value gains and losses to the Statement of Profit and Loss. However, the Company may transfer the cumulative gain or loss within equity. Dividends from such investments are recognised in the Statement of Profit and Loss as other income when the company's right to receive payments is established.

Equity instruments included within the FVTPL category, if any, are measured at fair value with all changes recognized in the Statement of Profit and Loss.

**Trade Receivables:**

Trade receivables containing a significant financing component are subsequently measured at amortised cost using the effective interest method.

**d) Derecognition**

A financial asset is derecognised only when:

i) The Company has transferred the rights to receive cash flows from the financial asset, or

ii) Retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients.

Where the entity has transferred an asset, the Company evaluates whether it has transferred substantially all risks and rewards of ownership of the financial asset. In such cases, the financial asset is derecognised. Where the Company has not transferred substantially all risks and rewards of ownership of the financial asset, the financial asset is not derecognised.

Where the Company has neither transferred a financial asset nor retains substantially all risks and rewards of ownership of the financial asset, the financial asset is derecognised if the Company has not retained control of the financial asset. Where the Company retains control of the financial asset, the asset is continued to be recognised to the extent of continuing involvement in the financial asset.

On derecognition, the difference between the carrying amount and the amount of consideration received / receivable is recognized in the Statement of Profit and Loss.

**e) Impairment of financial assets**

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss on the following financial assets:

i) Financial assets that are debt instruments, and are measured at amortised cost.

ii) Financial assets that are debt instruments and are measured as at FVTOCI

iii) Contract Assets and Trade Receivables under Ind AS 115, Revenue from Contracts with Customers

iv) Lease Receivables under Ind AS 116, Leases.

The Company follows the 'simplified approach' permitted under Ind AS 109, "Financial Instruments" for recognition of impairment loss allowance based on life time expected credit loss from initial recognition on contract assets, lease receivables and trade receivables resulting from transactions within the scope of Ind AS 116 and Ind AS 115.

For recognition of impairment loss on other financial assets, the Company assesses whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. For assessing increase in credit risk and impairment loss, the Company assesses the credit risk characteristics on instrument-by-instrument basis. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognizing impairment loss allowance based on 12-month ECL. The amount of expected credit loss (or reversal) for the period is recognized as expense/income in the Statement of Profit and Loss.

**10.0 Inventories**

Inventories mainly comprise stores and spare parts to be used for maintenance of Property, Plant and Equipment and are valued at cost or net realizable value (NRV) whichever is lower. The cost is determined using weighted average cost formula and NRV is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale.

Scrap is valued at net realisable value.

The amount of any write-down of inventories to net realisable value and all losses of inventories is recognized as an expense in the period in which write-down or loss occurs.

**11.0 Dividends**

Dividends and interim dividends payable to the Company's shareholders are recognised as change in equity in the period in which they are approved by the Company's shareholders and the Board of Directors respectively.

**12.0 Financial liabilities**

Financial liabilities of the Company are contractual obligation to deliver cash or another financial asset to another entity or to exchange financial assets or financial liabilities with another entity under conditions that are potentially unfavourable to the Company.

The Company's financial liabilities include loans & borrowings, trade and other payables.

**a) Classification, initial recognition and measurement**

Financial liabilities are recognised initially at fair value minus transaction costs that are directly attributable and subsequently measured at amortised cost. Financial liabilities are classified as subsequently measured at amortized cost. Any difference between the proceeds (net of transaction costs) and the fair value at initial recognition is recognised in the Statement of Profit and Loss or in the carrying amount of an asset if another standard permits such inclusion, over the period of the borrowings using the effective rate of interest.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

**b) Subsequent measurement**

After initial recognition, financial liabilities are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the Statement of Profit and Loss or in the carrying amount of an asset if another standard permits such inclusion, when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance cost in the Statement of Profit and Loss.

**c) Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

**d) Offsetting of financial instruments**

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**e) Derivative financial instruments**

Derivative financial instruments that are held by the Company to hedge the foreign currency and interest rate risk exposures and are not designated as hedges are accounted for at fair value through profit or loss. Changes in fair value are recognised in Statement of Profit and Loss.

**13.0 Government Grants**

a) The benefits of a government loan at a below market rate of interest is treated as Government Grant. The loan is initially recognised and measured at fair value and the government grant is measured as the difference between the initially recognized amount of the loan and the proceeds received. The loan is subsequently measured as per the accounting policy applicable to financial liabilities and government grant is recognized initially as deferred income and subsequently in the Statement of Profit and Loss on a systematic basis over the useful life of the asset.

b) Monetary grants from the government for creation of assets are initially recognised as deferred income when there is reasonable assurance that the grant will be received and the company will comply with the conditions associated with the grant. The deferred income so recognised is subsequently amortised in the Statement of Profit and Loss over the useful life of the related assets.

c) Government grant related to income is recognised in the Statement of Profit and Loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.

**14.0 Provisions, Contingent Liabilities and Contingent Assets**

a) Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Such provisions are determined based on management estimate of the amount required to settle the obligation at the Balance Sheet date. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably. The expense relating to a provision net of any reimbursement is presented in the Statement of Profit and Loss or in the carrying amount of an asset if another standard permits such inclusion.

b) If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows using a current pre-tax rate that reflects the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

c) Contingent liabilities are possible obligations that arise from past events and whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events not wholly within the control of the Company. Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Contingent liabilities are disclosed on the basis of judgment of management/independent experts. These are reviewed at each Balance Sheet date and are adjusted to reflect the current management estimate.

d) Contingent assets are possible assets that arise from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Company. Contingent assets are disclosed in the financial statements when inflow of economic benefits is probable on the basis of judgment of management. These are assessed continually to ensure that developments are appropriately reflected in the financial statements.

**15.0 Revenue Recognition and Other Income**

Company’s revenues arise from sale and trading of energy, project management / construction contracts/ consultancy assignment services and other income. Revenue from other income comprises interest from banks, employees, contractors etc., dividend from investments in joint ventures & subsidiary companies, dividend from investments in equity, interest from investment in bonds, surcharge received from beneficiaries for delayed payments, sale of scrap, other miscellaneous income, etc.

**a) Revenue from sale of power**

i) Revenue is measured based on the consideration that is specified in a contract with a customer or is expected to be received in exchange for the products or services and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control over the products or services to a customer.

ii) Revenue from sale of power (except for power stations considered as Finance/Operating Lease) is accounted for as per tariff notified by the Central Electricity Regulatory Commission (CERC) under the CERC (Terms & Conditions of Tariff) Regulations, 2019 as modified by the orders of Appellate Tribunal for Electricity to the extent applicable. In the case of Power Stations where provisional/ final tariff is yet to be notified or where incentives/disincentives are chargeable/ payable as per CERC (Terms & Conditions of Tariff) Regulations, revenue is recognised to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur. Rebates given to beneficiaries as early payments incentives are deducted from the amount of revenue.

iii) Customers are billed on a periodic and regular basis. As at each reporting date, revenue from sale of power includes an accrual for sales delivered to customers but not yet billed (unbilled revenue).

iv) Recovery/ refund towards foreign currency variation in respect of foreign currency loans and recovery towards Income Tax are recognised on year to year basis based on regulatory norms. Recovery towards deferred tax items recognized till March 31, 2009 are accounted for when the same materialises.

v) Adjustments arising out of finalisation of Regional Energy Account (REA), though not material, are effected in the year of respective finalisation.

vi) Advance Against Depreciation (AAD) considered as deferred income up to 31st March 2009 is included in sales on straight line basis over the balance useful life after a period of 12 years from the date of commercial operation of the Power Station.

**b) Revenue from Project Management / Construction Contracts/ Consultancy assignments**

i) Revenue from Project Management / Construction Contracts/ Consultancy assignments is measured based on the consideration that is specified in a contract with a customer or is expected to be received in exchange for the services and excludes amounts collected on behalf of third parties. The Company recognises revenue on the basis of input method. Input method recognises revenue on the basis of the costs incurred towards the satisfaction of a performance obligation relative to the total expected costs to the satisfaction of that performance obligation.

ii) Contract modifications, if any, are accounted for when there is a change in the scope or price (or both) of a contract that is approved by the parties to the contract and when the parties to a contract approve a modification that either creates new or changes existing enforceable rights and obligations of the parties to the contract. Accounting for modifications of contracts involves assessing whether the services added to an existing contract are distinct and whether the pricing is at the standalone selling price. Contract modifications are recorded on standalone basis when the scope of the contract increases because of the addition of promised goods or services or the price of the contract increases by an amount of consideration that reflects the Company's standalone selling prices of the additional promised goods or services and any appropriate adjustments to that price to reflect the circumstances of the particular contract. Services added that are not distinct are accounted for on a cumulative catch-up basis, while those that are distinct are accounted for prospectively, either as a separate contract, if the additional services are priced at the standalone selling price, or as a termination of the existing contract and creation of a new contract if not priced at the standalone selling price.

**c) Revenue from trading of power**

iv) Accounting for revenue from trading of power involves assessment of the contract conditions to determine whether the Company is required to act in the capacity of a principal or as an agent. The Company acts in the nature of a principal in case it obtains control of the electricity before transferring it to the customer. Indicators of control includes assessment of whether the company is primarily responsible for fulfilling the promise to provide the electricity, it has the discretion to establish the price or whether it bears the inventory risk. Where the Company does not obtain control of the electricity before transferring it to the customer and its performance obligation is to arrange for the supply of electricity by another party, it acts in the nature of an agent.

v) Where the Company acts as a principal in a contract for trading of power, the amount of the transaction price allocated to the performance obligation that is satisfied is recognised as revenue.

vi) Where the Company acts as an agent in a contract for trading of power, the net consideration retained after paying the supplier for the electricity provided to the customer is recognised as revenue from operations. Financial assets and liabilities arising out of these transactions are not set off.

**d) Other income**

i) Dividend income is recognized when the right to receive the same is established.

ii) For all debt instruments measured either at amortised cost or at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial asset to the gross carrying amount of the financial asset. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

iii) Interest/Surcharge recoverable from customers including those arising out of contracts for trading of power and liquidated damages /interest on advances to contractors is recognised when it is highly probable that a significant reversal in the amount of revenue recognised will not occur in the future.

**16.0 Employee Benefits**

**i) Short-term employee benefits**

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed or included in the carrying amount of an asset if another standard permits such inclusion as the related service is provided.

A liability is recognised for the amount expected to be paid under short-term performance related cash bonus if the Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

**ii) Defined contribution plans**

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into separate trusts and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the Statement of Profit and Loss or included in the carrying amount of an asset if another standard permits such inclusion in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction from future payments is available. Contributions to a defined contribution plan that is due more than 12 months after the end of the period in which the employees render the service are discounted to their present value.

Employees Defined Contribution Superannuation Scheme (EDCSS) for providing pension benefits and Social Security Scheme administered through separate trusts are accounted as defined contribution plans.

**iii) Defined benefit plans**

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Company's Gratuity Scheme, Retired Employees Health Scheme (REHS), Provident Fund Scheme, Allowance on Retirement/Death and Memento on Superannuation to employees are in the nature of defined benefit plans. All these plans, other than Allowance on Retirement/Death and Memento on Superannuation to employees are administered through separate trusts.

The liability or asset recognised in the Balance Sheet in respect of Gratuity and Retired Employees Health Scheme is the present value of the defined benefit obligation at the end of the reporting period less the fair value of plan assets.

In respect of Provident Fund Scheme, a liability is recognised in the Balance Sheet where the present value of the defined benefit obligation at the end of the reporting period is higher than the fair value of plan assets. Any surplus of fair value of plan assets over the present value of the defined benefit obligation at the end of the reporting period is not recognised as an asset since the Company does not have any right to the benefits either in the form of refunds from the Plan or by way of lower contribution to the Plan.

The defined benefit obligation is calculated annually by the actuary using the Projected Unit Credit Method.

The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds that have terms approximating to the terms of the related obligation.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss or included in the carrying amount of an asset if another standard permits such inclusion.

Remeasurement gains (except in the case of Provident Fund Scheme) and losses arising from experience adjustments and changes in actuarial assumptions are recognised directly in Other Comprehensive Income in the period in which they occur and are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet.

**iv) Other long-term employee benefits**

Benefits under the Company's leave encashment scheme constitute other long term employee benefits.

The Company's net obligation in respect of long-term employee benefits is the amount of future benefits that employees have earned in return for their service in the current and prior periods. The benefit is discounted to determine its present value, and the fair value of any related assets is deducted. The discount rate is based on the prevailing market yields of Indian government securities as at the reporting date that have maturity dates approximating the terms of the Company's obligations. The calculation is performed using the Projected Unit Credit Method. Contributions to the scheme and actuarial gains or losses are recognised in the Statement of Profit and Loss or included in the carrying amount of an asset if another standard permits such inclusion in the period in which they arise.

**v) Termination benefits**

The expenses incurred on terminal benefits in the form of ex-gratia payments and notice pay on voluntary retirement schemes are charged to the Statement of Profit and Loss in the year of incurrence of such expenses.

**17.0 Borrowing costs**

Borrowing costs consist of (a) interest expense calculated using the effective interest method as described in Ind AS 109 – 'Financial Instruments' (b) finance charges in respect of finance leases recognized in accordance with Ind AS 116– 'Leases' and(c) exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs that are directly attributable to the acquisition, construction or production of qualifying assets are capitalised as part of the cost of such asset until such time the assets are substantially ready for their intended use. Qualifying assets are assets which necessarily take substantial period of time to get ready for their intended use or sale. All other borrowing costs are expensed in the period in which they occur.

When the Company borrows funds specifically for the purpose of obtaining a qualifying asset, the borrowing costs incurred are capitalised. When the Company borrows funds generally and uses them for the purpose of obtaining a qualifying asset, the capitalisation of the borrowing costs is computed based on the weighted average cost of all borrowings that are outstanding during the period and used for the acquisition, construction/exploration or erection of the qualifying asset. However, borrowing costs applicable to borrowings made specifically for the purpose of obtaining a qualifying asset are excluded from this calculation, until substantially all the activities necessary to prepare that asset for its intended use or sale are complete.

Income earned on temporary investment of the borrowings pending their expenditure on the qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Capitalisation of borrowing cost ceases when substantially all the activities necessary to prepare the qualifying assets for their intended use are complete.

Other borrowing costs are recognized as an expense in the year in which they are incurred.

**18.0 Depreciation and amortization**

a) Depreciation on additions to /deductions from Property, Plant & Equipment (PPE) during the year is charged on pro-rata basis from / up to the date on which the asset is available for use / disposal.

b) (i) Depreciation on Property, Plant and Equipment of Operating Units of the Company capitalized till five years before the end of the useful life of the Power Station is charged to the Statement of Profit & Loss on straight-line method following the rates and methodology notified by CERC for the fixation of tariff except for assets specified in Policy No. 18.0(d).

(ii) Depreciation on Property, Plant and Equipment capitalized during the last five years of the useful life of a Power Station is charged on straight-line method for the period of extended life as per CERC Tariff Regulations/Orders, from the date on which such asset becomes available for use.

(iii) Where the life and / or efficiency of a Power Station is increased due to renovation and modernization, the expenditure thereon along with its unamortized depreciable amount is charged prospectively on straight-line method over the revised / remaining useful life.

c) i) Depreciation on Property, Plant and Equipment (except old and used) of other than Operating Units of the Company is charged to the extent of 90% of the cost of the asset following the rates notified by CERC for the fixation of tariff except for assets specified in Policy No. 18.0(d) .

ii) Depreciation on old and used items of PPE of other than Operating Units is charged on straight-line method to the extent of 90% of the cost of the asset over estimated useful life determined on the basis of technical assessment.

d) i) Depreciation in respect of following items of PPE is provided on straight line method based on the life and residual value (5%) given in the Schedule II of the Companies Act, 2013:

- Construction Plant & Machinery
- Computer & Peripherals

ii) Based on management assessment, depreciation on Mobile Phones is provided on straight line basis over a period of three years with residual value of Re 1.

iii) Based on management assessment, depreciation on Roof Top Solar Power System / Equipment is provided on straight line basis over a period of twenty five years with residual value of 10%.

e) Temporary erections are depreciated fully (100%) in the year of acquisition /capitalization by retaining Re. 1/- as WDV.

f) Assets valuing Rs. 5000/- or less but more than Rs. 750/- are fully depreciated during the year in which the asset becomes available for use with Re. 1/- as WDV.

g) Low value items, which are in the nature of assets (excluding immovable assets) and valuing upto Rs. 750/- are not capitalized and charged off to revenue in the year of use.

h) Leasehold Land of operating units, is amortized over the period of lease or 40 years whichever is lower, following the rates and methodology notified vide CERC tariff regulations.

i) Leasehold Land and buildings, of units other than operating units, is amortized over the period of lease or 40 years, whichever is lower.

j) PPE created on leasehold land are depreciated to the extent of 90% of original cost over the balance available lease period of respective land from the date such asset is available for use or at the applicable depreciation rates & methodology notified by CERC tariff regulations for such assets, whichever is higher.

k) Right to use in respect of land is amortized over a period of 30 years from the date of commercial operation of the project in line with CERC tariff regulations notified for tariff fixation.

l) Cost of software recognized as 'Intangible Assets' is amortized on straight line method over a period of legal right to use or three financial years, whichever is earlier, starting from the year in which it is acquired.

m) Where the cost of depreciable assets has undergone a change during the year due to increase/decrease in long term liabilities on account of exchange fluctuation, price adjustment, settlement of arbitration/court cases, change in duties or similar factors, the unamortized balance of such assets is depreciated prospectively over the residual life of such assets at the rate of depreciation and methodology notified by CERC tariff regulations.

n) Spare parts procured along with the Plant & Machinery or subsequently which are capitalized and added in the carrying amount of such item are depreciated over the residual useful life of the related plant and machinery at the rates and methodology notified by CERC.

o) Useful life, method of depreciation and residual value of assets where depreciation is charged as per management assessment are reviewed at the end of each financial year and adjusted prospectively over the balance life of the asset, wherever required.

**19.0 Impairment of non-financial assets other than inventories**

a) The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs of disposal and its value in use. Recoverable amount is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets of the Company. When the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. The resulting impairment loss is recognised in the Statement of Profit and Loss.

b) In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

c) In case of expenditure on survey & investigation of projects, if it is decided to abandon such a project, expenditure incurred thereon is charged to the Statement of Profit and Loss in the year in which such decision is taken.

d) In case a project under survey and Investigation remains in abeyance by the order of appropriate authority/ by injunction of court order, any expenditure incurred on such projects from the date of order/ injunction of court is provided in the books from the date of such order till the period project is kept in abeyance by such order/ injunction. Provision so made is however reversed on the revocation of aforesaid order/ injunction.

e) Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**20.0 Income Taxes**

Income tax expense comprises current and deferred tax. Tax is recognised in the Statement of Profit and Loss, except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case the tax is also recognised directly in equity or in other comprehensive income.

**a) Current tax**

i) Current tax is the expected tax payable on the taxable income for the year on the basis of the tax laws applicable at the reporting date and any adjustments to tax payable in previous years. Taxable profit differs from profit as reported in the Statement of Profit and Loss because it excludes items of income or expense that are taxable or deductible in other years (temporary differences) and it further excludes items that are never taxable or deductible (permanent differences).

ii) Additional income taxes that arise from the distribution of dividends are recognised at the same time that the liability to pay the related dividend is recognised.

**b) Deferred tax**

i) Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Company's financial statements and the corresponding tax bases used in the computation of taxable profit and are accounted for using the Balance Sheet method. Deferred tax liabilities are generally recognised for all taxable temporary differences, and deferred tax assets are generally recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which those deductible temporary differences, unused tax losses and unused tax credits can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of an asset or liability in a transaction that at the time of the transaction affects neither the taxable profit or loss nor the accounting profit or loss.

ii) The carrying amount of deferred tax assets is reviewed at each Balance Sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available against which the temporary differences can be utilised.

iii) Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the Balance Sheet date. The measurement of deferred tax liabilities and assets reflects the tax consequences that would flow in the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

iv) Deferred tax is recognised in the Statement of Profit and Loss except to the extent that it relates to items recognised directly in other comprehensive income or equity, in which case it is recognised in Other Comprehensive Income or Equity.

v) Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities, and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on either the taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

vi) Deferred tax recovery adjustment account is credited/ debited to the extent the deferred tax for the current period forms part of current tax in the subsequent periods and affects the computation of return on equity (ROE), a component of tariff.

vii) When there is uncertainty regarding income tax treatments, the Company assesses whether a tax authority is likely to accept an uncertain tax treatment. If it concludes that the tax authority is unlikely to accept an uncertain tax treatment, the effect of the uncertainty on taxable income, tax bases and unused tax losses and unused tax credits is recognised. The effect of the uncertainty is recognised using the method that, in each case, best reflects the outcome of the uncertainty: the most likely outcome or the expected value. For each case, the Company evaluates whether to consider each uncertain tax treatment separately, or in conjunction with another or several other uncertain tax treatments, based on the approach that best prefixes the resolution of uncertainty.

**21.0 Compensation from third parties**

Impairments or losses of items, related claims for payments of compensation from third parties including insurance companies and any subsequent purchase or construction of assets/inventory are separate economic events and are accounted for separately.

Compensation from third parties including from insurance companies for items of property, plant and equipment or for other items that were impaired, lost or given up is included in the Statement of Profit and Loss when the compensation becomes receivable. Insurance claims for loss of profit are accounted for based on certainty of realisation.

**22.0 Segment Reporting**

a) In accordance with Ind AS 108 – Operating Segment, the operating segments used to present segment information are identified on the basis of internal reports used by the Company's Management to allocate resources to the segments and assess their performance. The Board of Directors is collectively the Company's "Chief Operating Decision Maker" or "CODM" within the meaning of Ind AS 108.

b) Electricity generation is the principal business activity of the Company. Other operations viz., Contracts, Project Management, Consultancy works and Trading of Power do not form a reportable segment as per the Ind AS -108 - 'Operating Segments'.

c) The Company has a single geographical segment as all its Power Stations are located within the Country.

**23.0 Leases**

Effective 1 April 2019, the Company has applied Ind AS 116 using the modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under Ind AS 17. The details of accounting policies under Ind AS 17 are disclosed separately if they are different from those under Ind AS 116 and the impact of changes is disclosed in Note 34.

For contracts entered into, or changed, on or after 1 April 2019, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
  - the Company has the right to operate the asset; or
  - the Company designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

For contracts entered into before 1 April 2019, the Company determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfilment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset.

Further, an arrangement conveyed a right to use the asset if facts and circumstances indicated that it was remote that one or more parties other than the purchaser will take more than an insignificant amount of the output or other utility that will be produced or generated by the asset during the term of the arrangement, and the price that the purchaser will pay for the output is neither contractually fixed per unit of output nor equal to the current market price per unit of output as of the time of delivery of the output.

**i. Company as a lessee**

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

Land taken for use from State Government (without transfer of title) and expenses on relief and rehabilitation as also on creation of alternate facilities for land evacuees or in lieu of existing facilities coming under submergence and where construction of such alternate facilities is a specific pre-condition for the acquisition of the land for the purpose of the project, are accounted for as Right of Use Assets.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate. Generally, the Company uses its incremental borrowing rate as the discount rate.

Lease payments included in the measurement of the lease liability comprise the following:

- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in statement of profit and loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents right-of-use assets that do not meet the definition of investment property as a separate line item on the face of the balance sheet.

The Company has elected not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Company recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

**Under Ind AS 17**

In the comparative period, leases of property, plant and equipment, where the Company, as lessee, had substantially all the risks and rewards of ownership were classified as finance lease. Such finance leases were generally capitalised at the lease's inception at the fair value of the leased property which was equal the transaction price i.e. lump sum upfront payments.

Leases in which a significant portion of the risks and rewards of ownership were not transferred to the Company as lessee were classified as operating leases. Payments made under operating leases were charged to Statement of Profit and Loss over the period of lease.

**ii. Company as a lessor**

When the Company acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset.

For embedded leases in the nature of a Finance Lease, the investment in the plant is recognised as a Lease Receivable. The minimum lease payments are identified by segregating the embedded lease payments from the rest of the contract amounts (including Advance Against Depreciation (AAD) recognised in accordance with CERC Tariff regulations 2004-09 up to 31st March 2009 and considered as deferred income). Each lease receipt is allocated between the receivable and finance lease income (forming part of revenue from operations) so as to achieve a constant rate of return on the Lease Receivable outstanding.

If an arrangement contains lease and non-lease components, the Company applies Ind AS 115 to allocate the consideration in the contract.

In the case of Operating Leases or embedded operating leases, the lease income from the operating lease is recognised in revenue over the lease term to reflect the pattern of use benefit derived from the leased asset. The respective leased assets are included in the Balance Sheet based on their nature and depreciated over its economic life.

The accounting policies applicable to the Company as a lessor in the comparative period were not different from Ind AS 116.

**24.0 Business combinations**

Business combinations are accounted for using the acquisition accounting method as at the date of the acquisition, which is the date at which control is transferred to the Company. The consideration transferred in the acquisition and the identifiable assets acquired and liabilities assumed are recognized at fair values on their acquisition date. Goodwill is initially measured at cost, being the excess of the consideration transferred over the net identifiable assets acquired and liabilities assumed. Where the fair value of net identifiable assets acquired and liabilities assumed exceed the consideration transferred, after reassessing the fair values of the net assets and contingent liabilities, the excess is recognized as capital reserve. Acquisition related costs are expensed as incurred.

**25.0 Material prior period errors**

Material prior period errors are corrected retrospectively by restating the comparative amounts for the prior periods presented in which the error occurred. If the error occurred before the earliest period presented, the opening balances of assets, liabilities and equity for the earliest period presented, are restated unless it is impracticable, in which case, the comparative information is adjusted to apply the new accounting policy prospectively from the earliest date practicable.

**26.0 Earnings per share**

a) Basic earnings per equity share is computed by dividing the net profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the financial year.

b) Diluted earnings per equity share is computed by dividing the net profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares.

c) Basic and diluted earnings per equity share are also presented using the earnings amounts excluding the movements in regulatory deferral account balances.

**27.0 Statement of Cash Flows**

a) **Cash and Cash Equivalents:**

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. However for Balance Sheet presentation, Bank overdrafts are shown within "Borrowings" under Current Liabilities.

b) Statement of cash flows is prepared in accordance with the indirect method prescribed in Ind AS 7- 'Statement of Cash Flows'.

**28.0 Current versus non-current classification**

The Company presents assets and liabilities in the Balance Sheet based on current/non-current classification.

a) An asset is current when it is:

• Expected to be realised or intended to be sold or consumed in the normal operating cycle
• Held primarily for the purpose of trading
• Expected to be realised within twelve months after the reporting period, or
• Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

b) A liability is current when:

- It is expected to be settled in the normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

c) Deferred tax assets and liabilities are classified as non-current assets and liabilities.

**29.0 Miscellaneous**

a) Each material class of similar items is presented separately in the financial statements. Items of a dissimilar nature or function are presented separately unless they are immaterial.

b) Liabilities for Goods in transit/Capital works executed but not certified are not provided for, pending inspection and acceptance by the Company.

**(IV) Recent accounting pronouncements: Standards issued but not yet effective**

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

*****

**PART - B (To be filed by the Applicant)**

a. Name :

b. Father's name (if applicable) :

c. Complete Address including Flat/House Number, street, Locality, pin Code :

d. Phone number:

e. Email ID:

f. PAN Number :

g. Bank Account Details :

h. No. of debentures applied for :

i. Amount Remitted (in Rs. Lakhs) :

j. Category of Investor (QIB/Non-QIB) :

**Signature**

**Initial of the Officer of the company designated to keep records**

**DECLARATION**

(a) The company has complied with the provisions of the Companies Act,2013, as amended, and the rules made there under;
(b) The Compliance with the said Act and the rules made there under do not imply that payment of dividend or interest or repayment of preference shares or debentures, if applicable, is guaranteed by the Central Government;
(c) The monies received under the offer shall be used only for the purposes and objects indicated in the private placement offer cum application letter;

I am authorized by the Board of Directors of the company vide resolution number 3 of item no 434.2.5 passed in 434th meeting of Board of Directors on 06.05.2020 to sign this form and declare that all the requirements of the 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.

**(H.S.Puri)**
**Chief General Manager-Finance** 10/2/2021

Date : 10.02.2021
Place : Faridabad

Attachments :

Copy of Board Resolution

**K.G. SOMANI & CO.**
*Chartered Accountants*
3/15, Asaf Ali Road,4th Floor
Near Delite Cinema,
New Delhi-110002

**ARORA VOHRA & CO.**
*Chartered Accountants*
Chaitanya Complex
Prem Bhawan, Residency Road
Jammu Tawi 180081
Jammu & Kashmir

**LODHA & CO.**
*Chartered Accountants*
14 Government Place East
Kolkata-700069

**Independent Auditors' Review Report on Standalone Unaudited Financial Results for the Quarter and Half year ended September 30, 2020 of NHPC Limited Pursuant to the regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended**

To
The Board of Directors
NHPC Limited
NHPC Office Complex
Sector-33, Faridabad- 121003

We have reviewed the accompanying Statement of Standalone Unaudited Financial Results together with the Notes thereon of **NHPC Limited ("the Company") for the Quarter and Half year ended September 30, 2020** (the 'Statement'). The Statement has been prepared by the company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (the 'Listing Regulations'), which has been initialed by us for identification purposes.

This Statement which is the responsibility of the Company's Management and has been approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in the Indian Accounting Standard 34 "Interim Financial reporting" (Ind AS 34), prescribed under section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to issue a report on the Statement based on our review.

We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the 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 of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Based on our review conducted as above, we report that nothing has come to our attention that causes us to believe that the accompanying statement of Standalone Unaudited Financial Results read with notes thereon, prepared in accordance with aforesaid Indian Accounting Standards and other recognized accounting practices and policies generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

**For K.G. Somani & Co**
Chartered Accountants
FRN: 06591N
BHUVNESH MAHESHWARI
(Bhunvesh Maheshwari)
Partner
M.No.088155
UDIN:20088155AAAAHV4985

Place: New Delhi
Date: November 11, 2020

**For Arora Vohra & Co**
Chartered Accountants
FRN:09487N
NARINDER MALIK Digitally signed by NARINDER MALIK Date: 2020.11.11 16:53:36 +05'30'
(Narinder Malik)
Partner
M.No.097008
UDIN:20097008AAAACJ9398

Place: Ludhiana
Date: November 11, 2020

**For Ludha & Co**
Chartered Accountants
FRN:301051E
H K Verma Digitally signed by H K Verma Date: 2020.11.11 16:41:17 +05'30'
(H.K. Verma)
Partner
M.No. 055104
UDIN:20055104AAAAEC5297

Place: Kolkata
Date: November11, 2020

2

**KG SOMANI & CO**
*Chartered Accountants*
3/15, Asaf Ali Road,4th Floor
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**ARORA VOHRA & CO**
*Chartered Accountants*
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Prem Bhawan, Residency Road
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Jammu & Kashmir

**LODHA & CO**
*Chartered Accountants*
14 Government Place East
Kolkata-700069

**Independent Auditor's Review Report on Consolidated Unaudited Financial Results for the Quarter and Half year ended September 30, 2020 of NHPC Limited Pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended**

To
The Board of Directors
NHPC Limited
NHPC Office Complex
Sector-33, Faridabad- 121003

1. We have reviewed the accompanying Statement of Consolidated Unaudited Financial Results together with Notes thereon of **NHPC Limited** ("the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), and its share of the net profit/(loss) after tax and total comprehensive income/(loss) of its joint ventures for the quarter and half Year ended September 30, 2020 ("the Statement"), being submitted by the Parent pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulation") which has been initialed by us for identification purpose.

2. This Statement, which is the responsibility of the Parent's Management and approved by the Parent's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013 as amended, read with relevant rules issued thereunder and, and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.

3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the 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 Statement is free of material misstatement. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We also performed procedures in accordance with the circular issued by the SEBI under Regulation 33 (8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, to the extent applicable.

4. The Statement includes the results of the following entities:

| **Name of the Subsidiaries** |
|---|
| 1. NHDC Limited |
| 2. Loktak Downstream Hydroelectric Corporation Limited |
| 3. Bundelkhand Saur Urja Limited |
| 4. Lanco Teesta Hydro Power Limited |
| **Name of the Joint Ventures** |
| 1. Chenab Valley Power Projects Private Limited |
| 2. National High Power Test Laboratory Private Limited |

5. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration of the review reports of the other auditors referred to in paragraph 6 below, we report that nothing has come to our attention that causes us to believe that the accompanying Statement read with notes thereon and paragraph 7 below, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

6. We did not review the financial results of one subsidiary included in the consolidated unaudited financial results, whose financial results reflect total assets of Rs.7518.99 crore as at September 30, 2020, total revenues of Rs. 392.75 crore & Rs 709.06 crore, total net profit after tax of Rs.229.66 crore & Rs 399.91 crore and total comprehensive income of Rs. 229.19 crore & Rs 398.98 crore for the quarter ended September 30, 2020 and for the period from April 01, 2020 to September 30, 2020, respectively and the net cash inflows/(outflows) of (Rs. 2.93 crore) for the period from April 01, 2020 to September 30, 2020 as considered in the consolidated unaudited financial results. These financial results have been reviewed by other auditor whose reports have been furnished to us by the Parent's Management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of the subsidiary, is based solely on the reports of the other auditor and the procedures performed by us as stated in paragraph 3 above.

7. The consolidated unaudited financial results include the financial results of three subsidiaries which have not been reviewed by their auditors, whose financial results reflect total assets of Rs.1154.49 crore as at September 30, 2020, total revenues nil & Rs. 0.02 crore, total net profit/(Loss) after tax of (Rs 0.05 crore) & Rs. ( 0.10 crore) and total comprehensive income of Rs. (0.05) crore & Rs. (0.10) crore for the quarter ended September 30, 2020 and for the period from April 01, 2020 to September 30, 2020, respectively and the net cash inflows/(outflows) of Rs.(6.20 crore) for the period from April 01, 2020 to September 30, 2020 as considered in the consolidated unaudited financial results. The consolidated unaudited financial results also include the Group's share of net profit after tax of Rs. 1.49 crore & Rs 1.74 crore and total comprehensive income of Rs. 1.49 & Rs. 1.74 crore for the quarter ended September 30, 2020 and for the period from April 01, 2020 to September 30, 2020, respectively as considered in the consolidated unaudited financial results, in respect of two joint ventures, based on their financial results which have not been reviewed by their auditors. According to the information and explanations given to us by the Parent's Management, these financial results are not material to the Group.

Our conclusion on the Statement is not modified in respect of the matters referred to in Para 6 and 7 above.

**For K.G. Somani & Co**
Chartered Accountants
FRN: 06591N
BHUVNESH MAHESHWARI
(Bhuvnesh Maheshwari)
Partner
M.No.088155
UDIN:20088155AAAAHW6404

Place: New Delhi
Date: November 11, 2020

**For Arora Vohra & Co**
Chartered Accountants
FRN:09487N
NARINDER MALIK
Digitally signed by NARINDER MALIK
Date: 2020.11.11 16:55:13 +05'30'
(Narinder Malik)
Partner
M.No.097008
UDIN:20097008AAAACK7292

Place: Ludhiana
Date: November 11, 2020

**For Lodha & Co**
Chartered Accountants
FRN:301051E
H K Verma
Digitally signed by H K Verma
Date: 2020.11.11 16:15:16 +0
(H.K. Verma)
Partner
M.No. 055104
UDIN:20055104AAAAED7327

Place: Kolkata
Date: November11, 2020

S. N. Dhawan & Co LLP
Chartered Accountants
410, Ansal Bhawan
16, Kasturba Gandhi Marg
New Delhi -110 001

Ray & Ray
Chartered Accountants
Webel Bhavan, Ground Floor
Block EP & GP, Salt Lake, Sector V
Kolkata – 700 091

Arora Vohra & Co.
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Chaitanya Complex
Prem Bhawan, Residency Road
Jammu Tawi – 180001
Jammu & Kashmir

## INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF NHPC LIMITED

### Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **NHPC LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Standalone Ind AS 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 Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued thereunder.

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 standalone Ind AS 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 Ind AS 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 of the standalone Ind AS financial statements 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

S.N. DHAWAN & CO. LLP NEW DELHI CHARTERED ACCOUNTANTS

RAY & RAY

ARORA VOHRA & CO. JAMMU Chartered

assurance about whether the standalone Ind AS 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 Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS 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 standalone Ind AS 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 Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS 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 Ind AS financial statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS 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 including the Ind AS, of the state of affairs (financial position) of the Company as at 31st March, 2018, its profit (financial performance including other comprehensive income), its cash flows and changes in equity for the year ended on that date.

## Emphasis of Matter

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

i) Note no. 2.2 para 2 to the standalone Ind AS financial statements regarding expenditure incurred for conducting survey and investigation on projects either provided for on account of uncertainty about the outcome or being carried forward pending clearance with various authorities.

ii) Note No. 34 para 1 to the standalone Ind AS financial statements, regarding the uncertainty related to the outcome of the claims/ arbitration proceedings and lawsuits 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.

iii) Note No. 34 para 22A to the standalone Ind AS financial statements, regarding Subansiri Lower Project where the construction activities at site have been interrupted w.e.f. 16.12.2011 due to protest by anti-dam activists and the case is pending before the National Green Tribunal. Certain risks and uncertainties might affect the future recovery of Regulatory Deferral Account Balances being created in respect of additional expenditure on this project.

Our opinion is not modified in respect of these matters.

S.N. DHAWAN & CO. LLP NEW DELHI CHARTERED ACCOUNTANTS

RAY & RAY CHARTERED ACCOUNTANTS

VOHRA & CO. JAMMU Chartered Accountants

## 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 in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in the paragraphs 3 and 4 of the Order.

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 Act, the compliance of which is set out in "Annexure B".

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 (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

d) in our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with relevant rules issued thereunder.

e) being a Government Company, pursuant to the Notification No. GSR 463(E) dated 5th June, 2015 issued by the Ministry of Corporate Affairs, Government of India, provisions of sub-section (2) of Section 164 of the Act, are not applicable to the Company;

f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure C"; and

g) 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 standalone Ind AS financial statements – Refer Note 34 Para 1 to the standalone Ind AS financial statements;

   ii. the Company has made provision, as required under the applicable law or Indian Accounting Standards, for material foreseeable losses, if any, on long-term contracts. The Company did not have any derivative contracts;

S.N. DHAWAN & CO. LLP NEW DELHI CHARTERED ACCOUNTANTS

RAY & RAY CHARTERED ACCOUNTANTS

ARORA VOHRA & CO. JAMMU Chartered Accountants

iii. there has been no delay in transferring amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S. N. Dhawan & Co LLP
Chartered Accountants
FRN ~~000050N~~/N500045

Suresh Seth
Partner
M. No. 010577

For Ray & Ray
Chartered Accountants
FRN 301072 E

Asish Kumar Mukhopadhyay
Partner
M. No. 056359

For Arora Vohra & Co.
Chartered Accountants
FRN 09487N

Rajat Mengi
Partner
M. No. 089871

Place: New Delhi
Date: May 28, 2018

**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 Property, Plant and Equipment.

(b) The Property, Plant and Equipment, 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 Property, Plant and Equipment 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 cases** | **Type of asset** | **Gross block as at 31.03.2018** | **Net block as at 31.03.2018** | **Remarks** |
|---|---|---|---|---|
| 6 | Freehold land (129.79 Hectare) | Rs. 0.53 Crore | Rs. 0.53 Crore | The Company is taking appropriate steps for execution of title/lease deed. |
| 8 | Leasehold Land (870.87 Hectare) | Rs. 306.08 Crore | Rs.245.01 Crore | |

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 the same have been properly dealt with in the books of account.

iii. According to the information and explanations given to us by the Management, 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, except unsecured loan granted during the year to one Company, in respect of which:

i. in our opinion the terms and conditions of grant of such loans are not, *prima facie,* prejudicial to the interest of the Company.

ii. the schedule of repayment of principal and payment of interest has been stipulated and the repayment of the principal amount and the interest are regular.

iii. there is no overdue amount in respect of such loan granted to the Company.

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ARORA VOHRA & CO. JAMMU Chartered Accountants

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 within the meaning of sections 73 to 76 or any other relevant provisions of the Act other than overdue earnest money deposits and security deposits. However, Management is of the view that overdue earnest money deposits and security deposits of suppliers/contractors appearing in the books are in the nature of retention money for performance of contracts for supply of goods and services and accordingly, not to be treated as deemed deposits by virtue of amendment in rule 2, sub rule (1), clause (c) of the Companies (Acceptance of Deposits) Amendment Rules 2016. Accordingly, clarification/exemption has been sought by the Management vide its letter no. NH/CS/433 dated 25th January, 2018 from the Ministry of Corporate Affairs (MCA) regarding applicability of MCA notification no. G.S.R. 639(E) dated 29.06.2016 to such security deposits/ retention money.

vi. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of Section 148 of the Act in respect of Company's products/services and are of the opinion that, *prima facie*, the prescribed accounts and records have been made and maintained.

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 account in respect of undisputed statutory dues including provident fund, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, goods and service 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, 2018 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, goods and service tax, duty of customs, service tax, property tax & consumption tax have not been deposited on account of dispute.

| Name of Statute | Nature of Duties | Amount (Rs. in Crores) | Financial Year to which it pertains | Deposit under Protest (Rs. in Crores) | Forum at which case is pending |
|---|---|---|---|---|---|
| Income Tax Act, 1961 | Income Tax | 7.07 | 2012-13 | 1.41 | CIT (A) Faridabad |
| Sales Tax Acts/VAT Acts | Sales Tax/VAT | 277.57 | 1994-95 | 0.22 | J & K Sales Tax Appellate Tribunal |

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| | | | | | |
|---|---|---|---|---|---|
| | | 5.26 | 2005-06 to 2009-10 | | Assistant Excise & Taxation Commissioner, Kullu |
| | | 15.29 | 2004-05 to 2011-12 | 15.29 | West Bengal Taxation Tribunal, Kolkata |
| | | 5.16 | 2013-14 | | Commercial Tax Department J&K |
| | | 1.4 | 2006-07 to 2009-10 | | Sr. Joint Commissioner Siliguri Circle |
| | | 2.74 | 2012-13 | | Joint Commissioner, Siliguri |
| Finance Act, 1996 | Service Tax | 26.07 | 2012-13 | | CESTAT, Kolkata |
| | | 0.04 | Jan, 2008 | | Service Tax Department, Patna |
| Custom Act, 1962 | Duty of Custom | 2.2 | 1986-87 | | Kolkata High Court |
| The Jammu & Kashmir Urban Immovable Property Tax Act, 1962 | Property Tax | 0.05 | 01.04.1991 to 31.03.1997 | | Tax Tribunal |
| | | 0.15 | 01.04.1997 to 31.03.2002 | | Tax Tribunal |
| Water(Prevention and Control of Pollution) Act, 1974 | Water Cess | 67.93 | 2015-16 to 2017-18 | | High Court of Uttarakhand, Nainital |
| Uttarakhand Green Energy Cess Act, 2014 | Green Energy Cess | 33.19 | 2015-16 to 2017-18 | | High Court of Uttarakhand, Nainital |

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| | | | | | |
|---|---|---|---|---|---|
| WB State Tax on Consumption of Use of Goods Act, 2001 | Consumption Tax | 0.06 | 2003-04 to 2005-06 | | Kolkata High Court |
| BOCW Act, 1996 | BOCW Cess | 9.24 | 2010-11 | 9.24 | Labour Officer cum cess assessment officer |
| West Bengal Tax on Entry of Goods into Local Areas Act, 2012 | Entry Tax | 0.87 | 2012-13 to 2017-18 | | Senior Joint Commissioner, Siliguri |
| West Bengal Tax on Entry of Goods into Local Areas Act, 2012 | Entry Tax | 0.17 | 2003-2006 | | Senior Joint Commissioner, Siliguri |

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 dues 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. The Company has not raised any money by way of initial public offer/ further public offer during the year.

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 in terms of Notification No. G.S.R. 463(E) dated 05th June 2015 issued by the Ministry of Corporate Affairs, Government of India, 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, wherever applicable and the details of such transactions have been disclosed in the notes to the financial statements as required by the applicable accounting standards.

S.N. DHAWAN & CO. LLP NEW DELHI CHARTERED ACCOUNTANTS

RAY & RAY ACCOUNTANTS

ARORA VOHRA & CO. JAMMU Chartered Accountants

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 fully 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 them. 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 LLP | For Ray & Ray | For Arora Vohra & Co. |
| Chartered Accountants | Chartered Accountants | Chartered Accountants |
| FRN 000050N/N500045 | FRN 301072 E | FRN 09487N |
| Suresh Seth | Asish Kumar Mukhopadhyay | Rajat Mengi |
| Partner | Partner | Partner |
| M. No. 010577 | M. No. 056359 | M. No. 089871 |

**Place:** New Delhi
**Date:** May 28, 2018

**Annexure B referred to in paragraph 2 under the heading "Report on Other Legal and Regulatory Requirements" of our Report of even date.**

| Sl. No. | Directions | Reply |
|---|---|---|
| 1 | Whether the company has clear title/lease deeds for freehold and leasehold land respectively? If not, please state the area of freehold and leasehold land for which title/lease deeds are not available. | All freehold and leasehold lands have clear titles/lease deeds except for 129.79 hectares and 870.87 hectares respectively. |
| 2 | Whether there are any cases of waiver/write off of debts/loans/interest etc. If yes, the reasons thereof and amount involved. | There is one case where Rs 0.07 crores has been written off with the approval of Competent Authority. |
| 3 | Whether proper records are maintained for inventories lying with third parties & assets received as gift/grant(s) from Government or other authorities. | In our opinion, the company is maintaining proper records for inventories lying with third parties. As informed, the Company has not received any assets as gift/grant(s) from Government or other authorities. |

For S. N. Dhawan & Co LLP
Chartered Accountants
FRN 000050N/N500045

Suresh Seth
Partner
M. No. 010577

For Ray & Ray
Chartered Accountants
FRN 301072 E

Asish Kumar Mukhopadhyay
Partner
M. No. 056359

For Arora Vohra & Co.
Chartered Accountants
FRN 09487N

Rajat Mehta
Partner
M. No. 089871

Place: New Delhi
Date: May 28, 2018

**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 controls over financial reporting of **NHPC LIMITED** ("the Company") as of 31st March, 2018 in conjunction with our audit of the standalone Ind AS 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 accuracy and completeness of the accounting records, and the timely preparation of reliable standalone Ind AS financial information, as required under the Act..

## Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls 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 financial controls 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 controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls 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 judgement, including the assessment of the risks of material misstatement of the standalone Ind AS 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 controls system over financial reporting.

S.N. DHAWAN & CO. LLP NEW DELHI CHARTERED ACCOUNTANTS

RAY & RAY CHARTERED ACCOUNTANTS

ARORA VOHRA & CO. JAMMU Chartered Accountants

### Meaning of Internal Financial Controls 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 the standalone Ind AS financial statements for external purposes in accordance with generally accepted accounting principles including the Indian Accounting Standards (Ind AS). 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 the standalone Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations 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 standalone Ind AS financial statements.

### Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls 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 controls 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 controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2018, 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 LLP | For Ray & Ray | For Arora Vohra & Co. |
| Chartered Accountants | Chartered Accountants | Chartered Accountants |
| FRN 000050N/N500045 | FRN 301072 E | FRN 09487N |
| Suresh Seth | Asish Kumar Mukhopadhyay | Rajat Mehra |
| Partner | Partner | Partner |
| M. No. 010577 | M. No. 056359 | M. No. 089871 |

**Place:** New Delhi
**Date:** May 28, 2018

Arora Vohra & Co.
Chartered Accountants
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Jammu Tawi – 180001
Jammu & Kashmir

DSP & Associates
Chartered Accountants
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New Delhi – 110005

Lodha & Co.
Chartered Accountants
14 Government Place East
Kolkata-700 069

**INDEPENDENT AUDITORS' REPORT**

**To the Members of NHPC Limited**

**Report on the Audit of the Standalone Financial Statements**

**Opinion**

We have audited the accompanying Standalone Financial Statements of NHPC Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes to the Standalone Financial Statements, including a summary of significant accounting policies and Other Explanatory Notes for the year ended on that date (hereinafter referred to as "Financial Statements").

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 Companies Act 2013 (" the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and profit, changes in equity and its cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditors' Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have considered the matters described below to be the Key Audit Matters for incorporation in our Report.

ARORA VOHRA & CO. JAMMU Chartered Accountants

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LODHA & CO. Kolkata Chartered Accountants

| Key audit Matters | Addressing the Key Audit Matters |
|---|---|
| **1. Regulatory Deferral Account Balances and accruals of revenue pending tariff Notifications.**<br>(a) Regulatory Deferral Account balances include accruals on account of interest cost and other attributable expenses pertaining to Subansiri Lower Project for the period from the date of interruption of work i.e. 16.12.2011 due to the matter pending before the National Green Tribunal as indicated in Note 34(22A). These expenses have been considered and carried forward as recoverable in terms of Central Electricity Regulatory Commission (CERC) Regulations.<br>The amount involved in the project including the deferral account balances is material. Risk and uncertainties due to the matter being sub judice and pending for decision for a considerable period of time, might affect the recovery thereof having significant impact on the affairs of the company.<br>(b) Further as given in Note 34(22B) to 34(22E), Regulatory deferral account balances have been recognised in respect of certain other expenses aggregating to Rs. 3225.27 crores on account of Wage Revision, foreign exchange fluctuations, depreciation on moderation of tariff, deferred taxation, etc.<br>(c) Rs. 515.05 Crores has been considered recoverable pending approval of tariff by the CERC and/ or approval of revised cost estimate in certain power stations and petitions filed with the CERC towards Energy Shortfall and reimbursement of additional impact of Goods and Service Tax (GST) due to change in law and included under Financial Assets Current- Other (Current) (Note 34 (20)) as on 31st March 2019.<br><br>The operating activities of the Company are subject to cost of service regulations whereby tariff charged for electricity generated is based on allowable capital and other cost and expenses and stipulated return there against.<br>Regulatory Deferral Accounts are based on the estimates with respect to recoverability thereof as per the current CERC Tariff Regulations on final approval and notifications.<br>Further, in cases where Tariff rates are yet to be approved, revenue is recognised considering current prevailing CERC Regulations.<br>The accruals made above in (a) to (c) above are vital to the business in which the Company is operating. In absence of specific notification and rate fixation, these are based on the management's assumptions | **Our audit procedures based on which we arrived at the conclusion regarding reasonableness of the carrying the value of Regulatory Deferral Account Debit Balances include the following:**<br><br>• Understanding and testing the design and operating effectiveness of controls as established by the management for accrual of income and determination of the amounts recoverable there against.<br><br>• Obtaining and understanding of the amount recoverable in terms of CERC Regulations and assessing, testing and evaluating the reasonableness thereof keeping in view the significant judgements applied by the management for such assessments.<br><br>• The above includes the evaluation of the CERC guidelines and acceptance of the claim made by the Company in the past and the trend of disallowances on various count and adherences and compliances thereof by the management and rationale for assumptions taken under the given situation and business environment.<br><br>• Evaluating the various assumptions considered by the management for arriving at the value of Cash generating Unit specially in case of Subansiri Project and coverage thereof and adequacy thereof with respect to the carrying value of the Project in Progress and balances of Regulatory deferral Accounts. |

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| Key audit Matters | Addressing the Key Audit Matters |
|---|---|
| and estimates which are subject to finalisation of tariff by CERC. | |
| **2. Impairment Assessment of carrying amount of Property, Plant and Equipment (PPE) and Capital Work in Progress (CWIP)**<br><br>Certain Cash Generating Units (CGUs) of the company and subsidiaries were assessed for impairment as on 31st March 2019. This covers Property, Plant and Equipments and Capital Work in Progress in respect of Subansiri Lower Project currently under interruption ( Note 2.2.7) and other projects as given in Note 34(18). This has been assessed that no significant change with an adverse effect on the company has taken place during the year, or is expected to take place in the near future, in the technological, economic or legal environment in which the company and its subsidiaries and joint ventures operate. Based on the assessment, the company has concluded that there exists no significant impairment indicator or any impairment in respect of the CGUs of the company and its subsidiary tested for impairment during FY 2018-19. Based on the above assessment, no provision for impairment has been considered necessary by the Company.<br><br>Impairment exercise undertaken which justifies the carrying amount of certain assets including the regulatory deferral account balances pertaining to Subansiri Lower Project as dealt with under para 1(a) above, is significant and vital to the Company's operations.<br>Evaluation of the impairment involves assessment of value in use of the Cash Generating Units (CGUs) and requires significant judgements and assumptions about the future cash flow forecasts, forecast production, forecast volumes, prices and discount rate. | **Our audit procedures based on which we arrived at the conclusion regarding reasonableness of the non-provisioning of any CGU based on impairment testing include the following:**<br><br>• Critical evaluation of internal and external factors impacting the entity and indicators of impairment (or reversal thereof) in line with Ind AS 38;<br><br>• Review of impairment valuation models used in relation to CGU to determine the recoverable amount by analysing the key assumptions used by management in this respect including:<br>- Consistency with respect to forecast for arriving at the valuation and assessing the potential impact of any variances;<br>- Price assumptions used in the models;<br>- Factoring of risk inherent to the CGUs in the Cash Flow projections or the discount rate.<br>- The assumption/estimation for the weighted average cost of capital and rate of discount for arriving at the value in use.<br><br>• Reviewed the Government policy and approval for setting up the Projects, decision of the Board and the efforts and steps being undertaken in this respect. |
| **3. Contingent Liabilities – against claim from Contractors (Note 34.1(a)(i))**<br><br>Various claims lodged by the Contractors against Capital Works have been disclosed under Contingent Liability. This includes matters under arbitration and/ or before the Court which have been decided against the Company, out of which certain amounts have been paid/deposited pursuant to the NITI Aayog directions.<br><br>Claims made against the Company are significant. These are pending for decision before arbitration or other judicial forums and consequential and possible impact thereof and provisions/disclosure required | **Our audit procedures based on which we arrived at the conclusion regarding reasonableness of the Contingent Liabilities include the following:**<br><br>• Obtained the status of the case from the legal department and their view on the matter;<br><br>• Evaluated the contractual terms and conditions and management's rationale for the adequacy of the provision so far made and the amount remaining unprovided against the demands made against the Company; |

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| Key audit Matters | Addressing the Key Audit Matters |
|---|---|
| have been based on the management's assessment of the probability of the occurrence of the liability. | • Meeting with management and reading/ reviewing the correspondences Memos and Notes on related matters.<br><br>• Reliance has been placed on the legal views and decisions on similar matters and probability of the liability arising therefrom pending final judgement/ decisions;<br><br>• Reviewed the appropriateness and adequacy of the disclosure by the management as required in terms of the requirement of IND AS 37 "Provisions, Contingent Liabilities and Contingent Assets". |
| **4. Expenditure incurred on Survey and Investigation Projects upto 31.03.2019**<br><br>Expenditure of Rs. 1419.98 as given in Note 2.2.2 (including Rs. 132.06 Crores for the year) Crores has been incurred for conducting survey and investigation on projects. Out of this Rs. 666.05 (including Rs. 60.52 Crores during the year) Crores have been provided for on account of uncertainty with respect to clearances, approval for implementing the Projects, leaving Rs. 753.93 Crores which has been carried forward as Capital Work in Progress.<br><br>In the event of related Projects not being undertaken, amounts spent on survey and investigations which are material will no longer be eligible to be carried forward as Capital Work in Progress. | **Our audit procedures based on which we arrived at the conclusion regarding carrying the amount of expenditure incurred on survey and Investigation Projects incurred include the following:**<br><br>• Obtained the status of the Projects under Survey and Investigation stage as provided by the management and the reason thereof of keeping them in abeyance including the cases where there are order of appropriate authority or Court to the effect.<br><br>• Understanding and testing the design and operating effectiveness of controls as established by the management for accounting the expenses incurred for survey and investigation projects and the policy followed for making provisions/ write off for such expenses given the nature of business of the Company.<br><br>• Evaluating the management's rationale with respect to possible abandonment of such projects in future and/ or expected economic use of the same. |

**Information other than the Financial Statements and Auditors' Report thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report including Annexures to Directors' Report, Management Discussion and Analysis Report, Business Responsibility Report and Report on Corporate Governance, but does not include the standalone financial statements and our auditors' report thereon. The other information as stated above is expected to be made available to us after the date of this auditors' report.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

ARORA VOHRA & CO. JAMMU Chartered Accountants

DSP & ASSOCIATES FRN:006791N NEW DELHI CHARTERED ACCOUNTANTS

LODHA & CO. Kolkata Chartered Accountants

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available, and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

When we read the other information as stated above and if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and describe necessary actions required as per applicable laws and regulations.

**Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Standalone financial statements that give a true and fair view of the state of affairs (financial position), Profit or Loss (financial performance including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian accounting Standards specified under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

**Auditors' Responsibility for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standard on Auditing (SAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system with reference to financial statements in place and the operating effectiveness of such controls;

ARORA VOHRA & CO. JAMMU Chartered Accountants

DSP & ASSOCIATES FRN:006791N NEW DELHI CHARTERED ACCOUNTANTS

LODHA & CO. Kolkata Chartered Accountants

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern; and

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Other Matter**

The standalone financial statements of the Company for the year ended March 31, 2018 were audited by the then joint auditors of the Company, two of whom were predecessor audit firms and they had expressed an unmodified audit Report vide their report dated May 28, 2018 on such standalone financial Statements.

Our opinion is not modified in respect of these matters.

**Report on Other Legal and Regulatory Requirements**

i. 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) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

ii. Based on the verification of books of account of the Company and according to information and explanations given to us, we give below a report on the Directions issued by the Comptroller and Auditor General of India in terms of Section 143 (5) of the Act:

ARORA VOHRA & CO. JAMMU Chartered Accountants

DSP & ASSOCIATES FRN:006791N NEW DELHI CHARTERED ACCOUNTANTS

LODHA & CO. Kolkata Chartered Accountants

| Sl. No. | Directions | Reply |
|---|---|---|
| 1 | Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated.. | According to the information and explanations given to us and based on our audit, all accounting transactions are routed through ERP system implemented by the Company. Period end Financial Statements are compiled offline based on balances and transactions generated from ERP system.<br><br>We have neither been informed nor we have come across during the course of our audit any accounting transactions having impact on the integrity of the accounts along with the financial implications which have been processed outside the IT system. |
| 2 | Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the Company due to the Company's inability to repay the loan? If yes, the financial impact may be stated. | According to information and explanations given to us and based on our audit, there is no case of restructuring of an existing loan or cases of waiver/write off of debts / loans / interest etc. made by lender to the Company. |
| 3 | Whether funds received/receivable for specific schemes from Central/State agencies were properly accounted for/utilized as per its terms and conditions? List the cases of deviation. | According to information and explanations given to us and based on our audit, the Company has accounted for and utilized the funds received for specific schemes from Central/State agencies as per the terms and conditions of the schemes. |

iii. Further to our comments in the annexure referred to in the paragraph above, 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 (including Other Comprehensive Income),the Statement of Changes in Equity 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 Indian Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015, as amended;

e) in terms of Notification no. G.S.R. 463 (E) dated 05th June 2015 issued by the Ministry of Corporate Affairs, provisions of Section 164(2) of the Act regarding disqualifications of the Directors, are not applicable as it is a government Company;

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal control, and

g) With respect to the other matters to be included in the Auditors' 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 standalone financial statements – Refer Note no. 34 para 1 to the standalone financial statements;

ii. The Company has made provision, as required under the applicable law or Indian Accounting Standards, for material foreseeable losses, if any, on long-term contracts. The Company did not have any derivative contracts; and

iii. There has been no delay in transferring amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

| | | |
|---|---|---|
| For Arora Vohra & Co. | For DSP & Associates | For Lodha & Co. |
| Chartered Accountants | Chartered Accountants | Chartered Accountants |
| Firm's ICAI Registration No.: 09487N | Firm's ICAI Registration No.:006791N | Firm's ICAI Registration No.:301051E |
| | | R. P. Singh |
| Prem C. Bansal | Sanjay Jain | R P Singh |
| Partner | Partner | Partner |
| M. No. 083597 | M. No. 084906 | M. No. 052438 |

ARORA VOHRA & CO. JAMMU Chartered Accountants

DSP & ASSOCIATES FRN:006791N NEW DELHI CHARTERED ACCOUNTANTS

LODHA & CO. Kolkata Chartered Accountants

Place: New Delhi
Date: May 27, 2019

**ANNEXURE "A" TO THE AUDITORS' REPORT OF EVEN DATE:**

i) a. The Company has maintained proper records showing full particulars, including quantitative details and situations of Fixed Assets.

b. As per the information and explanations given to us and on the basis of our examination of the records of the Company, the Tangible Fixed Assets except Land in certain Units, have been physically verified by the management/ outside agencies, in a phased manner, which in our opinion is reasonable, having regard to the size of Company and nature of its business. The reconciliation of physically verified assets with the book records in certain cases is in progress. Discrepancies noticed on the physical verification and consequential adjustments are carried out on completion of reconciliation. According to information and explanations given by the management and in our opinion, the same are not material.

c. According to the information and explanations given to us, the records examined by us and based on the Title/ Lease deeds provided to us, we report that, the title/ Lease deeds, comprising all the freehold/ leasehold immovable properties of land and building, are held in the name of the Company as on the balance sheet date except for the following where the title/lease deeds are not available with the Company:

| Nature | Area in Hectares | Gross block (at actual cost) as at 31.03.2019 (Rs. In Crore) | Net block as at 31.03.2019 (Rs. In Crore) |
|---|---|---|---|
| Freehold land | 109.85 | 6.73 | 6.73 |
| Leasehold Land | 519.68 | 251.28 | 236.84 |
| Building under Lease | | 17.01 | 16.64 |

ii) As informed, the inventories of the Company except for inventories in transit, have been physically verified by the management/ outside agencies, , during the year. In our opinion and according to the information and explanations given to us, the frequency of such verification is reasonable. The discrepancies noticed on physical verification of inventories as compared to book records were not material and the same have been properly dealt with in the books of account.

iii) According to the information and explanations given to us by the Management, 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, except unsecured loan granted during the previous year to a Company.

i. In our opinion the terms and conditions of grant of such loans are not, prima facie, prejudicial to the interest of the Company.

ii. In respect of Loan so granted by the Company, the schedule of repayment of principal and Interest has been stipulated. Unsecured loan of Rs. 6 Crores which though due for repayment during the year, was not repaid by the borrower. The borrower has requested for extension of the repayment schedule, the approval of which is under process by the Company. However, repayment of the interest is regular.

iii. in respect of such loan, there is an overdue amount of Rs. 6 Crore for more than ninety days. As informed to us and based on the explanations given, the Company has taken reasonable steps for recovery of the principal.

ARORA VOHRA & CO. JAMMU Chartered Accountants

DSP & ASSOCIATES FRN:006791N NEW DELHI CHARTERED ACCOUNTANTS

LODHA & CO. Kolkata Chartered Accountants

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 within the meaning of sections 73 to 76 or any other relevant provisions of the Act. In respect of overdue earnest money deposits and security deposits, Management is of the view that overdue earnest money deposits and security deposits of suppliers/contractors appearing in the books are in the nature of retention money for performance of contracts for supply of goods and services and accordingly, not to be treated as deemed deposits by virtue of amendment in rule 2, sub rule (1), clause (c) of the Companies (Acceptance of Deposits) Amendment Rules 2016.

vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 148 (1) of the Act in respect of the Company's products to which the said rules are made applicable and are of the opinion that prima facie, the prescribed records have been maintained. We have however not made a detailed examination of the said records with a view to determine whether they are accurate or complete.

vii) a. According to the information and explanations given to us, during the year, the Company has generally been regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education Protection fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Goods and Service Tax, Service tax, Custom Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues as applicable to it.

b. There were no undisputed amounts payable in respect of Provident Fund, Investor Education Protection fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service tax, Custom Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrear as at March 31, 2019 for a period of more than six months from the date they become payable.

c. According to the information and explanations given to us, the details of disputed dues of sales tax, income tax, customs duty, wealth tax, excise duty, service tax, and Cess, if any, as at March 31, 2019, are as follows:

| Name of Statute | Nature of Duties | Amount (Rs. in Crores) | Financial Year to which it pertains | Deposit under Protest (Rs. in Crores) | Forum at which case is pending |
|---|---|---|---|---|---|
| Sales Tax Acts/VAT Acts | Sales Tax/VAT | 288.13 | 1994-95 | 0.19 | J & K Sales Tax Appellate Tribunal |
| | | 1.6 | 2008-09, 2009-10 & 2010-11 to 2014-15 | 1.42 | Assistant Excise & Taxation Commissioner, Kullu |
| | | 19.58 | 2004-05 to 2012-13 | 15.29 | West Bengal Taxation Tribunal, Kolkata |
| | | 15.08 | 2012-13 to 2013-14 | 0 | CTO, Baramulla |
| | | 25.71 | 2005-06 to 2007-08 | 25.71 | Deputy Commissioner of Commercial Taxes, Sikkim. |

ARORA VOHRA & CO. JAMMU Chartered Accountants

DSP & ASSOCIATES FRN:006791N NEW DELHI CHARTERED ACCOUNTANTS

LODHA & CO. Kolkata Chartered Accountants

| Name of Statute | Nature of Duties | Amount (Rs. in Crores) | Financial Year to which it pertains | Deposit under Protest (Rs. in Crores) | Forum at which case is pending |
|---|---|---|---|---|---|
| Finance Act, 1996 | Service Tax | 22.07 | 2008-09 to 2011-12 & 2012-13 to 2014-15 | 22.07 | CESTAT, Kolkata |
| | | 101 | 2013-14 to 2016-17 | 0 | Additional Director General (Adjudication), Director General of GST Intelligence, New Delhi |
| | | 16.13 | 2004-05 to 2008-09 | 1.7 | Assistant Commissioner of GST, Faridabad |
| | | 0.03 | 2005-06 | 0 | Service Tax Department, Patna |
| West Bengal Tax on Entry of Goods into Local Areas Act, 2012 | Entry Tax | 1.14 | 2012-13 to 2017-18 | 0 | Kolkata High Court |
| Jammu and Kashmir Entry Tax on Goods Act 2000 | Entry Tax | 0.25 | 2013-14 | 0.25 | Dy. Commissioner, Commercial Taxes, Appeal, Jammu |
| The Jammu & Kashmir Urban Immovable Property Tax Act, 1962 | Property Tax | 0.21 | 1991-92 to 1996-97 & 1997-98 to 2001-02. | 0.014 | State Sales Tax Appellate Tribunal, Jammu |
| Water (Prevention and Control of Pollution) Act, 1974 | Water Cess | 46.92 | 2015-16 to 2017-18 | | High Court of Uttarakhand, Nainital |
| Uttarakhand Green Energy Cess Act, 2014 | Green Energy Cess | 31.41 | 2015-16 to 2017-18 | | High Court of Uttarakhand, Nainital |
| Building and Other Construction Workers Welfare Cess Act, 1996 | BOCW Cess | 9.24 | 2010-11 | 9.24 | Labour Officer cum cess assessing officer, Chamba, Himachal Pradesh |

viii) In our opinion and on the basis of information and explanations given to us by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks, Governments or debenture holders.

ix) In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer during the year. The Company has raised money by issue of debt instruments during the year. This includes the amount raised through 8.12 % Semi annual 10 year unsecured non-cumulative redeemable non-convertible taxable "Government of India fully serviced Bonds- Series -I" to meet the funding requirement of Government of India for the scheme of Power System Development Fund during the year. On the basis of our examination and according to the information and explanations given to us, money raised by way of term loans have been applied for the purpose for which the loans were obtained.

ARORA VOHRA & CO. JAMMU Chartered Accountants

DSP & ASSOCIATES FRN:006791N NEW DELHI CHARTERED ACCOUNTANTS

LODHA & CO. Kolkata Chartered Accountants

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) As per notification number G.S.R. 463 (E) dated 5th June, 2015 issued by Ministry of Corporate Affairs, section 197 of the Act as regards the managerial remuneration is not applicable to the Company, since it is a Government Company.

xii) The Company is not a Nidhi Company and hence reporting under paragraph 3(xii) of the Order is not applicable to the Company.

xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Standalone Financial Statements as required by the applicable accounting standards.

xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3 (xiv) of the Order is not applicable to the Company.

xv) According to the information and explanations given to us and as represented to us by the management and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

| For Arora Vohra & Co. | For DSP & Associates | For Lodha & Co. |
|---|---|---|
| Chartered Accountants | Chartered Accountants | Chartered Accountants |
| Firm's ICAI Registration No.: 09487N | Firm's ICAI Registration No.:006791N | Firm's ICAI Registration No.:301051E |
| | | R.P.Singh |
| Prem C. Bansal | Sanjay Jain | R P Singh |
| Partner | Partner | Partner |
| M. No. 083597 | M. No. 084906 | M. No. 052438 |

ARORA VOHRA & CO. JAMMU Chartered Accountants

DSP & ASSOCIATES FRN:006791N NEW DELHI CHARTERED ACCOUNTANTS

LODHA & CO. Kolkata Chartered Accountants

Place: New Delhi
Date: May 27, 2019

**ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT**
**(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)**

**Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act**

We have audited the internal financial controls with reference to financial statements of NHPC Limited ("the Company") as at March 31, 2019 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 with reference to financial statements 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. 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 accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 financial control with reference to financial statements 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 controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 auditors' judgement, including the assessment of the risks of material misstatement of the standalone 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 controls with reference to financial statements.

**Meaning of Internal Financial Controls with reference to financial statements**

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

ARORA VOHRA & CO. JAMMU Chartered Accountants

DSP & ASSOCIATES FRN:006791N NEW DELHI CHARTERED ACCOUNTANTS

LODHA & CO. Kolkata Chartered Accountants

Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations 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 standalone financial statements.

**Inherent Limitations of Internal Financial Controls with reference to financial statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements 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, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2019, based on the internal control with reference to financial statements 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.

| For Arora Vohra & Co. | For DSP & Associates | For Lodha & Co. |
|---|---|---|
| Chartered Accountants | Chartered Accountants | Chartered Accountants |
| Firm's ICAI Registration No.: 09487N | Firm's ICAI Registration No.: 006791N | Firm's ICAI Registration No.:301051E |
| Prem C. Bansal | Sanjay Jain | R P Singh |
| Partner | Partner | Partner |
| M. No. 083597 | M. No. 0849[illegible] | M. No. 052438 |

Place: New Delhi
Date: May 27, 2019

Arora Vohra & Co.
Chartered Accountants
Chaitanya Complex
Prem Bhawan, Residency Road
Jammu Tawi – 180001
Jammu & Kashmir

DSP & Associates
Chartered Accountants
783, Desh Bandhu Gupta Road
Near Faiz Road, Karol Bagh
New Delhi – 110005

Lodha & Co.
Chartered Accountants
14 Government Place East
Kolkata-700 069

**INDEPENDENT AUDITORS' REPORT**

**To the Members of NHPC Limited**

**Report on the Audit of the Standalone Financial Statements**

**Opinion**

We have audited the accompanying Standalone Financial Statements of NHPC Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and Notes to the Standalone Financial Statements, including a summary of significant accounting policies and Other Explanatory Notes for the year ended on that date (hereinafter referred to as "Financial Statements").

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 Companies Act 2013 (" 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 March 31, 2020, and profit, changes in equity and its cash flows for the year ended on that date.

**Basis for Opinion**

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditors' Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Key Audit Matters**

Key audit matters are those matters that-, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have considered the matters described below to be the Key Audit Matters for incorporation in our Report.

| Key audit Matters | Addressing the Key Audit Matters |
|---|---|
| **1. Regulatory Deferral Account Balances and accruals of revenue pending tariff Notifications.**<br><br>Regulatory Deferral Account balances include accruals aggregating to Rs. 3470.59 Crore on account of interest cost and other attributable expenses pertaining to Subansiri Lower HE Project for the period from the date of interruption of work i.e. 16.12.2011 till 30.09.2019 as indicated in Note 34(22A).<br><br>The operating activities of the Company are subject to cost of service regulations whereby tariff charged for electricity generated is based on allowable capital and other cost and expenses and stipulated return there against.<br><br>Regulatory Deferral Accounts are based on the estimates with respect to recoverability thereof as per the current CERC Tariff Regulations on final approval and notifications.<br>The accruals made as above are vital to the business in which the Company is operating. In absence of specific notification and rate fixation, these are based on the management's assumptions and estimates which are subject to finalisation of tariff by CERC and commencement of operations of the Project. | **Our audit procedures based on which we arrived at the conclusion regarding reasonableness of the carrying the value of Regulatory Deferral Account Debit Balances include the following:**<br><br>• Understanding and testing the design and operating effectiveness of controls as established by the management for accrual of income and determination of the amounts recoverable there against.<br><br>• Obtaining and understanding of the amount recoverable in terms of CERC Regulations and assessing, testing and evaluating the reasonableness thereof keeping in view the significant judgements applied by the management for such assessments.<br><br>• The above includes the evaluation of the CERC guidelines and acceptance of the claim made by the Company in the past and the trend of disallowances on various count and adherences and compliances thereof by the management and rationale for assumptions taken under the given situation and business environment.<br><br>• Evaluating the various assumptions considered by the management for arriving at the value of Cash generating Unit Note 34(18) in case of Subansiri Lower HE Project and adequacy thereof with respect to the carrying value of the Project in Progress and balances pertaining to the said project under Regulatory deferral Accounts. |
| **2. Impairment Assessment of carrying amount of Property, Plant and Equipment (PPE) and Capital Work in Progress (CWIP)**<br><br>Certain Cash Generating Units (CGUs) of the company were assessed for impairment as on 31st March 2020. This covers Property, Plant and Equipments and Capital Work in Progress in respect of projects as given in Note 34(18). This has been assessed that no significant change with an adverse effect on | **Our audit procedures based on which we arrived at the conclusion regarding reasonableness of the non-provisioning of any CGU based on impairment testing include the following:**<br><br>• Critical evaluation of internal and external factors impacting the entity and indicators of impairment (or reversal thereof) in line with Ind AS 38; |

| Key audit Matters | Addressing the Key Audit Matters |
|---|---|
| the company has taken place during the year, or is expected to take place in the near future, in the technological, economic or legal environment in which the company operate. Based on the assessment, the company has concluded that there exists no significant impairment indicator or any impairment in respect of the CGUs of the company tested for impairment during FY 2019-20. Based on the above assessment, no provision for impairment has been considered necessary by the Company.<br><br>Impairment exercise undertaken which justifies the carrying amount of certain assets including Capital work in progress pertaining to Subansiri Lower HE Project and the regulatory deferral account balances pertaining to same as dealt with under para 1 above, is significant and vital to the Company's operations.<br>Evaluation of the impairment involves assessment of value in use of the Cash Generating Units (CGUs) and requires significant judgements and assumptions about the future cash flow forecasts, forecast production, forecast volumes, prices and discount rate. | • Review of impairment valuation models used in relation to CGU to determine the recoverable amount by analysing the key assumptions used by management in this respect including:<br>- Consistency with respect to forecast for arriving at the valuation and assessing the potential impact of any variances;<br>- Price assumptions and tariff used in the models;<br>- Factoring of risk inherent to the CGUs in the Cash Flow projections or the discount rate.<br>- The assumption/estimation for the weighted average cost of capital and rate of discount for arriving at the value in use.<br><br>• Reviewed the Government policy and approval for setting up the Projects, decision of the Board and the efforts and steps being undertaken in this respect.<br><br>• Reliance have been placed on management projections for completion timeline, volume of generation and resultant revenue based on expected tariff there against. |
| **3. Contingent Liabilities – against claim from Contractors (Note 34.1(a)(i))**<br><br>Various claims lodged by the Contractors against Capital Works amounting to Rs. 10144.10 crore have been disclosed under Contingent Liability. This includes matters under arbitration and/ or before the Court which have been decided against the Company, out of which Rs. 2020.81 crore have been paid/deposited pursuant to the NITI Aayog directions or Court order.<br><br>Claims made against the Company are significant. These are pending for decision before arbitration or other judicial forums and consequential and possible impact thereof and provisions/disclosure required have been based on the management's assessment of | **Our audit procedures based on which we arrived at the conclusion regarding reasonableness of the Contingent Liabilities include the following:**<br><br>• Obtained the status of the case from the legal department and their view on the matter;<br><br>• Evaluated the contractual terms and conditions and management's rationale for the adequacy of the provision so far made and the amount remaining unprovided against the demands made against the Company;<br><br>• Discussion with management and reading/ reviewing the correspondences Memos and Notes on related matters. |

| Key audit Matters | Addressing the Key Audit Matters |
|---|---|
| the probability of the occurrence of the liability. | • Reliance has been placed on the legal views and decisions on similar matters and probability of the liability arising therefrom pending final judgement/ decisions;<br><br>• Reviewed the appropriateness and adequacy of the disclosure by the management as required in terms of the requirement of IND AS 37 "Provisions, Contingent Liabilities and Contingent Assets". |
| **4. Expenditure incurred on Survey and Investigation Projects and those under preconstruction stage upto 31.03.2020**<br><br>Expenditure of Rs. 1141.05 Crores as given in Note 2.2.2 has been incurred for conducting survey and investigation on projects. Out of this Rs. 820.78 Crores (including Rs. 154.73 Crores during the year) have been provided for keeping in view uncertainty with respect to clearances, approval for implementing the Projects, leaving Rs. 320.27 Crores which has been carried forward as Capital Work in Progress.<br>Further Capital work in progress also includes projects where active construction activities are yet to be undertaken.<br>In the event of related Projects not being undertaken, amounts spent on survey and investigations and those incurred/ allocated prior to construction thereof will no longer be eligible to be carried forward as Capital Work in Progress. | **Our audit procedures based on which we arrived at the conclusion regarding carrying the amount of expenditure incurred on survey and Investigation Projects incurred include the following:**<br><br>• Obtained the status of the Projects as provided by the management and the reason thereof of keeping them in abeyance.<br><br>• Understanding and testing the design and operating effectiveness of controls as established by the management for accounting the expenses incurred for survey and investigation projects and the policy followed for making provisions/ write off for such expenses given the nature of business of the Company and for project under preconstruction stage and allocation of Borrowing and other cost incurred and allocated there against.<br><br>• Evaluating the management's rationale with respect to possible abandonment of such projects in future and/ or expected economic use of the same.<br><br>• Evaluating the tenure of pre and under construction stage of project and management contention of normal period required for implementing the project given the location, size and nature in each case of the respective project and this being technical |

| Key audit Matters | Addressing the Key Audit Matters |
|---|---|
| | in nature placing reliance on management contention and representation on the matter. |
| **5. Recognition of Deferred Tax and evaluation of utilisation thereof.**<br><br>Deferred Tax with respect to MAT Credit entitlement of Rs.2196.82 Crores lying unutilized as on 31.03.2020 has not been recognised.<br><br>This is on the basis of the management's estimate and evaluation of taxable profit in foreseeable given period in future based on convincing evidences against which such credit can be utilised. This involves significant management judgement based on future projections including future capital expenditure for capacity enhancement and which may significantly vary on crystallization. | **Our audit procedures based on which we arrived at the conclusion regarding appropriateness of non recognition of the unutilised MAT Credit include the following:**<br><br>• Understanding and testing the operating effectiveness of the company's control relating to taxation and assessment of carrying amount of deferred tax assets/ liabilities.<br><br>• Review of the Company's accounting policy in respect of deferred tax assets on unutilized MAT credit and current year development, if any, requiring change in such policy and management contention on the same.<br><br>• Evaluation of tax credit entitlement as legally available to the company based on internal forecast prepared by the company and probability of future taxable income.<br><br>• Typical review of underlying assumption for consistency and uncertainty involved and principle of prudence for arriving at reasonable degree of probability of utilisation of deferred tax assets.<br><br>• Review of implication pertaining to regulatory regime under which company operates and possible utilisation of the MAT credit and impact thereof on the financial statement under the given current Regulatory provisions and period of applicability thereof.<br><br>• Evaluation of adequacy and appropriateness of disclosure made in the financial statement. |

**Information other than the Financial Statements and Auditors' Report thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board's Report including Annexures to Directors' Report, Management Discussion and Analysis Report, Business Responsibility Report and Report on Corporate Governance, but does not include the standalone financial statements and our auditors' report thereon. The other information as stated above is expected to be made available to us after the date of this auditors' report.

Our opinion on the standalone financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the standalone financial statements, our responsibility is to read the other information identified above when it becomes available, and, in doing so, consider whether the other information is materially inconsistent with the standalone financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

When we read the other information as stated above and if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and describe necessary actions required as per applicable laws and regulations.

**Responsibilities of Management and Those Charged with Governance for the Standalone Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Standalone financial statements that give a true and fair view of the state of affairs (financial position), Profit or Loss (financial performance including other comprehensive income), changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian accounting Standards specified under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

**Auditors' Responsibility for the Audit of the Standalone Financial Statements**

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standard on Auditing (SAs) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system with reference to financial statements in place and the operating effectiveness of such controls;

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern; and

- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

**Report on Other Legal and Regulatory Requirements**

i. 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) of section 143 of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

ii. Based on the verification of books of account of the Company and according to information and explanations given to us, we give below a report on the Directions issued by the Comptroller and Auditor General of India in terms of Section 143 (5) of the Act:

| Sl. No. | Directions | Reply |
|---|---|---|
| 1 | Whether the Company has system in place to process all the accounting transactions through IT system? If yes, the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications, if any, may be stated. | According to the information and explanations given to us and based on our audit, all accounting transactions are routed through ERP system implemented by the Company. Period end Financial Statements are compiled offline based on balances and transactions generated from ERP system.<br><br>We have neither been informed nor we have come across during the course of our audit any accounting transactions having impact on the integrity of the accounts along with the financial implications which have been processed outside the IT system. |
| 2 | Whether there is any restructuring of an existing loan or cases of waiver/write off of debts/loans/interest etc. made by a lender to the Company due to the Company's inability to repay the loan? If yes, the financial impact may be stated. | According to information and explanations given to us and based on our audit, there is no case of restructuring of an existing loan or cases of waiver/write off of debts / loans / interest etc. made by lender to the Company. |
| 3 | Whether funds received/receivable for specific schemes from Central/State agencies were properly accounted for/utilized as per its terms and conditions? List the cases of deviation. | According to information and explanations given to us and based on our audit, the Company has accounted for and utilized the funds received for specific schemes from Central/State agencies as per the terms and conditions of the schemes. |

iii. Further to our comments in the annexure referred to in the paragraph above, 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 (including Other Comprehensive Income),the Statement of Changes in Equity 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 Indian Accounting Standards specified under Section 133 of the Act

e) in terms of Notification no. G.S.R. 463 (E) dated 05th June 2015 issued by the Ministry of Corporate Affairs, provisions of Section 164(2) of the Act regarding disqualifications of the Directors, are not applicable as it is a government Company;

f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal control; and

g) With respect to the other matters to be included in the Auditors' 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 standalone financial statements – Refer Note no. 34 para 1 to the standalone financial statements;

ii. The Company has made provision, as required under the applicable law or Indian Accounting Standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts; and

iii. There has been no delay in transferring amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. As per notification number G.S.R. 463 (E) dated 5th June, 2015 issued by Ministry of Corporate Affairs, section 197 of the Act as regards the managerial remuneration is not applicable to the Company, since it is a Government Company.

| | | |
|---|---|---|
| For Arora Vohra & Co. | For DSP & Associates | For Lodha & Co. |
| Chartered Accountants | Chartered Accountants | Chartered Accountants |
| Firm's ICAI Registration No.: 009487N | Firm's ICAI Registration No.:006791N | Firm's ICAI Registration No.:301051E |
| Ashwani Kumar Aggarwal Digitally signed by Ashwani Kumar Aggarwal Date: 2020.07.08 13:49:35 +05'30' | SANJAY JAIN | R.P.Singh Digitally signed by R.P.Singh Date: 2020.07.07 14:56:56 +05'30' |
| A K Aggarwal | Sanjay Jain | R P Singh |
| Partner | Partner | Partner |
| M. No. 013833 | M. No. 084906 | M. No. 052438 |
| Place: Ludhiana | New Delhi | Kolkata |
| Date: June 27, 2020 | | |
| UDIN: 20013833AAAABK2824 | UDIN: 20084906AAAAPK1840 | UDIN: 20052438AAAABM2834 |

**ANNEXURE "A" TO THE AUDITORS' REPORT OF EVEN DATE:**

i) a. The Company has maintained proper records showing full particulars, including quantitative details and situations of Fixed Assets.

b. As per the information and explanations given to us and on the basis of our examination of the records of the Company, the Tangible Fixed Assets except Land in certain Units, have been physically verified by the management/ outside agencies, in a phased manner, which in our opinion is reasonable, having regard to the size of Company and nature of its business. The reconciliation of physically verified assets with the book records in certain cases is in progress. Discrepancies noticed on the physical verification and consequential adjustments are carried out on completion of reconciliation. According to information and explanations given by the management and in our opinion, the same are not material.

c. According to the information and explanations given to us, the records examined by us and based on the Title/ Lease deeds provided to us, we report that, the title/ Lease deeds, comprising all the freehold/ leasehold immovable properties of land and building, are held in the name of the Company as on the balance sheet date except for the following where the title/lease deeds are not available with the Company:

| **Nature** | **Area in Hectares** | **Gross block as at 31.03.2020 (Rs. In Crore)** | **Net block as at 31.03.2020 (Rs. In Crore)** |
|---|---|---|---|
| Freehold land | 143.48 | 20.47 | 20.47 |
| Leasehold Land included under Right of Use Assets | 530.88 | 251.20 | 231.31 |
| Building under Lease | 0.0465 | 17.01 | 16.08 |

ii) As informed, the inventories of the Company except for inventories in transit, have been physically verified by the management/ outside agencies, during the year. In our opinion and according to the information and explanations given to us, the frequency of such verification is reasonable. The discrepancies noticed on physical verification of inventories as compared to book records were not material and the same have been properly dealt with in the books of account.

iii) According to the information and explanations given to us by the Management, 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, except unsecured loan granted during the previous year to a Company.

a) In our opinion the terms and conditions of grant of such loans are not, prima facie, prejudicial to the interest of the Company.

b) In respect of Loan granted by the Company in earlier year, the schedule of repayment of principal and Interest has been stipulated. The Company has during the year extended the repayment schedule of Unsecured loan of Rs. 6 Crores which was due for repayment during the year, and as such the repayment of Principal and repayment of interest is regular.

c) in respect of such loan as mentioned in Para b) above, there is no overdue amount for more than ninety days.

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 within the meaning of sections 73 to 76 or any other relevant provisions of the Act. In respect of overdue earnest money deposits and security deposits, Management is of the view that overdue earnest money deposits and security deposits of suppliers/contractors appearing in the books are in the nature of retention money for performance of contracts for supply of goods and services and accordingly, not to be treated as deemed deposits by virtue of amendment in rule 2, sub rule (1), clause (c) of the Companies (Acceptance of Deposits) Amendment Rules 2016.

vi) We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 148 (1) of the Act in respect of the Company's products to which the said rules are made applicable and are of the opinion that prima facie, the prescribed records have been maintained. We have however not made a detailed examination of the said records with a view to determine whether they are accurate or complete.

vii) a. According to the information and explanations given to us, during the year, the Company has generally been regular in depositing with appropriate authorities undisputed statutory dues including Provident Fund, Investor Education Protection fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Goods and Service Tax, Service tax, Custom Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues as applicable to it.

There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Service tax, Custom Duty, Excise Duty, Value Added Tax, Cess and other material statutory dues in arrear as at March 31, 2020 for a period of more than six months from the date they become payable.

b. According to the information and explanations given to us, the details of disputed dues of income tax, sales tax, service tax, customs duty,, excise duty and Value added Tax , if any, as at March 31, 2020, are as follows:

| **Name of Statute** | **Nature of Duties** | **Amount (₹ In Crore)** | **Financial Year to which it pertains** | **Deposit under Protest (₹ In Crore)** | **Forum at which case is pending** |
|---|---|---|---|---|---|
| Income Tax Act, 1961 | Income Tax | 0.001 | 2007-08 | 0 | Traces |
| | | 0.01 | 2010-11 | 0 | ITO, Srinagar |
| Sales Tax Acts/Vat Acts | Sales Tax /Vat | 9.92 | 2012-13 | 0 | Appellate Tribunal |
| | | 22.31 | 2013-14 to 2014-15 | 0 | Appellate Authority |
| | | 34.15 | 2015-16 | 0 | Appeal to be filed. |
| | | 0.18 | 2009-10 | 0 | DETC, Kullu |
| | | 16.69 | 2005-06 to 2011-12 | 15.29 | Sr. Joint Commissioner Siliguri, Circle |
| | | 2.73 | 2012-13 | 0 | JC, Siliguri Charge |
| | | 298.53 | 1994-95 | 0 | J&K Sales Tax Appellate Tribunal |
| Finance Act, 1996 | Service Tax | 28.44 | 2009-10 to 2016-17 | 27.25 | Service Tax Tribunal, Kolkata |
| | | 18.10 | 2004-05 to 2009-10 | 1.70 | CESTAT, Chandigarh |
| Custom Act, 1962 | Custom Duty | 25.15 | 2019-20 | 0 | Department of Customs & Excise |

viii) In our opinion and on the basis of information and explanations given to us by the management, we are of the opinion that the Company has not defaulted in repayment of dues to financial institutions, banks, Governments or debenture holders.

ix) In our opinion and according to the information and explanations given to us, the Company has not raised any money by way of initial public offer or further public offer during the year. The Company has raised money by issue of debt instruments and Term Loans during year. On the basis of our examination and according to the information and explanations given to us, money raised by way of debt instruments and term loans have been applied for the purpose for which the loans were obtained.

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) As per notification number G.S.R. 463 (E) dated 5th June 2015 issued by Ministry of Corporate Affairs, section 197 of the Act as regards the managerial remuneration is not applicable to the Company, since it is a Government Company.

xii) The Company is not a Nidhi Company and hence reporting under paragraph 3(xii) of the Order is not applicable to the Company.

xiii) According to the information and explanations given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with Section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the Standalone Financial Statements as required by the applicable accounting standards.

xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3 (xiv) of the Order is not applicable to the Company.

xv) According to the information and explanations given to us and as represented to us by the management and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For Arora Vohra & Co.
Chartered Accountants
Firm's ICAI Registration No.: 009487N

Ashwani Kumar Aggarwal
Digitally signed by Ashwani Kumar Aggarwal
Date: 2020.07.08 13:50:48 +05'30'

A K Aggarwal
Partner
M. No. 013833
Place: Ludhiana
Date: June 27, 2020
UDIN: 20013833AAAABK2824

For DSP & Associates
Chartered Accountants
Firm's ICAI Registration No.:006791N

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Sanjay Jain
Partner
M. No. 084906
New Delhi

UDIN: 20084906AAAAPK1840

For Lodha & Co.
Chartered Accountants
Firm's ICAI Registration No.:301051E

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R P Singh
Partner
M. No. 052438
Kolkata

UDIN:20052438AAAABM2834

**ANNEXURE "B" TO THE INDEPENDENT AUDITORS' REPORT**
**(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)**

**Report on the Internal Financial Controls with reference to financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act**

We have audited the internal financial controls with reference to financial statements of NHPC Limited ("the Company") as at March 31, 2020 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 with reference to financial statements 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. 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 accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements 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") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. 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 financial control with reference to financial statements 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 controls system with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 auditors' judgement, including the assessment of the risks of material misstatement of the standalone 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 controls with reference to financial statements.

**Meaning of Internal Financial Controls with reference to financial statements**

A Company's internal financial control with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial control with reference to financial statements 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 standalone financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations 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 standalone financial statements.

**Inherent Limitations of Internal Financial Controls with reference to financial statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to financial statements 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, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls with reference to financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2020, based on the internal control with reference to financial statements 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.

For Arora Vohra & Co.
Chartered Accountants
Firm's ICAI Registration No.: 09487N

Ashwani Kumar Aggarwal Digitally signed by Ashwani Kumar Aggarwal Date: 2020.07.08 13:52:52 +05'30'

A K Aggarwal
Partner
M. No. 013833
Place: Ludhiana
Date: June 27, 2020
UDIN: 20013833AAAABK2824

For DSP & Associates
Chartered Accountants
Firm's ICAI Registration No.:006791N

SANJAY JAIN

Sanjay Jain
Partner
M. No. 084906
New Delhi

UDIN:20084906AAAAPK1840

For Lodha & Co.
Chartered Accountants
Firm's ICAI Registration No.:301051E

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R P Singh
Partner
M. No. 052438
Kolkata

UDIN:20052438AAAABM2834

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

CIN: L40101HR1975GOI032564

**STATEMENT OF AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31ST MARCH 2018**

(₹ in Lacs)

| | | Standalone | | | | | Consolidated | |
|---|---|---|---|---|---|---|---|---|
| | | Quarter Ended | | | Year Ended | | Year Ended | |
| | PARTICULARS | 31.03.2018 | 31.12.2017 | 31.03.2017 | 31.03.2018 | 31.03.2017 | 31.03.2018 | 31.03.2017 |
| | | Audited (Refer Note 18) | Unaudited | Audited (Refer Note 18) | Audited | | | |
| 1 | **Revenue** | | | | | | | |
| | (a) Sales/ Revenue from operations * | 113,690 | 149,793 | 136,244 | 693,403 | 727,117 | 775,124 | 862,313 |
| | (b) Other Income | 29,753 | 56,883 | 24,255 | 149,100 | 145,767 | 110,136 | 150,276 |
| | **Total Revenue (a+b)** | 143,443 | 206,676 | 160,499 | 842,503 | 872,884 | 885,260 | 1,012,589 |
| 2 | **Expenses** | | | | | | | |
| | (a) Generation Expenses | 8,471 | 9,939 | 14,598 | 71,639 | 77,367 | 72,118 | 77,515 |
| | (b) Employee benefits | 44,482 | 37,553 | 61,446 | 158,533 | 157,484 | 170,806 | 167,807 |
| | (c) Finance Costs | 21,785 | 22,791 | 24,991 | 92,232 | 107,322 | 92,264 | 107,344 |
| | (d) Depreciation & amortization | 35,490 | 34,692 | 35,271 | 140,589 | 138,840 | 147,910 | 146,175 |
| | (e) Other Expenses | 24,979 | 23,873 | 37,894 | 98,918 | 115,810 | 112,016 | 132,557 |
| | Total expenses (a+b+c+d+e) | 135,207 | 128,848 | 174,200 | 561,911 | 596,823 | 595,114 | 631,398 |
| 3 | **Profit/(loss) before Exceptional Items, Rate Regulated Activities, Tax & Share of profit (1-2)** | 8,236 | 77,828 | (13,701) | 280,592 | 276,061 | 290,146 | 381,191 |
| 4 | Exceptional items | - | - | - | - | - | - | - |
| 5 | **Profit/(loss) before tax , Rate Regulated Activities & Share of profit (3+4)** | 8,236 | 77,828 | (13,701) | 280,592 | 276,061 | 290,146 | 381,191 |
| 6 | **Share of net profit/(loss) from joint venture accounted for using equity method** | - | - | - | - | - | (8) | 274 |
| 7 | **Tax expense** | | | | | | | |
| | a) Current Tax | 6,996 | 14,947 | 177 | 63,468 | 70,656 | 82,302 | 100,660 |
| | b) Adjustments for Income Tax | (542) | (149) | (3,819) | (691) | (11,699) | (691) | (11,675) |
| | c) Deferred Tax | 3,371 | 11,333 | 6,457 | 13,932 | 8,944 | 4,674 | 16,456 |
| | **Total Tax expense (a+b+c)** | 9,825 | 26,131 | 2,815 | 76,709 | 67,901 | 86,285 | 105,441 |
| 8 | **Profit for the period before movements in Regulatory Deferral Account Balances** | (1,589) | 51,697 | (16,516) | 203,883 | 208,160 | 203,853 | 276,024 |
| 9 | Movement in Regulatory Deferral Account Balances (Net of Tax) | 20,531 | 17,096 | 33,358 | 71,982 | 71,399 | 73,617 | 72,009 |
| 10 | **Profit for the period from continuing operations (8+9)** | 18,942 | 68,793 | 16,842 | 275,865 | 279,559 | 277,470 | 348,033 |
| 11 | Other Comprehensive Income (Net of Tax) | | | | | | | |
| | (i) Items that will not be reclassified to profit or loss | (64) | (1,083) | (715) | 1,285 | (629) | 1,333 | (839) |
| | (ii) Items that will be reclassified to profit or loss | (345) | (769) | (439) | (697) | 1,396 | (697) | 1,396 |
| 12 | **Total Comprehensive Income for the period (10+11)** | 18,533 | 66,941 | 15,688 | 276,453 | 280,326 | 278,106 | 348,590 |
| 13 | **Net Profit attributable to** | | | | | | | |
| | a) Owners of the company | 18,942 | 68,793 | 16,842 | 275,865 | 279,559 | 250,390 | 302,942 |
| | b) Non-controlling interest | - | - | - | - | - | 27,080 | 45,091 |
| 14 | **Other comprehensive income attributable to** | | | | | | | |
| | a) Owners of the company | (409) | (1,852) | (1,154) | 588 | 767 | 613 | 659 |
| | b) Non-controlling interest | - | - | - | - | - | 23 | (102) |
| 15 | **Total comprehensive income attributable to** | | | | | | | |
| | a) Owners of the company | 18,533 | 66,941 | 15,688 | 276,453 | 280,326 | 251,003 | 303,601 |
| | b) Non-controlling interest | - | - | - | - | - | 27,103 | 44,989 |
| 16 | Paid-up equity share capital (of Face Value ₹ 10/- per share) | 1,025,932 | 1,025,932 | 1,025,932 | 1,025,932 | 1,025,932 | 1,025,932 | 1,025,932 |
| 17 | Reserves excluding Revaluation Reserves | | | | 1,806,883 | 1,668,281 | 1,975,858 | 1,875,550 |
| 18 | Net worth | | | | 2,832,815 | 2,694,213 | 3,001,790 | 2,901,482 |
| 19 | Paid-up debt capital ** | | | | 1,832,211 | 1,892,423 | 1,832,211 | 1,892,423 |
| 20 | Capital redemption reserve | | | | 204,142 | 204,142 | 204,142 | 204,142 |
| 21 | Debenture (Bond) redemption reserve | | | | 212,955 | 160,927 | 212,955 | 160,927 |
| 22 | **Earnings per share before movement in Regulatory Deferral Account Balances** | | | | | | | |
| | Basic & Diluted EPS (in ₹) | (0.02) | 0.50 | (0.15) | 1.99 | 1.88 | 1.72 | 2.09 |
| 23 | **Earnings per share after movement in Regulatory Deferral Account Balances** | | | | | | | |
| | Basic & Diluted EPS (in ₹) | 0.18 | 0.67 | 0.16 | 2.69 | 2.53 | 2.44 | 2.74 |
| 24 | Debt equity ratio | | | | 0.65 | 0.70 | 0.61 | 0.65 |
| 25 | Debt service coverage ratio (DSCR) | | | | 3.75 | 2.38 | 3.87 | 2.87 |
| 26 | Interest service coverage ratio (ISCR) | | | | 9.76 | 8.19 | 10.09 | 9.86 |

** Net Sales includes proportionate amount of Advance against Depreciation written back.*
*** Comprises long term debts including current maturities thereof.*

## STATEMENT OF ASSESTS AND LIABILITIES

(₹ In Lacs)

| PARTICULARS | Standalone | | Consolidated | |
|---|---|---|---|---|
| | As at 31st March, 2018 (Audited) | As at 31st March, 2017 (Audited) | As at 31st March, 2018 (Audited) | As at 31st March, 2017 (Audited) |
| **ASSETS** | | | | |
| **(1) NON-CURRENT ASSETS** | | | | |
| a) Property, Plant and Equipment | 1,906,644 | 2,003,858 | 1,925,406 | 2,023,844 |
| b) Capital Work In Progress | 1,881,396 | 1,735,013 | 1,908,712 | 1,758,759 |
| c) Investment Property | 449 | 449 | 449 | 449 |
| d) Intangible Assets | 92,338 | 93,414 | 191,869 | 198,420 |
| e) Investments accounted for using the equity method | | | 62,147 | 50,057 |
| f) **Financial Assets** | | | | |
| i) Investments | 220,956 | 210,032 | 50,329 | 51,941 |
| ii) Trade Receivables | 18,445 | - | 30,657 | 27,582 |
| iii) Loans | 33,988 | 36,096 | 36,041 | 38,187 |
| iv) Others | 191,523 | 186,383 | 584,495 | 618,662 |
| g) Non Current Tax Assets (Net) | 16,367 | 7,368 | 21,453 | 11,549 |
| h) Other Non Current Assets | 127,963 | 112,574 | 129,998 | 114,358 |
| **TOTAL NON CURRENT ASSETS** | 4,490,069 | 4,385,187 | 4,941,556 | 4,893,808 |
| **(2) CURRENT ASSETS** | | | | |
| a) Inventories | 9,577 | 9,164 | 10,468 | 10,080 |
| b) **Financial Assets** | | | | |
| i) Trade Receivables | 109,707 | 149,290 | 134,604 | 185,401 |
| ii) Cash & Cash Equivalents | 696 | 5,989 | 2,054 | 7,357 |
| iii) Bank balances other than Cash & Cash Equivalents | 146,543 | 147,325 | 329,852 | 339,889 |
| iv) Loans | 4,680 | 4,384 | 5,145 | 3,143 |
| v) Others | 191,942 | 185,825 | 216,809 | 223,817 |
| c) Current Tax Assets (Net) | 40 | 5,593 | 40 | 7,830 |
| d) Other Current Assets | 34,218 | 47,521 | 35,944 | 55,346 |
| **TOTAL CURRENT ASSETS** | 497,403 | 555,091 | 734,916 | 832,863 |
| (3) Regulatory Deferral Account Debit Balances | 360,046 | 290,432 | 362,291 | 291,042 |
| **TOTAL ASSETS AND REGULATORY DEFERRAL ACCOUNT DEBIT BALANCES** | 5,347,518 | 5,230,710 | 6,038,763 | 6,017,713 |

| PARTICULARS | As at 31st March, 2018 (Audited) | As at 31st March, 2017 (Audited) | As at 31st March, 2018 (Audited) | As at 31st March, 2017 (Audited) |
|---|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | | |
| **(1) EQUITY** | | | | |
| a) Equity Share Capital | 1,025,932 | 1,025,932 | 1,025,932 | 1,025,932 |
| b) Other Equity | 1,806,883 | 1,668,281 | 1,975,858 | 1,875,550 |
| **TOTAL EQUITY** | 2,832,815 | 2,694,213 | 3,001,790 | 2,901,482 |
| (2) Non Controlling Interest | | | 293,491 | 338,224 |
| **(3) LIABILITIES** | | | | |
| **NON-CURRENT LIABILITIES** | | | | |
| a) **Financial Liabilities** | | | | |
| i) Borrowings | 1,672,820 | 1,724,564 | 1,672,820 | 1,724,564 |
| ii) Other financial liabilities | 3,847 | 2,563 | 3,987 | 2,584 |
| b) Provisions | 2,547 | 48,693 | 4,066 | 50,558 |
| c) Deferred Tax Liabilities (Net) | 107,664 | 93,849 | 171,087 | 166,529 |
| d) Other non-current Liabilities | 162,500 | 147,247 | 285,337 | 277,796 |
| **TOTAL NON CURRENT LIABILITIES** | 1,949,378 | 2,016,916 | 2,137,297 | 2,222,031 |
| **(4) CURRENT LIABILITIES** | | | | |
| a) **Financial Liabilities** | | | | |
| i) Borrowings | 27,999 | 30,250 | 27,999 | 30,250 |
| ii) Trade Payables | | | | |
| Total outstanding dues of micro enterprises and small enterprises | 529 | 428 | 797 | 632 |
| Total outstanding dues of Creditors other than micro enterprises and small enterprises | 16,626 | 14,280 | 17,581 | 15,127 |
| iii) Other financial liabilities | 277,881 | 254,963 | 283,226 | 257,567 |
| b) Other Current Liabilities | 66,986 | 70,665 | 75,486 | 79,162 |
| c) Provisions | 175,304 | 148,995 | 200,385 | 173,238 |
| d) Current Tax Liabilities (Net) | - | - | 711 | - |
| **TOTAL CURRENT LIABILITIES** | 565,325 | 519,581 | 606,185 | 555,976 |
| **TOTAL EQUITY & LIABILITIES** | 5,347,518 | 5,230,710 | 6,038,763 | 6,017,713 |

NHPC

# NHPC LIMITED

(A Government of India Enterprise)
CIN: L40101HR1975GOI032564
SECTOR-33, FARIDABAD, HARYANA - 121 003

## STATEMENT OF AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31ST MARCH 2019

(Rs. in crore)

| | PARTICULARS | Standalone | | | | | Consolidated | |
|---|---|---|---|---|---|---|---|---|
| | | Quarter Ended | | | Year Ended | | Year Ended | |
| | | 31.03.2019 | 31.12.2018 | 31.03.2018 | 31.03.2019 | 31.03.2018 | 31.03.2019 | 31.03.2018 |
| | | Audited (Refer Note 20) | Unaudited | Audited (Refer Note 20) | Audited | | | |
| 1 | **Revenue** | | | | | | | |
| | (a) Revenue from Operations * | 1,950.34 | 1,573.73 | 1,137.34 | 8,161.18 | 6,938.22 | 8,982.87 | 7,755.43 |
| | (b ) Other Income | 235.91 | 117.49 | 268.73 | 924.78 | 1,420.55 | 863.94 | 1,030.23 |
| | **Total Revenue (a+b)** | 2,186.25 | 1,691.22 | 1,406.07 | 9,085.96 | 8,358.77 | 9,846.81 | 8,785.66 |
| 2 | **Expenses** | | | | | | | |
| | (a) Purchase of Power - Trading | 12.68 | - | - | 12.68 | - | 12.68 | - |
| | (b) Generation Expenses | 152.58 | 126.29 | 84.71 | 796.85 | 716.39 | 800.75 | 721.18 |
| | (c )Employee Benefits Expense | 440.23 | 551.32 | 433.22 | 1,704.65 | 1,535.89 | 1,849.93 | 1,657.93 |
| | (d) Finance Costs | 222.81 | 222.55 | 217.85 | 894.88 | 922.32 | 895.14 | 922.64 |
| | (e )Depreciation and Amortization Expense | 411.45 | 401.55 | 344.52 | 1,589.99 | 1,395.51 | 1,657.96 | 1,468.72 |
| | (f) Other Expenses | 361.70 | 297.96 | 233.03 | 1,165.53 | 972.36 | 1,319.60 | 1,103.73 |
| | **Total expenses (a+b+c+d+e+f)** | 1,601.45 | 1,599.67 | 1,313.33 | 6,164.58 | 5,542.47 | 6,536.06 | 5,874.20 |
| 3 | **Profit/(loss) before Exceptional items, Rate Regulated Activities, Tax & Share of profit (1-2)** | 584.80 | 91.55 | 92.74 | 2,921.38 | 2,816.30 | 3,310.75 | 2,911.46 |
| 4 | Exceptional items | - | - | - | - | - | - | - |
| 5 | **Profit/(loss) before tax, Rate Regulated Activities & Share of profit (3+4)** | 584.80 | 91.55 | 92.74 | 2,921.38 | 2,816.30 | 3,310.75 | 2,911.46 |
| 6 | **Share of net profit/(loss) from joint venture accounted for using equity method** | | | | | | 5.24 | (0.08) |
| 7 | **Tax expense** | | | | | | | |
| | a) Current Tax | 120.36 | 70.24 | 64.54 | 649.78 | 627.77 | 827.41 | 816.11 |
| | b) Deferred Tax | 542.20 | (91.58) | (332.93) | 464.45 | (518.17) | 496.21 | (561.22) |
| | **Total Tax expense (a+b)** | 662.56 | (21.34) | (268.39) | 1,114.23 | 109.60 | 1,323.62 | 254.89 |
| 8 | **Profit for the period before movements in Regulatory Deferral Account Balances** | (77.76) | 112.89 | 361.13 | 1,807.15 | 2,706.70 | 1,992.37 | 2,656.49 |
| 9 | Movement in Regulatory Deferral Account Balances (Net of Tax) | 570.05 | 69.29 | (161.33) | 823.40 | 62.33 | 843.42 | 128.21 |
| 10 | **Profit for the period from continuing operations (8+9)** | 492.29 | 182.18 | 199.80 | 2,630.55 | 2,769.03 | 2,835.79 | 2,784.70 |
| 11 | Other Comprehensive Income (Net of Tax) | | | | | | | |
| | (a) Items that will not be reclassified to profit or loss | (27.98) | 33.33 | (0.64) | (14.78) | 12.85 | (15.04) | 13.33 |
| | (b) Items that will be reclassified to profit or loss | 2.22 | 9.07 | (3.45) | 2.37 | (6.97) | 2.37 | (6.97) |
| | **Total Other Comprehensive Income (a+b)** | (25.76) | 42.40 | (4.09) | (12.41) | 5.88 | (12.67) | 6.36 |
| 12 | **Total Comprehensive Income for the period (10+11)** | 466.53 | 224.58 | 195.71 | 2,618.14 | 2,774.91 | 2,823.12 | 2,791.06 |
| 13 | **Net Profit attributable to** | | | | | | | |
| | a) Owners of the company | 492.29 | 182.18 | 199.80 | 2,630.55 | 2,769.03 | 2,595.61 | 2,513.90 |
| | b) Non-controlling interest | - | - | - | - | - | 240.18 | 270.80 |
| 14 | **Other comprehensive income attributable to** | | | | | | | |
| | a) Owners of the company | (25.76) | 42.40 | (4.09) | (12.41) | 5.88 | (12.55) | 6.13 |
| | b) Non-controlling interest | - | - | - | - | - | (0.12) | 0.23 |
| 15 | **Total comprehensive income attributable to** | | | | | | | |
| | a) Owners of the company | 466.53 | 224.58 | 195.71 | 2,618.14 | 2,774.91 | 2,583.06 | 2,520.03 |
| | b) Non-controlling interest | - | - | - | - | - | 240.06 | 271.03 |
| 16 | Paid-up equity share capital (of Face Value ₹ 10/- per share) | 10,045.03 | 10,259.32 | 10,259.32 | 10,045.03 | 10,259.32 | 10,045.03 | 10,259.32 |
| 17 | Reserves excluding Revaluation Reserves | | | | 19,169.70 | 18,092.50 | 20,752.78 | 19,781.87 |
| 18 | Net worth | | | | 29,214.73 | 28,351.82 | 30,797.81 | 30,041.19 |
| 19 | Paid-up debt capital ** | | | | 20,666.99 | 18,322.11 | 20,666.99 | 18,322.11 |
| 20 | Capital redemption reserve | | | | 2,255.71 | 2,041.42 | 2,255.71 | 2,041.42 |
| 21 | Debenture (Bond) redemption reserve | | | | 2,193.35 | 2,129.55 | 2,193.35 | 2,129.55 |
| | **Earning per share (Basic and Diluted) (Equity shares, face value of ₹ 10/- each)** | | | | | | | |
| | - Before movements in Regulatory Deferral Account Balances (in ₹) | (0.07) | 0.11 | 0.35 | 1.77 | 2.64 | 1.71 | 2.33 |
| | - After movements in Regulatory Deferral Account Balances (in ₹) | 0.49 | 0.18 | 0.19 | 2.57 | 2.70 | 2.54 | 2.45 |
| 23 | Debt equity ratio | | | | 0.71 | 0.65 | 0.67 | 0.61 |
| 24 | Debt service coverage ratio (DSCR) | | | | 3.35 | 3.30 | 3.61 | 3.46 |
| 25 | Interest service coverage ratio (ISCR) | | | | 7.68 | 8.59 | 8.28 | 9.01 |

* **Revenue from operations includes proportionate amount of Advance against Depreciation written back.**
** **Comprises long term debts including current maturities thereof.**

ARORA VOHRA & CO. JAMMU Chartered Accountants

DSP & ASSOCIATES FRN:006791N NEW DELHI CHARTERED ACCOUNTANTS

LODHA & CO. Kolkata Chartered Accountants

STATEMENT OF ASSETS AND LIABILITIES

(Rs. In crore)

| PARTICULARS | Standalone | | | Consolidated | | |
|---|---|---|---|---|---|---|
| | As at 31st March, 2019 (Audited) | As at 31st March, 2018 (Audited) | As at 1st April, 2017 (Audited) | As at 31st March, 2019 (Audited) | As at 31st March, 2018 (Audited) | As at 1st April, 2017 (Audited) |
| **ASSETS** | | | | | | |
| **(1) NON-CURRENT ASSETS** | | | | | | |
| a) Property, Plant and Equipment | 22,940.69 | 19,090.11 | 20,051.87 | 23,116.24 | 19,277.73 | 20,251.73 |
| b) Capital Work In Progress | 14,898.11 | 18,813.96 | 17,350.13 | 15,036.80 | 19,086.74 | 17,587.59 |
| c) Investment Property | 4.49 | 4.49 | 4.49 | 4.49 | 4.49 | 4.49 |
| d) Intangible Assets | 906.66 | 923.38 | 934.14 | 1,855.90 | 1,918.69 | 1,984.20 |
| e) Investments accounted for using the equity method | | | | 792.65 | 621.47 | 500.57 |
| f) **Financial Assets** | | | | | | |
| i) Investments | 2,361.66 | 2,209.56 | 2,100.32 | 490.20 | 503.29 | 519.41 |
| ii) Trade Receivables | 61.51 | 184.45 | - | 61.51 | 306.57 | 275.82 |
| iii) Loans | 746.41 | 701.74 | 685.82 | 770.08 | 724.31 | 708.77 |
| iv) Others | 3,467.16 | 1,571.42 | 1,566.99 | 7,453.54 | 5,501.15 | 5,889.79 |
| g) Non Current Tax Assets (Net) | 131.95 | 163.67 | 73.68 | 145.87 | 214.53 | 115.49 |
| h) Other Non Current Assets | 2,021.35 | 1,797.64 | 1,097.72 | 2,034.11 | 1,815.94 | 1,113.51 |
| **TOTAL NON CURRENT ASSETS** | **47,539.99** | **45,460.42** | **43,865.16** | **51,761.39** | **49,974.91** | **48,951.37** |
| **(2) CURRENT ASSETS** | | | | | | |
| a) Inventories | 117.14 | 95.77 | 91.64 | 125.18 | 104.68 | 100.80 |
| b) **Financial Assets** | | | | | | |
| i) Trade Receivables | 2,623.09 | 1,097.07 | 1,492.90 | 2,838.00 | 1,346.04 | 1,854.01 |
| ii) Cash and Cash Equivalents | 30.72 | 6.96 | 59.89 | 43.72 | 20.54 | 73.57 |
| iii) Bank balances other than Cash and Cash Equivalents | 359.91 | 1,465.43 | 1,473.25 | 2,201.53 | 3,298.52 | 3,398.89 |
| iv) Loans | 45.18 | 47.97 | 161.24 | 48.81 | 52.61 | 148.83 |
| v) Others | 1,984.26 | 1,383.36 | 1,858.25 | 2,243.10 | 1,632.03 | 2,238.17 |
| c) Current Tax Assets (Net) | 61.22 | 0.40 | 55.93 | 111.85 | 0.40 | 78.30 |
| d) Other Current Assets | 355.25 | 341.01 | 357.81 | 372.73 | 358.28 | 436.06 |
| **TOTAL CURRENT ASSETS** | **5,576.77** | **4,437.97** | **5,550.91** | **7,984.92** | **6,813.10** | **8,328.63** |
| (3) Regulatory Deferral Account Debit Balances | 6,492.61 | 5,669.21 | 5,630.56 | 6,979.14 | 6,135.72 | 6,031.03 |
| **TOTAL ASSETS AND REGULATORY DEFERRAL ACCOUNT DEBIT BALANCES** | **59,609.37** | **55,567.60** | **55,046.63** | **66,725.45** | **62,923.73** | **63,311.03** |

| PARTICULARS | As at 31st March, 2019 (Audited) | As at 31st March, 2018 (Audited) | As at 1st April, 2017 (Audited) | As at 31st March, 2019 (Audited) | As at 31st March, 2018 (Audited) | As at 1st April, 2017 (Audited) |
|---|---|---|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | | | | |
| **(1) EQUITY** | | | | | | |
| a) Equity Share Capital | 10,045.03 | 10,259.32 | 10,259.32 | 10,045.03 | 10,259.32 | 10,259.32 |
| b) Other Equity | 19,169.70 | 18,092.50 | 16,696.10 | 20,752.78 | 19,781.87 | 18,768.79 |
| **TOTAL EQUITY** | **29,214.73** | **28,351.82** | **26,955.42** | **30,797.81** | **30,041.19** | **29,028.11** |
| **(2) NON - CONTROLLING INTEREST** | | | | **2,868.47** | **2,934.91** | **3,382.24** |
| **(3) LIABILITIES** | | | | | | |
| **NON-CURRENT LIABILITIES** | | | | | | |
| a) **Financial Liabilities** | | | | | | |
| i) Borrowings | 17,044.63 | 16,728.20 | 17,245.64 | 17,044.63 | 16,728.20 | 17,245.64 |
| ii) Other financial liabilities | 2,058.64 | 38.47 | 25.63 | 2,059.44 | 39.87 | 25.84 |
| b) Provisions | 26.82 | 25.47 | 486.93 | 46.94 | 40.66 | 505.58 |
| c) Deferred Tax Liabilities (Net) | 3,610.63 | 3,145.39 | 3,664.73 | 4,720.68 | 4,223.68 | 4,785.90 |
| d) Other non-current Liabilities | 1,824.98 | 1,625.00 | 1,472.47 | 2,986.06 | 2,853.37 | 2,777.96 |
| **TOTAL NON CURRENT LIABILITIES** | **24,565.70** | **21,562.53** | **22,895.40** | **26,857.75** | **23,885.78** | **25,340.92** |
| **(4) CURRENT LIABILITIES** | | | | | | |
| a) **Financial Liabilities** | | | | | | |
| i) Borrowings | 406.00 | 279.99 | 302.50 | 416.00 | 279.99 | 302.50 |
| ii) Trade Payables | | | | | | |
| Total outstanding dues of micro enterprises and small enterprises | 15.74 | 5.29 | 4.28 | 19.38 | 7.97 | 6.32 |
| Total outstanding dues of Creditors other than micro enterprises and small enterprises | 164.44 | 176.57 | 160.52 | 176.89 | 192.13 | 171.04 |
| iii) Other financial liabilities | 2,846.92 | 2,768.50 | 2,531.91 | 2,896.72 | 2,815.94 | 2,555.90 |
| b) Other Current Liabilities | 1,066.47 | 669.86 | 706.65 | 1,158.04 | 754.86 | 791.62 |
| c) Provisions | 1,329.37 | 1,753.04 | 1,489.95 | 1,534.39 | 2,003.85 | 1,732.38 |
| d) Current Tax Liabilities (Net) | - | - | - | - | 7.11 | - |
| **TOTAL CURRENT LIABILITIES** | **5,828.94** | **5,653.25** | **5,195.81** | **6,201.42** | **6,061.85** | **5,559.76** |
| **TOTAL EQUITY AND LIABILITIES** | **59,609.37** | **55,567.60** | **55,046.63** | **66,725.45** | **62,923.73** | **63,311.03** |

ARORA VOHRA & CO. JAMMU Chartered Accountants

GSP & ASSOCIATES FRN:008701N NEW DELHI CHARTERED ACCOUNTANTS

LODHA & CO. Kolkata Chartered Accountants

**NHPC LIMITED**
**(A Government of India Enterprise)**
**CIN: L40101HR1975GOI032564**
**SECTOR-33, FARIDABAD, HARYANA - 121003**

**STATEMENT OF STANDALONE AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31ST MARCH 2020**

(Rs. in crore)

| S.No | PARTICULARS | Quarter Ended | | | Year Ended | |
|---|---|---|---|---|---|---|
| | | 31.03.2020 | 31.12.2019 | 31.03.2019 | 31.3.2020 | 31.03.2019 |
| | | Audited (Refer Note 14) | Unaudited | Audited (Refer Note 14) | Audited | Audited |
| 1 | **Income** | | | | | |
| | (a) Revenue from Operations | 1,913.62 | 1,795.07 | 1,950.34 | 8,735.41 | 8,161.18 |
| | (b ) Other Income | 384.95 | 64.92 | 235.91 | 1,036.18 | 924.78 |
| | **Total Income (a+b)** | **2,298.57** | **1,859.99** | **2,186.25** | **9,771.59** | **9,085.96** |
| 2 | **Expenses** | | | | | |
| | (a) Purchase of Power - Trading | 151.12 | 42.69 | 12.68 | 234.13 | 12.68 |
| | (b) Generation Expenses | 166.05 | 158.11 | 152.58 | 901.67 | 796.85 |
| | (c )Employee Benefits Expense | 382.59 | 399.34 | 440.23 | 1,515.52 | 1,704.65 |
| | (d) Finance Costs | 151.18 | 155.63 | 222.81 | 795.42 | 894.88 |
| | (e )Depreciation and Amortization Expense | 385.76 | 387.32 | 411.45 | 1,545.34 | 1,589.99 |
| | (f) Other Expenses | 654.45 | 267.13 | 361.70 | 1,514.95 | 1,165.53 |
| | Total expenses (a+b+c+d+e+f) | **1,891.15** | **1,410.22** | **1,601.45** | **6,507.03** | **6,164.58** |
| 3 | **Profit before Exceptional items, Rate Regulated Activities and Tax (1-2)** | **407.42** | **449.77** | **584.80** | **3,264.56** | **2,921.38** |
| 4 | Exceptional items | - | - | - | - | - |
| 5 | **Profit before tax and Rate Regulated Activities (3+4)** | **407.42** | **449.77** | **584.80** | **3,264.56** | **2,921.38** |
| 6 | **Tax expenses** | | | | | |
| | a) Current Tax | 116.28 | 62.54 | 120.36 | 602.40 | 649.78 |
| | b) Deferred Tax | (51.11) | (14.71) | 542.20 | (1.40) | 464.45 |
| | **Total Tax expense (a+b)** | **65.17** | **47.83** | **662.56** | **601.00** | **1,114.23** |
| 7 | **Profit for the period before movements in Regulatory Deferral Account Balances (5-6)** | **342.25** | **401.94** | **(77.76)** | **2,663.56** | **1,807.15** |
| 8 | Movement in Regulatory Deferral Account Balances (Net of Tax) | 40.66 | 1.72 | 570.05 | 343.61 | 823.40 |
| 9 | **Profit for the period (7+8)** | **382.91** | **403.66** | **492.29** | **3,007.17** | **2,630.55** |
| 10 | Other Comprehensive Income | | | | | |
| | **(i) Items that will not be reclassified to profit or loss (Net of Tax)** | | | | | |
| | (a) Remeasurement of the post employment defined benefit obligations | 74.50 | (12.33) | (3.59) | 37.51 | 1.15 |
| | Less:- Movement in Regulatory Deferral Account Balances in respect of tax on defined benefit obligations | (5.00) | 4.27 | 1.21 | 8.14 | (0.55) |
| | **Sub total (a)** | **79.50** | **(16.60)** | **(4.80)** | **29.37** | **1.70** |
| | (b) Investment in Equity Instruments | (21.64) | 0.31 | (23.18) | (42.09) | (16.48) |
| | **Sub total (b)** | **(21.64)** | **0.31** | **(23.18)** | **(42.09)** | **(16.48)** |
| | **Total (i)=(a)+(b)** | **57.86** | **(16.29)** | **(27.98)** | **(12.72)** | **(14.78)** |
| | **(ii) Items that will be reclassified to profit or loss (Net of Tax)** | | | | | |
| | - Investment in Debt Instruments | 5.60 | (0.88) | 2.22 | 12.10 | 2.37 |
| | **Total (ii)** | **5.60** | **(0.88)** | **2.22** | **12.10** | **2.37** |
| | **Other Comprehensive Income (i+ii)** | **63.46** | **(17.17)** | **(25.76)** | **(0.62)** | **(12.41)** |
| 11 | **Total Comprehensive Income for the period (9+10)** | **446.37** | **386.49** | **466.53** | **3,006.55** | **2,618.14** |
| 12 | Paid-up equity share capital (of Face Value ₹ 10/- per share) | 10,045.03 | 10,045.03 | 10,045.03 | 10,045.03 | 10,045.03 |
| 13 | Reserves excluding Revaluation Reserves | | | | 19,938.78 | 19,169.70 |
| 14 | Net worth | | | | 29,983.81 | 29,214.73 |
| 15 | Paid-up debt capital * | | | | 24,526.72 | 20,666.99 |
| 16 | Capital redemption reserve | | | | 2,255.71 | 2,255.71 |
| 17 | Debenture (Bond) redemption reserve | | | | 1,948.38 | 2,193.35 |
| 18 | **Earning per share (Basic and Diluted)** **(Equity shares, face value of ₹ 10/- each)** | | | | | |
| | - Before movements in Regulatory Deferral Account Balances (in ₹) | 0.34 | 0.40 | (0.07) | 2.65 | 1.77 |
| | - After movements in Regulatory Deferral Account Balances (in ₹) | 0.38 | 0.40 | 0.49 | 2.99 | 2.57 |
| 19 | Debt equity ratio | | | | 0.82 | 0.71 |
| 20 | Debt service coverage ratio (DSCR) | | | | 3.41 | 3.35 |
| 21 | Interest service coverage ratio (ISCR) | | | | 7.53 | 7.68 |

*** Comprises long term debts including current maturities thereof.**

Statement of Standalone Assets and Liabilities and Statement of Standalone Cash Flows are attached as Annexure-I and Annexure-II respectively.

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**Annexure-I**

## STATEMENT OF STANDALONE ASSETS AND LIABILITIES

(Rs. in crore)

| PARTICULARS | As at 31st March, 2020 (Audited) | As at 31st March, 2019 (Audited) |
|---|---|---|
| **ASSETS** | | |
| **(1) NON-CURRENT ASSETS** | | |
| a) Property, Plant and Equipment | 21,463.33 | 22,940.69 |
| b) Capital Work In Progress | 16,097.65 | 14,898.11 |
| c) Right Of Use Assets | 1,826.98 | - |
| d) Investment Property | 4.49 | 4.49 |
| e) Intangible Assets | 0.72 | 906.66 |
| f) **Financial Assets** | | |
| i) Investments | 3,400.74 | 2,361.66 |
| ii) Trade Receivables | - | 61.51 |
| iii) Loans | 798.65 | 746.41 |
| iv) Others | 3,435.91 | 3,467.16 |
| g) Non Current Tax Assets (Net) | 138.90 | 131.95 |
| h) Other Non Current Assets | 3,023.61 | 2,021.35 |
| **TOTAL NON CURRENT ASSETS** | **50,190.98** | **47,539.99** |
| **(2) CURRENT ASSETS** | | |
| a) Inventories | 118.24 | 117.14 |
| b) **Financial Assets** | | |
| i) Trade Receivables | 3,818.34 | 2,623.09 |
| ii) Cash and Cash Equivalents | 8.87 | 12.04 |
| iii) Bank balances other than Cash and Cash Equivalents | 380.25 | 378.59 |
| iv) Loans | 46.03 | 45.18 |
| v) Others | 2,699.74 | 1,984.26 |
| c) Current Tax Assets (Net) | 86.95 | 61.22 |
| d) Other Current Assets | 427.90 | 355.25 |
| **TOTAL CURRENT ASSETS** | **7,586.32** | **5,576.77** |
| (3) Regulatory Deferral Account Debit Balances | 6,836.22 | 6,492.61 |
| **TOTAL ASSETS AND REGULATORY DEFERRAL ACCOUNT DEBIT BALANCES** | **64,613.52** | **59,609.37** |
| **PARTICULARS** | **As at 31st March, 2020 (Audited)** | **As at 31st March, 2019 (Audited)** |
| **EQUITY AND LIABILITIES** | | |
| **(1) EQUITY** | | |
| a) Equity Share Capital | 10,045.03 | 10,045.03 |
| b) Other Equity | 19,938.78 | 19,169.70 |
| **TOTAL EQUITY** | **29,983.81** | **29,214.73** |
| **(2) LIABILITIES** | | |
| **NON-CURRENT LIABILITIES** | | |
| a) **Financial Liabilities** | | |
| i) Borrowings | 20,889.74 | 17,044.63 |
| ii) Other financial liabilities | 2,059.23 | 2,058.64 |
| b) Provisions | 27.66 | 26.82 |
| c) Deferred Tax Liabilities (Net) | 3,641.19 | 3,610.63 |
| d) Other non-current Liabilities | 2,082.65 | 1,824.98 |
| **TOTAL NON CURRENT LIABILITIES** | **28,700.47** | **24,565.70** |
| **(3) CURRENT LIABILITIES** | | |
| a) **Financial Liabilities** | | |
| i) Borrowings | 714.31 | 406.00 |
| ii) Trade Payables | | |
| Total outstanding dues of micro enterprises and small enterprises | 18.85 | 15.74 |
| Total outstanding dues of Creditors other than micro enterprises and small enterprises | 285.41 | 164.44 |
| iii) Other financial liabilities | 2,879.70 | 2,846.92 |
| b) Other Current Liabilities | 802.81 | 1,066.47 |
| c) Provisions | 1,228.16 | 1,329.37 |
| d) Current Tax Liabilities (Net) | - | - |
| **TOTAL CURRENT LIABILITIES** | **5,929.24** | **5,828.94** |
| **TOTAL EQUITY AND LIABILITIES** | **64,613.52** | **59,609.37** |

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Chartered Accountants

NHPC NHPC

# NHPC LIMITED

*(A Government of India Enterprise)*

ANNEXURE-II

CIN: L40101HR1975GOI032564

## STATEMENT OF STANDALONE CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2020

(₹ in crore)

| | For the year ended 31st March, 2020 | | For the year ended 31st March, 2019 | |
|---|---|---|---|---|
| **A. CASH FLOW FROM OPERATING ACTIVITIES** | | | | |
| **Profit before tax for the year including movements in Regulatory Deferral Account Balance** | | 3608.17 | | 3744.78 |
| Less: Movement in Regulatory Deferral Account Balances | | 343.61 | | 823.40 |
| **Profit before Tax** | | 3264.56 | | 2921.38 |
| ADD : | | | | |
| Depreciation and Amortisation | 1545.34 | | 1589.99 | |
| Finance Costs | 795.42 | | 884.88 | |
| Provisions (Net Loss) | 155.17 | | 107.15 | |
| Tariff Adjustment (loss) | - | | 45.47 | |
| Sales adjustment on account of Exchange Rate Variation | 42.94 | | 92.34 | |
| Loss/(Profit) on sale of assets/Claims written off | 2.51 | | (1.20) | |
| | | 2541.38 | | 2728.58 |
| | | 5805.94 | | 5649.96 |
| LESS : | | | | |
| Advance against Depreciation written back | 44.72 | | 60.72 | |
| Provisions (Net gain) | 5.22 | | 30.77 | |
| Dividend Income | 489.97 | | 282.47 | |
| Interest Income | 162.16 | | 165.61 | |
| Exchange rate variation | (50.15) | | 3.18 | |
| Fair Value Adjustments | (1.42) | | (2.84) | |
| Amortisation of Government Grants | 29.95 | | 24.20 | |
| | | 680.45 | | 564.11 |
| **Cash flow from Operating Activities before Operating Assets and Liabilities adjustments and Taxes** | | 5125.49 | | 5085.85 |
| **Changes in Operating Assets and Liabilities:** | | | | |
| Inventories | (1.33) | | (21.44) | |
| Trade Receivables | (1778.85) | | (2107.81) | |
| Other Financial Assets, Loans and Advances | (75.91) | | (878.83) | |
| Other Financial Liabilities and Provisions | (160.87) | | 2038.89 | |
| | | (2016.96) | | (969.19) |
| **Cash flow from operating activities before taxes** | | 3108.53 | | 4116.66 |
| Less : Taxes Paid | | 635.08 | | 676.90 |
| **NET CASH FLOW FROM OPERATING ACTIVITIES (A)** | | 2473.45 | | 3439.76 |
| **B. CASH FLOW FROM INVESTING ACTIVITIES** | | | | |
| Property, Plant and Equipment, Other Intangible Assets & Expenditure on construction projects (including expenditure attributable to construction forming part of Capital Work in Progress for the year) - **Net of Grant** | | (2708.71) | | (1492.48) |
| Sale of Assets | | 0.62 | | 0.92 |
| Investment in Joint Venture | | (140.45) | | (100.00) |
| Investment in Subsidiaries | | (924.70) | | - |
| Dividend Income | | 489.97 | | 282.47 |
| Interest Income | | 127.05 | | 144.14 |
| **NET CASH USED IN INVESTING ACTIVITIES (B)** | | (3156.32) | | (1164.95) |
| **C. CASH FLOW FROM FINANCING ACTIVITIES** | | | | |
| Buyback of Equity Shares (including Premium Payment) | | - | | (606.20) |
| Dividend and Tax on Dividend Paid | | (2237.47) | | (1149.03) |
| Proceeds from Borrowings | | 5967.71 | | 2578.00 |
| Repayment of Borrowings | | (1715.05) | | (1877.16) |
| Interest and Finance Charges | | (1332.22) | | (1215.12) |
| Repayment of Lease Liability | | (3.27) | | - |
| **NET CASH FROM/USED IN FINANCING ACTIVITIES (C)** | | 679.70 | | (2269.51) |
| **D. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)** | | (3.17) | | 5.30 |
| **Cash and Cash Equivalents at the beginning of the year** | | 12.04 | | 6.74 |
| **Cash and Cash Equivalents at the close of the year** | | 8.87 | | 12.04 |

The above Statement of Cash Flows is prepared in accordance with the Indirect method prescribed in Ind AS 7 - "Statement of Cash Flows".

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## EXPLANATORY NOTES TO STATEMENT OF CASH FLOWS

1 Cash and Cash equivalents consists of Cash in hand, cheques/drafts in hands and Bank Balances including Short Term Deposits with original maturity of less than three months The details of Cash and Cash equivalents is as under:

(₹ in crore)

| | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| Cash and Cash equivalents | 8.87 | 12.04 |

2 Earmarked balances with banks amounting to Rs. 18.68 Crores as on 31.03.2019 included under Cash and Cash Equivalents has been reclassified to Bank Balances other than Cash and Cash Equivalents. Accordingly the Cash and Cash Equivalents as on 31.03.2019 has been changed from Rs. 30.72 Crore to Rs. 12.04 Crore.

3 Interest and finance charges in Cash Flow from Financing Activities includes borrowing cost of ₹ 482.90 Crore (Previous year ₹ 385.28 Crore) capitalised during the period on account of Expenditure attributable to construction (EAC).

4 Amount of undrawn loan as on 31.03.2020 . ₹ 025.00 Crore (Previous Year ₹ 819.00 Crore).

5 Company has incurred ₹ 122.57 Crore in cash on account of Corporate Social Responsibility (CSR) expenditure during the year ended 31.03.2020 (Previous Year ₹ 18.72 Crore)

6 Net debt reconciliation:-

(₹ in crore)

| | 31-03-2020 | 31-03-2019 |
|---|---|---|
| Cash and Cash Equivalents | 8.87 | 12.04 |
| Current Borrowings | (714.31) | (406.00) |
| Non current Borrowings | (23135.70) | (19234.76) |
| Lease Liability | (13.91) | - |
| Net Debt | (23858.06) | (19628.72) |

(₹ in crore)

| Particulars | Other assets | Liabilities from Financing Activities | | | |
|---|---|---|---|---|---|
| | Cash & Cash Equivalents | Non-current borrowings | Lease Liability | Current borrowings | Total |
| Net debt as at 31st March' 2018 | 8.74 | (18894.59) | - | (280.00) | (19167.86) |
| Cash flows | 5.30 | (574.83) | - | (126.01) | (695.54) |
| Lease Liability | - | - | - | - | - |
| Foreign exchange adjustments | - | (22.69) | - | - | (22.69) |
| Interest expense | - | (1201.37) | - | (5.83) | (1207.20) |
| Interest paid | - | 1188.87 | - | 5.84 | 1194.71 |
| Fair value adjustments | - | 269.85 | - | - | 269.85 |
| Net debt as at 31st March' 2019 | 12.04 | (19234.76) | - | (406.00) | (19628.72) |

(₹ in crore)

| Particulars | Other assets | Liabilities from Financing Activities | | | |
|---|---|---|---|---|---|
| | Cash & Cash Equivalents | Non-current borrowings | Lease Liability | Current borrowings | Total |
| Net debt as at 31st March' 2019 | 12.04 | (19234.76) | 0.00 | (406.00) | (19628.72) |
| Lease recognised under Ind AS 116 as on 01/04/2019 | - | - | (14.90) | - | (14.90) |
| Cash flows | (3.17) | (3944.34) | 3.27 | (308.31) | (4252.55) |
| Lease Liability | - | - | (2.28) | - | (2.28) |
| Foreign exchange adjustments | - | (120.23) | - | - | (120.23) |
| Interest expense | - | (1320.31) | (1.17) | (15.93) | (1337.41) |
| Interest paid | - | 1262.20 | 1.17 | 15.93 | 1279.30 |
| Fair value adjustments | - | 218.74 | - | - | 218.74 |
| Net debt as at 31st March' 2020 | 8.87 | (23138.70) | (13.91) | (714.31) | (23858.06) |

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# NHPC LIMITED
(A Government of India Enterprise)
CIN: L40101HR1975GOI032564
SECTOR-33, FARIDABAD, HARYANA - 121 003

## STATEMENT OF CONSOLIDATED AUDITED FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31ST MARCH 2020

(Rs. in crore)

| S.No | PARTICULARS | Quarter Ended | | | Year Ended | |
|---|---|---|---|---|---|---|
| | | 31.03.2020 | 31.12.2019 | 31.03.2019 | 31.3.2020 | 31.03.2019 |
| | | Audited (Refer Note 15) | Unaudited | Audited (Refer Note 15) | Audited | Audited |
| 1 | Income | | | | | |
| | (a) Revenue from Operations | 2,170.41 | 2,159.29 | 2,158.41 | 10,008.07 | 8,982.87 |
| | (b) Other Income | 211.95 | 120.16 | 291.67 | 768.57 | 863.94 |
| | Total Income (a+b) | 2,382.36 | 2,279.45 | 2,450.08 | 10,776.64 | 9,846.81 |
| 2 | Expenses | | | | | |
| | (a) Purchase of Power - Trading | 151.12 | 42.69 | 12.68 | 234.13 | 12.68 |
| | (b) Generation Expenses | 166.43 | 156.23 | 152.83 | 904.33 | 800.75 |
| | (c) Employee Benefits Expense | 424.92 | 442.48 | 458.07 | 1,676.09 | 1,849.93 |
| | (d) Finance Costs | 151.53 | 155.69 | 222.88 | 795.98 | 895.14 |
| | (e) Depreciation and Amortization Expense | 403.01 | 404.50 | 428.64 | 1,614.04 | 1,657.96 |
| | (f) Other Expenses | 716.25 | 309.11 | 416.96 | 1,699.39 | 1,319.60 |
| | Total expenses (a+b+c+d+e+f) | 2,013.26 | 1,510.70 | 1,692.06 | 6,923.96 | 6,536.06 |
| 3 | Profit before Exceptional items, Rate Regulated Activities, Tax and Share of profit (1-2) | 369.10 | 768.75 | 758.02 | 3,852.68 | 3,310.75 |
| 4 | Exceptional items | - | - | - | - | - |
| 5 | Profit before tax, Rate Regulated Activities and Share of profit (3+4) | 369.10 | 768.75 | 758.02 | 3,852.68 | 3,310.75 |
| 6 | Share of net profit from joint venture accounted for using equity method | 0.60 | (0.25) | 1.23 | 3.04 | 5.24 |
| 7 | Tax expenses | | | | | |
| | a) Current Tax | 165.42 | 201.39 | 165.88 | 897.74 | 827.41 |
| | b) Deferred Tax | 57.79 | (683.34) | 559.91 | (607.24) | 496.21 |
| | Total Tax expense (a+b) | 223.21 | (481.95) | 725.79 | 290.50 | 1,323.62 |
| 8 | Profit for the period before movements in Regulatory Deferral Account Balances (5+6-7) | 146.49 | 1,250.45 | 33.46 | 3,565.22 | 1,992.37 |
| 9 | Movement in Regulatory Deferral Account Balances (Net of Tax) | 92.15 | (611.32) | 569.45 | (240.50) | 843.42 |
| 10 | Profit for the period (8+9) | 238.64 | 639.13 | 602.91 | 3,324.72 | 2,835.79 |
| 11 | Other Comprehensive Income | | | | | |
| | (i) Items that will not be reclassified to profit or loss (Net of Tax) | | | | | |
| | (a) Remeasurement of the post employment defined benefit obligations | 73.50 | (12.39) | (3.99) | 36.29 | 0.99 |
| | Less: Movement in Regulatory Deferral Account Balances in respect of tax on defined benefit obligations | (4.31) | 4.28 | 1.42 | 8.80 | (0.46) |
| | Share of Other Comprehensive income of Joint Ventures accounted for using the equity method | - | - | - | (0.01) | (0.01) |
| | Sub total (a) | 77.81 | (16.67) | (5.41) | 27.48 | 1.44 |
| | (b) Investment in Equity Instruments | (21.64) | 0.31 | (23.18) | (42.09) | (16.48) |
| | Sub total (b) | (21.64) | 0.31 | (23.18) | (42.09) | (16.48) |
| | Total (i)=(a)+(b) | 56.17 | (16.36) | (28.59) | (14.61) | (15.04) |
| | (ii) Items that will be reclassified to profit or loss (Net of Tax) | | | | | |
| | - Investment in Debt Instruments | 5.60 | (0.88) | 2.23 | 12.10 | 2.37 |
| | Total (ii) | 5.60 | (0.88) | 2.23 | 12.10 | 2.37 |
| | Other Comprehensive Income (i+ii) | 61.77 | (17.24) | (26.36) | (2.51) | (12.67) |
| 12 | Total Comprehensive Income for the period (10+11) | 300.41 | 621.89 | 576.55 | 3,322.21 | 2,823.12 |
| 13 | Net Profit attributable to | | | | | |
| | a) Owners of the company | 147.21 | 510.13 | 542.44 | 2,874.61 | 2,595.61 |
| | b) Non-controlling interest | 91.43 | 129.00 | 60.47 | 450.11 | 240.18 |
| 14 | Other comprehensive income attributable to | | | | | |
| | a) Owners of the company | 62.60 | (17.21) | (26.07) | (1.59) | (12.55) |
| | b) Non-controlling interest | (0.83) | (0.03) | (0.29) | (0.92) | (0.12) |
| 15 | Total comprehensive income attributable to | | | | | |
| | a) Owners of the company | 209.81 | 492.92 | 516.37 | 2,873.02 | 2,583.06 |
| | b) Non-controlling interest | 90.60 | 128.97 | 60.18 | 449.19 | 240.06 |
| 16 | Paid-up equity share capital (of Face Value ₹ 10/- per share) | 10,045.03 | 10,045.03 | 10,045.03 | 10,045.03 | 10,045.03 |
| 17 | Reserves excluding Revaluation Reserves | | | | 21,325.58 | 20,752.78 |
| 18 | Net worth | | | | 31,370.61 | 30,797.81 |
| 19 | Paid-up debt capital * | | | | 24,529.29 | 20,666.99 |
| 20 | Capital redemption reserve | | | | 2,255.71 | 2,255.71 |
| 21 | Debenture (Bond) redemption reserve | | | | 1,948.38 | 2,193.35 |
| 22 | Earning per share (Basic and Diluted) (Equity shares, face value of ₹ 10/- each) | | | | | |
| | - Before movements in Regulatory Deferral Account Balances (in ₹) | 0.05 | 1.12 | (0.02) | 3.10 | 1.71 |
| | - After movements in Regulatory Deferral Account Balances (in ₹) | 0.15 | 0.51 | 0.54 | 2.86 | 2.54 |
| 23 | Debt equity ratio | | | | 0.78 | 0.67 |
| 24 | Debt service coverage ratio (DSCR) | | | | 3.45 | 3.61 |
| 25 | Interest service coverage ratio (ISCR) | | | | 7.63 | 8.28 |

* Comprises long term debts including current maturities thereof.

Statement of Consolidated Assets and Liabilities and Statement of Consolidated Cash Flows are attached as Annexure-I and Annexure-II respectively

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Annexure-I

## STATEMENT OF CONSOLIDATED ASSETS AND LIABILITIES

(Rs. in crore)

| PARTICULARS | As at 31st March, 2020 (Audited) | As at 31st March, 2019 (Audited) |
|---|---|---|
| **ASSETS** | | |
| **(1) NON-CURRENT ASSETS** | | |
| a) Property, Plant and Equipment | 21,630.33 | 23,116.24 |
| b) Capital Work In Progress | 17,180.41 | 15,036.80 |
| c) Right Of Use Assets | 2,766.31 | - |
| d) Investment Property | 4.49 | 4.49 |
| e) Intangible Assets | 0.72 | 1,855.90 |
| f) Investments accounted for using the equity method | 933.53 | 792.65 |
| g) Financial Assets | | |
| i) Investments | 464.13 | 490.20 |
| ii) Trade Receivables | - | 61.51 |
| iii) Loans | 820.81 | 770.08 |
| iv) Others | 7,567.27 | 7,453.54 |
| h) Non Current Tax Assets (Net) | 153.29 | 145.87 |
| i) Other Non Current Assets | 3,038.17 | 2,034.11 |
| **TOTAL NON CURRENT ASSETS** | 54,559.46 | 51,761.39 |
| **(2) CURRENT ASSETS** | | |
| a) Inventories | 126.62 | 125.18 |
| b) Financial Assets | | |
| i) Trade Receivables | 3,816.44 | 2,838.00 |
| ii) Cash and Cash Equivalents | 42.17 | 25.04 |
| iii) Bank balances other than Cash and Cash Equivalents | 1,651.10 | 2,220.21 |
| iv) Loans | 51.01 | 48.81 |
| v) Others | 3,301.95 | 2,243.10 |
| c) Current Tax Assets (Net) | 84.16 | 111.85 |
| d) Other Current Assets | 498.99 | 372.73 |
| **TOTAL CURRENT ASSETS** | 9,572.44 | 7,984.92 |
| (3) Regulatory Deferral Account Debit Balances | 7,213.06 | 6,979.14 |
| **TOTAL ASSETS AND REGULATORY DEFERRAL ACCOUNT DEBIT BALANCES** | 71,344.96 | 66,725.45 |

| PARTICULARS | As at 31st March, 2020 (Audited) | As at 31st March, 2019 (Audited) |
|---|---|---|
| **EQUITY AND LIABILITIES** | | |
| **(1) EQUITY** | | |
| a) Equity Share Capital | 10,045.03 | 10,045.03 |
| b) Other Equity | 21,325.58 | 20,752.78 |
| **TOTAL EQUITY** | 31,370.61 | 30,797.81 |
| **(2) NON - CONTROLLING INTEREST** | 2,763.88 | 2,868.47 |
| **(3) LIABILITIES** | | |
| **NON-CURRENT LIABILITIES** | | |
| a) Financial Liabilities | | |
| i) Borrowings | 20,891.80 | 17,044.63 |
| ii) Other financial liabilities | 2,060.29 | 2,059.44 |
| b) Provisions | 55.56 | 46.94 |
| c) Deferred Tax Liabilities (Net) | 4,229.12 | 4,720.68 |
| d) Other non-current Liabilities | 3,199.47 | 2,986.06 |
| **TOTAL NON CURRENT LIABILITIES** | 30,436.24 | 26,857.75 |
| **(4) CURRENT LIABILITIES** | | |
| a) Financial Liabilities | | |
| i) Borrowings | 714.31 | 416.00 |
| ii) Trade Payables | | |
| Total outstanding dues of micro enterprises and small enterprises | 22.96 | 19.38 |
| Total outstanding dues of Creditors other than micro enterprises and small enterprises | 293.70 | 176.89 |
| iii) Other financial liabilities | 2,923.08 | 2,896.72 |
| b) Other Current Liabilities | 902.82 | 1,158.04 |
| c) Provisions | 1,442.94 | 1,534.39 |
| d) Current Tax Liabilities (Net) | - | - |
| **TOTAL CURRENT LIABILITIES** | 6,299.81 | 6,201.42 |
| (5) Regulatory Deferral Account Credit Balances | 474.42 | - |
| **TOTAL EQUITY AND LIABILITIES** | 71,344.96 | 66,725.45 |

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KOLKATA
Chartered Accountants

**NHPC LIMITED**

*(A Government of India Enterprise)*

ANNEXURE-II

CIN: L40101HR1975GOI032564

## STATEMENT OF CONSOLIDATED CASH FLOWS FOR THE YEAR ENDED 31st MARCH, 2020

(₹ in crore)

| | For the year ended 31st March, 2020 | | For the year ended 31st March, 2019 | |
|---|---|---|---|---|
| **A. CASH FLOW FROM OPERATING ACTIVITIES** | | | | |
| Profit before tax for the year including movements in Regulatory Deferral Account Balance | | 3,615.22 | | 4,159.41 |
| Less: Movement in Regulatory Deferral Account Balances | | (240.50) | | 843.42 |
| Profit before Tax | | 3,855.72 | | 3,315.99 |
| ADD : | | | | |
| Depreciation and Ammortisation | 1,614.04 | | 1,767.96 | |
| Finance Costs | 795.98 | | 895.14 | |
| Provisions (Net) | 158.59 | | 110.46 | |
| Tariff Adjustment (loss) | 27.79 | | 65.37 | |
| Sales adjustment on account of Exchange Rate Variation | 42.94 | | 82.34 | |
| Loss (Profit) on sale of assets/Claims written off | 4.48 | | (1.15) | |
| | | 2,641.82 | | 2,920.12 |
| | | 6,497.54 | | 6,136.11 |
| LESS : | | | | |
| Advance against Depreciation written back | 48.38 | | 65.23 | |
| Provisions (Net gain) | 5.22 | | 31.43 | |
| Dividend Income | 4.80 | | 4.80 | |
| Interest Income | 307.21 | | 309.04 | |
| Exchange rate variation | (50.15) | | 3.16 | |
| Other Adjustments | (2.61) | | 0.76 | |
| Fair Value Adjustments | (2.04) | | (3.58) | |
| Amortisation of Government Grants | 98.46 | | 92.17 | |
| Share of Net Profit /(Loss) of Joint Ventures (accounted for using the equity method) | 3.04 | | 5.24 | |
| | | 412.31 | | 508.26 |
| **Cash flow from Operating Activities before Operating Assets and Liabilities adjustments** | | 6,085.23 | | 5,627.85 |
| **Changes in Operating Assets and Liabilities:** | | | | |
| Inventories | (1.69) | | (20.63) | |
| Trade Receivables | (1,695.75) | | (1,951.62) | |
| Other Financial Assets, Loans and Advances | (157.61) | | (931.12) | |
| Other Financial Liabilities and Provisions | (184.39) | | 1,976.90 | |
| | | (2,039.44) | | (926.47) |
| **Cash flow from operating activities before taxes** | | 4,045.79 | | 4,701.38 |
| Less: Taxes Paid | | 793.92 | | 877.17 |
| **NET CASH FROM OPERATING ACTIVITIES (A)** | | 3,251.87 | | 3,824.21 |
| **B. CASH FLOW FROM INVESTING ACTIVITIES** | | | | |
| Property, Plant and Equipment, Other Intangible Assets & Expenditure on construction projects (including expenditure attributable to construction forming part of Capital Work in Progress for the year) - Net of Grant | | (3,573.74) | | (1,330.20) |
| Sale of Assets | | 0.52 | | 0.92 |
| Realization/ (Payments) for Investments / Bonds / Bank Deposits | | 253.35 | | (35.45) |
| Investment in Joint Venture | | (140.45) | | (130.00) |
| Dividend Income | | 4.80 | | 4.80 |
| Interest Income | | 207.12 | | 307.66 |
| **NET CASH USED IN INVESTING ACTIVITIES (B)** | | (3,248.40) | | (1,182.28) |
| **C. CASH FLOW FROM FINANCING ACTIVITIES** | | | | |
| Buyback of Equity Shares (including Premium Payment) | | - | | (605.20) |
| Equity proceeds from Non-Controlling Interest | | 2.50 | | - |
| Dividend and Tax on Dividend Paid (including Non-Controlling Interests) | | (2,897.44) | | (1,525.74) |
| Proceeds from Borrowings | | 6,015.91 | | 2,586.00 |
| Repayment of Borrowings | | (1,773.05) | | (1,877.16) |
| Interest and Finance Charges | | (1,332.61) | | (1,215.12) |
| Repayment of Lease Liability | | (3.45) | | - |
| **NET CASH USED IN FINANCING ACTIVITIES (C)** | | 11.86 | | (2,637.22) |
| **D. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)** | | 17.13 | | 4.71 |
| **Cash and Cash Equivalents at the beginning of the year** | | 25.04 | | 20.33 |
| **Cash and Cash Equivalents at the close of the year** | | 42.17 | | 25.04 |

The above Statement of Cash Flows is prepared in accordance with the Indirect method prescribed in Ind AS 7 - "Statement of Cash Flows"

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## EXPLANATORY NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS

1 Cash and Cash equivalents consists of Cash in hand, cheques/drafts in hands and Bank Balances including Short Term Deposits with original maturity of less than three months.
The details of Cash and Cash equivalents as per Note 8 of the Balance Sheet is as under:

(₹ in crore)

| | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| Cash and Cash equivalents | 42.17 | 25.04 |

2 Earmarked balances with banks amounting to Rs. 18.68 Crores as on 31.03.2019 included under Cash and Cash Equivalents has been reclassified to Bank Balances other than Cash and Cash Equivalents. Accordingly the Cash and Cash Equivalents as on 31.03.2019 has been changed from Rs. 43.72 Crore to Rs. 25.04 Crore.

3 Interest and finance charges in Cash Flow from Financing Activities includes borrowing cost of ₹ 462.90 Crore (Previous year ₹ 566.28 Crore) capitalised during the period on account of Expenditure attributable to construction (EAC).

4 Amount of undrawn loan as on 31.03.2020 : ₹ 925.00 Crore (Previous Year ₹ 819.00 Crore)

5 Company has incurred ₹ 167.54 Crore in cash on account of Corporate Social Responsibility (CSR) expenditure during the year ended 31.03.2020 (Previous Year ₹ 44.60 Crore)

6 Net debt reconciliation

(₹ in crore)

| | 31-03-2020 | 31-03-2019 |
|---|---|---|
| Cash and Cash Equivalents | 42.17 | 25.04 |
| Current Borrowings | (714.31) | (416.01) |
| Non current Borrowings | (23138.70) | (19234.76) |
| Lease Liability | (16.35) | 0.00 |
| Net Debt | (23827.19) | (19625.73) |

(₹ in crore)

| Particulars | Other assets | Liabilities from Financing Activities | | | |
|---|---|---|---|---|---|
| | Cash & Cash Equivalents | Non-current borrowings | Lease Liability | Current borrowings | Total |
| Net debt as at 31 March 2018 | 20.33 | (18,894.59) | - | (280.00) | (19,154.26) |
| Cash flows | 4.71 | (574.83) | - | (136.01) | (706.13) |
| Lease Liability | - | - | - | - | - |
| Foreign exchange adjustments | - | (22.69) | - | - | (22.69) |
| Interest expense | - | (1,201.37) | - | (5.84) | (1,207.21) |
| Interest paid | - | 1,188.87 | - | 5.84 | 1,194.71 |
| Fair value adjustments | - | 269.85 | - | - | 269.85 |
| Net debt as at 31 March 2019 | 25.04 | (19,234.76) | - | (416.01) | (19,625.73) |

(₹ in crore)

| Particulars | Other assets | Liabilities from Financing Activities | | | |
|---|---|---|---|---|---|
| | Cash & Cash Equivalents | Non-current borrowings | Lease Liability | Current borrowings | Total |
| Net debt as at 31 March 2019 | 25.04 | (19,234.76) | - | (416.01) | (19,625.73) |
| Lease recognised under Ind AS 116 as on 01/04/2019 | - | - | (17.46) | - | (17.46) |
| Cash flows | 17.13 | (3,944.94) | 3.45 | (298.31) | (4,222.07) |
| Lease Liability | - | - | (2.42) | - | (2.42) |
| Foreign exchange adjustments | - | (120.23) | - | - | (120.23) |
| Interest expense | - | (1,320.31) | (1.31) | (15.96) | (1,337.58) |
| Interest paid | - | 1,262.20 | 1.25 | 15.97 | 1,279.42 |
| Fair value & Other adjustments | - | 218.74 | 0.14 | - | 218.88 |
| Net debt as at 31 March 2020 | 42.17 | (23,138.70) | (16.35) | (714.31) | (23,827.19) |

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# NHPC LIMITED

(A Government of India Enterprise)

CIN: L40101HR1975GOI032564

SECTOR-33, FARIDABAD, HARYANA - 121 003

## STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER AND HALF YEAR ENDED 30TH SEPTEMBER 2020

(Rs. in crore)

| S.No | PARTICULARS | Quarter Ended | | | Half Year Ended | | Year Ended |
|---|---|---|---|---|---|---|---|
| | | 30.09.2020 | 30.06.2020 | 30.09.2019 | 30.09.2020 | 30.09.2019 | 31.03.2020 |
| | | Unaudited | Unaudited | Unaudited | Unaudited | Unaudited | Audited |
| 1 | Income | | | | | | |
| | (a) Revenue from Operations | 2,554.03 | 2,518.87 | 2,605.39 | 5,072.90 | 5,026.68 | 8,735.41 |
| | (b) Other Income | 426.12 | 85.95 | 499.19 | 512.07 | 586.35 | 1,036.18 |
| | Total Income (a+b) | 2,980.15 | 2,604.82 | 3,104.58 | 5,584.97 | 5,613.03 | 9,771.59 |
| 2 | Expenses | | | | | | |
| | (a) Purchase of Power - Trading | 5.28 | 207.09 | 40.32 | 212.37 | 40.32 | 234.13 |
| | (b) Generation Expenses | 313.36 | 290.98 | 290.75 | 604.34 | 577.51 | 901.67 |
| | (c) Employee Benefits Expense | 343.81 | 326.20 | 376.37 | 670.01 | 733.59 | 1,515.52 |
| | (d) Finance Costs | 146.18 | 146.69 | 252.05 | 292.87 | 488.61 | 795.42 |
| | (e) Depreciation and Amortization Expense | 333.17 | 330.27 | 385.66 | 663.44 | 772.26 | 1,545.34 |
| | (f) Other Expenses | 318.83 | 273.91 | 320.04 | 592.74 | 593.12 | 1,514.95 |
| | Total Expenses (a+b+c+d+e+f) | 1,460.63 | 1,575.14 | 1,665.19 | 3,035.77 | 3,205.66 | 6,507.03 |
| 3 | Profit before Exceptional items, Rate Regulated Activities and Tax (1-2) | 1,519.52 | 1,029.68 | 1,439.39 | 2,549.20 | 2,407.37 | 3,264.56 |
| 4 | Exceptional items | - | 185.00 | - | 185.00 | - | - |
| 5 | Profit before tax and Rate Regulated Activities (3-4) | 1,519.52 | 844.68 | 1,439.39 | 2,364.20 | 2,407.37 | 3,264.56 |
| 6 | Tax Expenses | | | | | | |
| | a) Current Tax | 255.07 | 153.14 | 172.43 | 408.21 | 423.58 | 602.40 |
| | b) Deferred Tax | 2.01 | 4.23 | 29.87 | 6.24 | 64.42 | (1.40) |
| | Total Tax Expense (a+b) | 257.08 | 157.37 | 202.30 | 414.45 | 488.00 | 601.00 |
| 7 | Profit for the period before movements in Regulatory Deferral Account Balances (5-6) | 1,262.44 | 687.31 | 1,237.09 | 1,949.75 | 1,919.37 | 2,663.56 |
| 8 | Movement in Regulatory Deferral Account Balances (Net of Tax) | 36.06 | 35.23 | 102.37 | 71.29 | 301.23 | 343.61 |
| 9 | Profit for the period (7+8) | 1,298.50 | 722.54 | 1,339.46 | 2,021.04 | 2,220.60 | 3,007.17 |
| 10 | Other Comprehensive Income | | | | | | |
| | (i) Items that will not be reclassified to profit or loss (Net of Tax) | | | | | | |
| | (a) Remeasurement of the post employment defined benefit obligations | (62.92) | (7.26) | (16.59) | (70.18) | (24.66) | 37.51 |
| | Less:- Movement in Regulatory Deferral Account Balances in respect of tax on defined benefit obligations | 4.48 | 1.24 | 5.96 | 5.72 | 8.87 | 8.14 |
| | Sub total (a) | (67.40) | (8.50) | (22.55) | (75.90) | (33.53) | 29.37 |
| | (b) Investment in Equity Instruments | (1.17) | 12.06 | (13.18) | 10.89 | (20.76) | (42.09) |
| | Sub total (b) | (1.17) | 12.06 | (13.18) | 10.89 | (20.76) | (42.09) |
| | Total (i)=(a)+(b) | (68.57) | 3.56 | (35.73) | (65.01) | (54.29) | (12.72) |
| | (ii) Items that will be reclassified to profit or loss (Net of Tax) | | | | | | |
| | - Investment in Debt Instruments | (3.16) | 7.46 | 3.35 | 4.30 | 7.38 | 12.10 |
| | Total (ii) | (3.16) | 7.46 | 3.35 | 4.30 | 7.38 | 12.10 |
| | Other Comprehensive Income (i+ii) | (71.73) | 11.02 | (32.38) | (60.71) | (46.91) | (0.62) |
| 11 | Total Comprehensive Income for the period (9+10) | 1,226.77 | 733.56 | 1,307.08 | 1,960.33 | 2,173.69 | 3,006.55 |
| 12 | Paid-up equity share capital (of Face Value ₹ 10/- per share) | 10,045.03 | 10,045.03 | 10,045.03 | 10,045.03 | 10,045.03 | 10,045.03 |
| 13 | Reserves excluding Revaluation Reserves | | | | 21,577.67 | 20,488.73 | 19,938.78 |
| 14 | Net worth | | | | 31,622.70 | 30,533.76 | 29,983.81 |
| 15 | Paid-up debt capital * | | | | 24,146.86 | 21,315.34 | 24,526.72 |
| 16 | Capital redemption reserve | | | | 2,255.71 | 2,255.71 | 2,255.71 |
| 17 | Debenture (Bond) redemption reserve | | | | 1,948.38 | 2,193.35 | 1,948.38 |
| 18 | Earning per share (Basic and Diluted) (Equity shares, face value of ₹ 10/- each) | | | | | | |
| | - Before movements in Regulatory Deferral Account Balances (in ₹) | 1.26 | 0.68 | 1.23 | 1.94 | 1.91 | 2.65 |
| | - After movements in Regulatory Deferral Account Balances (in ₹) | 1.29 | 0.72 | 1.33 | 2.01 | 2.21 | 2.99 |
| 19 | Debt equity ratio | | | | 0.76 | 0.70 | 0.82 |
| 20 | Debt service coverage ratio (DSCR) | | | | 4.93 | 4.86 | 3.41 |
| 21 | Interest service coverage ratio (ISCR) | | | | 9.26 | 9.60 | 7.53 |

* Comprises long term debts including current maturities thereof.

Statement of Standalone Assets and Liabilities and Statement of Standalone Cash Flows are attached as Annexure-I and Annexure-II respectively.

REGD. NO.

LODHA & CO. KOLKATA Chartered Accountants

Annexure-I

## STATEMENT OF STANDALONE ASSETS AND LIABILITIES

(Rs. in crore)

| PARTICULARS | As at 30th September, 2020 (Unaudited) | As at 31st March, 2020 (Audited) |
|---|---|---|
| **ASSETS** | | |
| **(1) NON-CURRENT ASSETS** | | |
| a) Property, Plant and Equipment | 20,842.53 | 21,463.33 |
| b) Capital Work In Progress | 16,859.98 | 16,097.65 |
| c) Right Of Use Assets | 1,815.65 | 1,826.98 |
| d) Investment Property | 4.49 | 4.49 |
| e) Intangible Assets | 3.27 | 0.72 |
| f) Financial Assets | | |
| i) Investments | 3,617.66 | 3,400.74 |
| ii) Loans | 825.28 | 798.65 |
| iii) Others | 3,351.97 | 3,435.91 |
| g) Non Current Tax Assets (Net) | 259.33 | 138.90 |
| h) Other Non Current Assets | 3,142.46 | 3,023.61 |
| TOTAL NON CURRENT ASSETS | 50,722.62 | 50,190.98 |
| **(2) CURRENT ASSETS** | | |
| a) Inventories | 121.58 | 118.24 |
| b) Financial Assets | | |
| i) Trade Receivables | 5,005.10 | 3,818.34 |
| ii) Cash and Cash Equivalents | 654.71 | 8.87 |
| iii) Bank balances other than Cash and Cash Equivalents | 707.89 | 380.25 |
| iv) Loans | 40.01 | 46.03 |
| v) Others | 3,027.09 | 2,699.74 |
| c) Current Tax Assets (Net) | 40.19 | 127.14 |
| d) Other Current Assets | 213.61 | 387.71 |
| TOTAL CURRENT ASSETS | 9,810.18 | 7,586.32 |
| (3) Regulatory Deferral Account Debit Balances | 6,907.51 | 6,836.22 |
| TOTAL ASSETS AND REGULATORY DEFERRAL ACCOUNT DEBIT BALANCES | 67,440.31 | 64,613.52 |

| PARTICULARS | As at 30th September, 2020 (Unaudited) | As at 31st March, 2020 (Audited) |
|---|---|---|
| **EQUITY AND LIABILITIES** | | |
| **(1) EQUITY** | | |
| a) Equity Share Capital | 10,045.03 | 10,045.03 |
| b) Other Equity | 21,577.67 | 19,938.78 |
| TOTAL EQUITY | 31,622.70 | 29,983.81 |
| **(2) LIABILITIES** | | |
| **NON-CURRENT LIABILITIES** | | |
| a) Financial Liabilities | | |
| i) Borrowings | 20,612.81 | 20,889.74 |
| ii) Other financial liabilities | 2,062.88 | 2,059.23 |
| b) Provisions | 28.33 | 27.66 |
| c) Deferred Tax Liabilities (Net) | 3,616.75 | 3,641.19 |
| d) Other non-current Liabilities | 2,039.37 | 2,082.65 |
| TOTAL NON CURRENT LIABILITIES | 28,360.14 | 28,700.47 |
| **(3) CURRENT LIABILITIES** | | |
| a) Financial Liabilities | | |
| i) Borrowings | 972.93 | 714.31 |
| ii) Trade Payables | | |
| Total outstanding dues of micro enterprises and small enterprises | 23.36 | 18.85 |
| Total outstanding dues of Creditors other than micro enterprises and small enterprises | 195.21 | 285.41 |
| iii) Other financial liabilities | 3,348.31 | 2,879.70 |
| b) Other Current Liabilities | 1,522.83 | 802.81 |
| c) Provisions | 1,263.57 | 1,228.16 |
| d) Current Tax Liabilities (Net) | 131.26 | - |
| TOTAL CURRENT LIABILITIES | 7,457.47 | 5,929.24 |
| TOTAL EQUITY AND LIABILITIES | 67,440.31 | 64,613.52 |

LODHA & CO. KOLKATA Chartered Accountants

**NHPC LIMITED**

*(A Government of India Enterprise)*

ANNEXURE - II

CIN: L40101HR1975GOI032564

## STATEMENT OF STANDALONE CASH FLOWS FOR THE HALF YEAR ENDED 30th SEPTEMBER, 2020

(₹ in crore)

| | For the half year ended 30th September, 2020 UNAUDITED | | For the half year ended 30th September, 2019 UNAUDITED | |
|---|---|---|---|---|
| **A. CASH FLOW FROM OPERATING ACTIVITIES** | | | | |
| Profit before tax for the year including movements in Regulatory Deferral Account Balance | | 2435.49 | | 2708.60 |
| Less: Movement in Regulatory Deferral Account Balances | | 71.20 | | 301.23 |
| Profit before Tax | | 2364.20 | | 2407.37 |
| ADD : | | | | |
| Depreciation and Amortisation | 663.44 | | 772.26 | |
| Finance Costs | 292.87 | | 488.61 | |
| Provisions (Net Loss) | 4.08 | | 17.18 | |
| Tariff Adjustment (loss) | - | | - | |
| Sales adjustment on account of Exchange Rate Variation | 25.56 | | 20.88 | |
| Loss/(Profit) on sale of assets/Claims written off | 3.70 | | 0.04 | |
| | | 989.65 | | 1298.95 |
| | | 3353.85 | | 3706.32 |
| LESS : | | | | |
| Advance against Depreciation written back | 24.13 | | 22.36 | |
| Provisions (Net gain) | 6.07 | | 0.66 | |
| Dividend Income | 290.28 | | 265.43 | |
| Interest Income | 68.35 | | 65.84 | |
| Exchange rate variation | (0.03) | | (14.88) | |
| Fair Value Adjustments | (0.40) | | (0.79) | |
| Amortisation of Government Grants | 16.17 | | 14.30 | |
| | | 404.57 | | 352.91 |
| Cash flow from Operating Activities before Operating Assets and Liabilities adjustments and Taxes | | 2949.28 | | 3353.41 |
| Changes in Operating Assets and Liabilities: | | | | |
| Inventories | (3.58) | | (6.31) | |
| Trade Receivables | (1502.57) | | (1476.48) | |
| Other Financial Assets, Loans and Advances | (149.52) | | (528.72) | |
| Other Financial Liabilities and Provisions | 1096.20 | | 771.33 | |
| | | (559.45) | | (1240.18) |
| Cash flow from operating activities before taxes | | 2389.83 | | 2113.23 |
| Less : Taxes Paid | | 310.42 | | 316.59 |
| NET CASH FLOW FROM OPERATING ACTIVITIES (A) | | 2079.41 | | 1796.64 |
| **B. CASH FLOW FROM INVESTING ACTIVITIES** | | | | |
| Property, Plant and Equipment, Other Intangible Assets & Expenditure on construction projects (including expenditure attributable to construction forming part of Capital Work in Progress for the year) - Net of Grant | | (521.75) | | (1171.43) |
| Investment in Joint Venture | | (199.85) | | (143.55) |
| Investment in Subsidiaries | | (1.65) | | - |
| Proceeds from Sale of Investment | | 0.40 | | - |
| Dividend Income | | 290.28 | | 265.43 |
| Interest Income | | 149.50 | | 15.40 |
| NET CASH USED IN INVESTING ACTIVITIES (B) | | (283.07) | | (1034.25) |
| **C. CASH FLOW FROM FINANCING ACTIVITIES** | | | | |
| Dividend and Tax on Dividend Paid | | (321.44) | | (654.65) |
| Proceeds from Borrowings | | 1008.81 | | 4740.67 |
| Repayment of Borrowings | | (1163.57) | | (3522.87) |
| Interest and Finance Charges | | (672.10) | | (595.82) |
| Repayment of Lease Liability | | (2.00) | | (2.47) |
| NET CASH FROM/USED IN FINANCING ACTIVITIES (C) | | (1150.50) | | (435.97) |
| **D. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)** | | 645.84 | | 326.42 |
| Cash and Cash Equivalents at the beginning of the year | | 8.87 | | 30.72 |
| Cash and Cash Equivalents at the close of the year | | 654.71 | | 357.14 |

The above Statement of Cash Flows is prepared in accordance with the Indirect method prescribed in Ind AS 7 - 'Statement of Cash Flows'.

LODHA & CO

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2018

(₹ in crore)

| | | For the year ended 31st March, 2018 | | For the year ended 31st March, 2017 | |
|---|---|---|---|---|---|
| A. | **CASH FLOW FROM OPERATING ACTIVITIES** | | | | |
| | **Profit before tax for the year including movements in Regulatory Deferral Account Balance** | | 3525.74 | | 3,474.60 |
| | Less: Movement in Regulatory Deferral Account Balances | | 719.82 | | 713.99 |
| | **Profit before Tax** | | **2805.92** | | **2,760.61** |
| | **ADD :** | | | | |
| | Depreciation | 1405.89 | | 1,388.40 | |
| | Finance Cost (Net of EAC) | 922.32 | | 1,073.22 | |
| | Provisions (Net loss) | 69.78 | | 119.68 | |
| | Expenditure towards Regulatory Deferral Account Balances (net of finance and depreciation) | 381.59 | | 341.71 | |
| | Tariff Adjustment (loss) | 58.37 | | 94.83 | |
| | Sales adjustment on a/c of FERV | 66.36 | | 51.81 | |
| | | | 2904.31 | | 3,069.65 |
| | | | **5710.23** | | **5,830.26** |
| | **LESS :** | | | | |
| | Advance against Depreciation written back | 60.68 | | 60.68 | |
| | Provisions (Net gain) | 85.57 | | 44.92 | |
| | Net Gain/Loss on sale of Investments | - | | 6.54 | |
| | Profit/(Loss) on Sale of Assets | 6.89 | | (1.70) | |
| | Dividend Income | 632.12 | | 207.49 | |
| | Interest Income | 252.73 | | 512.72 | |
| | Exchange rate variation | (2.88) | | 4.05 | |
| | Fair Value Adjustments | (2.95) | | (2.91) | |
| | Amortisation of Government Grants | 5.99 | | 4.60 | |
| | | | 1038.15 | | 836.39 |
| | **Cash flow from Operating Activities before Operating Assets & Liabilities adjustments** | | **4672.08** | | **4,993.87** |
| | **Changes in Operating Assets and Liabilities:** | | | | |
| | Inventories | (4.22) | | (8.05) | |
| | Trade Receivables | 584.32 | | 54.85 | |
| | Other Financial Assets, Loans and Advances | (517.31) | | 3,352.49 | |
| | Other Financial Liabilities & Provisions | 29.96 | | 209.74 | |
| | | | 92.75 | | 3,609.03 |
| | **Cash flow from operating activities before taxes** | | **4764.83** | | **8,602.90** |
| | Less : Taxes | | 662.22 | | 760.07 |
| | **NET CASH FLOW FROM OPERATING ACTIVITIES (A)** | | **4102.61** | | **7,842.83** |
| B. | **CASH FLOW FROM INVESTING ACTIVITIES** | | | | |
| | Property, Plant and Equipment, Other Intangible Assets & Expenditure on construction projects (including expenditure attributable to construction forming part of Capital Work in Progress for the year) - Net | | (1530.44) | | (1,496.41) |
| | Changes in Regulatory Deferral Account Balances | | (381.59) | | (341.71) |
| | Realization/ (Payments) for Investments / Bonds | | - | | (0.35) |
| | Investment in Joint Venture | | (125.36) | | (365.37) |
| | Dividend Income | | 632.12 | | 207.49 |
| | Interest Income | | 260.49 | | 566.25 |
| | **NET CASH USED IN INVESTING ACTIVITIES (B)** | | **(1144.78)** | | **(1,430.10)** |
| C. | **CASH FLOW FROM FINANCING ACTIVITIES** | | | | |
| | Buyback of Equity Shares (including Premium Payment) | | - | | (2,625.93) |
| | Dividend and Tax on Dividend Paid | | (1378.50) | | (2,996.35) |
| | Borrowings | | 4354.99 | | 2,804.51 |
| | Repayment of Borrowings | | (4855.88) | | (3,338.37) |

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2018 (Contd.)

(₹ in crore)

| | For the year ended 31st March, 2018 | For the year ended 31st March, 2017 |
|---|---|---|
| Interest & Finance Charges | (1143.87) | (1,391.09) |
| Government Grant Received | 12.50 | |
| **NET CASH USED IN FINANCING ACTIVITIES (C)** | **(3010.76)** | **(7,547.23)** |
| **D. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)** | **(52.93)** | **(1,134.50)** |
| **Cash & Cash Equivalents at the beginning of the year** | 59.89 | 1,194.39 |
| **Cash & Cash Equivalents at the close of the year** | 6.96 | 59.89 |

**EXPLANATORY NOTES TO STATEMENT OF CASH FLOWS**

1 Cash and Cash equivalents consists of Cash in hand, cheques/drafts in hands and Bank Balances including Short Term Deposits with original maturity of less than three months. The details of Cash & Cash equivalents as per Note 8 of the Balance Sheet is as under:

(₹ in crore)

| | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| Cash and Cash equivalents | 6.96 | 59.89 |

Cash and Cash equivalents includes ₹ 0.22 Crore (Previous year ₹ 7.74 Crore), held for Rural Road and Rural Electrification works being executed by the Company on behalf of other agencies.

2 Interest & finance charges in Cash Flow from Financing Activities includes borrowing cost of ₹ 388.71 Crore (Previous year ₹ 386.80 Crore) capitalised during the period on account of Expenditure attributable to construction (EAC) and borrowing cost of ₹ 331.39 Crore (Previous year ₹ 365.32 Crore) for Regulatory Deferral Account created during the year.

3 Amount of undrawn loan as on 31.03.2018 : ₹ Nil Crore (Previous Year ₹ 66.28 Crore - Subordinate Debt).

4 **Net debt reconciliation**

(₹ in crore)

| | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| Cash & Cash Equivalents | 6.96 | 59.89 |
| Current Borrowings | (280.00) | (303.01) |
| Non-current Borrowings | (18894.59) | (19352.28) |
| **Net Debt** | **(19167.63)** | **(19595.40)** |

(₹ in crore)

| **Particulars** | **Other assets** | **Liabilities from Financing Activities** | | |
|---|---|---|---|---|
| | **Cash & Cash Equivalents** | **Non-current borrowings** | **Current borrowings** | **Total** |
| **Net debt as at 31 March 2017** | **59.89** | **(19352.28)** | **(303.01)** | **(19595.40)** |
| Cash flows | (52.93) | 478.38 | 22.51 | 447.96 |
| Foreign exchange adjustments | - | (71.65) | - | (71.65) |
| Interest expense | - | (1252.62) | (4.55) | (1257.17) |
| Interest paid | - | 1108.19 | 5.05 | 1113.24 |
| Fair value adjustments | - | 195.39 | - | 195.39 |
| **Net debt as at 31 March 2018** | **6.96** | **(18894.59)** | **(280.00)** | **(19167.63)** |

**For and on behalf of the Board of Directors**

| **VIJAY GUPTA** | **MAHESH KUMAR MITTAL** | **BALRAJ JOSHI** |
|---|---|---|
| Company Secretary | Director (Finance) | Chairman & Managing Director |
| | DIN 02889021 | DIN 07449990 |

**As per report of even date**

| **For S N Dhawan & Co. LLP** | **For Ray & Ray** | **For Arora Vohra & Co.** |
|---|---|---|
| Chartered Accountants | Chartered Accountants | Chartered Accountants |
| FRN 000050N/N500045 | FRN 301072E | FRN 09487N |
| **(SURESH SETH)** | **(ASISH KUMAR MUKHOPADHYAY)** | **(RAJAT MENGI)** |
| Partner | Partner | Partner |
| M. No. 010577 | M. No. 056359 | M. No. 089871 |

Place : New Delhi
Date : 28 May, 2018

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2018

(₹ in crore)

| | For the year ended 31st March, 2018 | | For the year ended 31st March, 2017 | |
|---|---|---|---|---|
| **A. CASH FLOW FROM OPERATING ACTIVITIES** | | | | |
| **Profit before tax for the year including movements in Regulatory Deferral Account Balance** | | 3,637.55 | | 4,534.74 |
| Less: Movement in Regulatory Deferral Account Balances | | 736.17 | | 720.09 |
| **Profit before Tax** | | **2,901.38** | | **3,814.65** |
| **ADD :** | | | | |
| Depreciation | 1,479.10 | | 1,461.75 | |
| Finance Cost (Net of EAC) | 922.64 | | 1,073.44 | |
| Provisions (Net loss) | 76.26 | | 122.49 | |
| Expenditure towards Regulatory Deferral Account Balances (net of finance and depreciation) | 397.94 | | 347.80 | |
| Tariff Adjustment (loss) | 86.26 | | 134.17 | |
| Sales adjustment of a/c of FERV | 66.37 | | 51.81 | |
| | | **3,028.57** | | **3,191.46** |
| | | **5,929.95** | | **7,006.11** |
| **LESS :** | | | | |
| Advance against Depreciation written back | 60.68 | | 60.68 | |
| Provisions (Net gain) | 87.08 | | 66.82 | |
| Net Gain/Loss on sale of Investmets | - | | 6.54 | |
| Profit on Sale of Assets \ Realization of Loss | 6.85 | | (1.82) | |
| Dividend Income | 3.60 | | 3.00 | |
| Interest Income | 413.78 | | 663.74 | |
| Exchange rate variation | (2.88) | | 4.05 | |
| Other Adjustments | (1.38) | | (0.01) | |
| Fair Value Adjustments | (3.93) | | (4.00) | |
| Amortisation of Government Grants | 79.20 | | 77.93 | |
| Share of Net Profit /(Loss) of Joint Ventures (accounted for using the equity method) | (0.08) | | 2.74 | |
| | | **642.92** | | **879.67** |
| **Cash flow from Operating Activities before Operating Assets & Liabilities adjustments** | | **5,287.03** | | **6,126.44** |
| **Changes in Operating Assets and Liabilities:** | | | | |
| Inventories | (4.08) | | (8.41) | |
| Trade Receivables | 850.15 | | (167.45) | |
| Current and Non-current Assets | (233.52) | | 3,224.11 | |
| Trade Payables / Other Liabilities | 28.37 | | 236.59 | |
| | | **640.92** | | **3,284.84** |
| **Cash flow from operating activities before taxes** | | **5,927.95** | | **9,411.28** |
| Less : Taxes | | 830.14 | | 1,082.12 |
| **NET CASH FROM OPERATING ACTIVITIES (A)** | | **5,097.81** | | **8,329.16** |
| **B. CASH FLOW FROM INVESTING ACTIVITIES** | | | | |
| Property, Plant and Equipment, Other Intangible Assets & Expenditure on construction projects (including expenditure attributable to construction forming part of Capital Work in Progress for the year) - Net | | (1,567.25) | | (1,586.99) |
| Changes in Regulatory Deferral Account Balances | | (397.94) | | (347.81) |
| Realization/ (Payments) for Investments / Bonds | | 382.98 | | (266.71) |
| Investment in Joint Venture | | (122.36) | | (365.37) |
| Dividend Income | | 3.60 | | 3.00 |
| Interest Income | | 413.06 | | 699.40 |
| **NET CASH USED IN INVESTING ACTIVITIES (B)** | | **(1,287.91)** | | **(1,864.48)** |
| **C. CASH FLOW FROM FINANCING ACTIVITIES** | | | | |
| Buyback of Equity Shares (including Premium Payment) | | - | | (2,625.93) |
| Dividend and Tax on Dividend Paid (including Non-Controlling Interests) | | (2,231.03) | | (3,273.73) |

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2018

(₹ in crore)

| | For the year ended 31st March, 2018 | For the year ended 31st March, 2017 |
|---|---|---|
| Borrowings | 4,354.99 | 2,804.50 |
| Repayment of Borrowings | (4,855.88) | (3,338.37) |
| Interest & Finance Charges | (1,143.98) | (1,391.18) |
| Government Grant Received | 12.97 | 13.08 |
| **NET CASH USED IN FINANCING ACTIVITIES (C)** | **(3,862.93)** | **(7,811.63)** |
| **D. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)** | **(53.03)** | **(1,346.95)** |
| Cash & Cash Equivalents at the beginning of the year | 73.57 | 1,420.52 |
| Cash & Cash Equivalents at the close of the year | 20.54 | 73.57 |

**EXPLANATORY NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS**

1 Cash and Cash equivalents consists of Cash in hand, cheques/drafts in hands and Bank Balances including Short Term Deposits with original maturity of less than three months. The details of Cash & Cash equivalents as per Note 8 of the Balance Sheet is as under:

(₹ in crore)

| | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| Cash and Cash equivalents | 20.54 | 73.57 |

Cash and Cash equivalents includes:-

a) Cash and Cash equivalents includes ₹ 0.22 Crore (Previous year ₹ 7.74 Crore), held for Rural Road and Rural Electrification works being executed by the Company on behalf of other agencies.

2 Interest & finance charges in Cash Flow from Financing Activities includes borrowing cost of ₹ 388.71 Crore (Previous year ₹ 386.81 Crore) capitalised during the period on account of Expenditure attributable to construction (EAC) and borrowing cost of ₹ 331.39 Crore (Previous year ₹ 365.32 Crore) for Regulatory Deferral Account created during the year.

3 Amount of undrawn loan as on 31.03.2018 : ₹ Nil Crore (Previous Year ₹ 66.28 Crore - Subordinate Debt).

4 **Net debt reconciliation**

(₹ in crore)

| | As at 31st March, 2018 | As at 31st March, 2017 |
|---|---|---|
| Cash & Cash Equivalents | 20.54 | 73.57 |
| Current Borrowings | (280.00) | (303.01) |
| Non current Borrowings | (18,894.59) | (19,352.28) |
| **Net Debt** | **(19,154.05)** | **(19,581.72)** |

(₹ in crore)

| **Particulars** | **Other assets** | **Liabilities from Financing Activities** | | |
|---|---|---|---|---|
| | **Cash & Cash Equivalents** | **Non-current borrowings** | **Current borrowings** | **Total** |
| Net debt as at 31 March 2017 | 73.57 | (19,352.28) | (303.01) | (19,581.72) |
| Cash flows | (53.03) | 478.38 | 22.51 | 447.86 |
| Foreign exchange adjustments | - | (71.65) | - | (71.65) |
| Interest expense | - | (1,252.62) | (4.55) | (1,257.17) |
| Interest paid | - | 1,108.19 | 5.05 | 1,113.24 |
| Fair value adjustments | - | 195.39 | - | 195.39 |
| **Net debt as at 31 March 2018** | **20.54** | **(18,894.59)** | **(280.00)** | **(19,154.05)** |

**For and on behalf of the Board of Directors**

| | | |
|---|---|---|
| **VIJAY GUPTA** | **MAHESH KUMAR MITTAL** | **BALRAJ JOSHI** |
| Company Secretary | Director (Finance) | Chairman & Managing Director |
| | DIN 02889021 | DIN 07449990 |

**As per limited review report of even date**

| | | |
|---|---|---|
| **For S N Dhawan & Co. LLP** | **For Ray & Ray** | **For Arora Vohra & Co.** |
| Chartered Accountants | Chartered Accountants | Chartered Accountants |
| FRN 000050N/N500045 | FRN 301072E | FRN 09487N |
| **(SURESH SETH)** | **(ASISH KUMAR MUKHOPADHYAY)** | **(RAJAT MENGI)** |
| Partner | Partner | Partner |
| M. No. 010577 | M. No. 056359 | M. No. 089871 |

Place : New Delhi
Date : 28 May, 2018

# STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2019

(₹ in crore)

| | For the year ended 31st March, 2019 | | For the year ended 31st March, 2018 | |
|---|---|---|---|---|
| **A. CASH FLOW FROM OPERATING ACTIVITIES** | | | | |
| **Profit before tax for the year including movements in Regulatory Deferral Account Balance** | | 3744.78 | | 2878.63 |
| Less: Movement in Regulatory Deferral Account Balances | | 823.40 | | 62.33 |
| **Profit before Tax** | | **2921.38** | | **2816.30** |
| **ADD :** | | | | |
| Depreciation and Amortisation | 1589.99 | | 1395.51 | |
| Finance Cost (Net of EAC) | 894.88 | | 922.32 | |
| Provisions (Net loss) | 107.10 | | 69.78 | |
| Tariff Adjustment (loss) | 45.47 | | 58.37 | |
| Sales adjustment on a/c of FERV | 92.34 | | 66.36 | |
| | | 2729.78 | | 2512.34 |
| | | **5651.16** | | **5328.64** |
| **LESS :** | | | | |
| Advance against Depreciation written back | 60.72 | | 60.68 | |
| Provisions (Net gain) | 30.77 | | 85.57 | |
| Profit/(Loss) on Sale of Assets | 1.20 | | 6.89 | |
| Dividend Income | 282.47 | | 632.12 | |
| Interest Income | 165.61 | | 252.73 | |
| Exchange rate variation | 3.18 | | (2.88) | |
| Fair Value Adjustments | (2.84) | | (2.95) | |
| Amortisation of Government Grants | 24.20 | | 5.99 | |
| | | 565.31 | | 1038.15 |
| **Cash flow from Operating Activities before Operating Assets and Liabilities adjustments** | | **5085.85** | | **4290.49** |
| **Changes in Operating Assets and Liabilities:** | | | | |
| Inventories | (21.44) | | (4.22) | |
| Trade Receivables | (2107.81) | | 584.32 | |
| Other Financial Assets, Loans and Advances | (1136.62) | | (517.31) | |
| Other Financial Liabilities and Provisions | 2020.75 | | 29.96 | |
| | | (1245.12) | | 92.75 |
| **Cash flow from operating activities before taxes** | | **3840.73** | | **4383.24** |
| Less : Taxes | | 678.90 | | 662.22 |
| NET CASH FLOW FROM OPERATING ACTIVITIES (A) | | **3161.83** | | **3721.02** |
| B. CASH FLOW FROM INVESTING ACTIVITIES | | | | |
| Property, Plant and Equipment, Other Intangible Assets & Expenditure on construction projects (including expenditure attributable to construction forming part of Capital Work in Progress for the year) - Net | | (1207.67) | | (1530.44) |
| Investment in Joint Venture | | (100.00) | | (125.36) |
| Dividend Income | | 282.47 | | 632.12 |
| Interest Income | | 144.14 | | 260.49 |
| NET CASH USED IN INVESTING ACTIVITIES (B) | | **(881.06)** | | **(763.19)** |
| C. CASH FLOW FROM FINANCING ACTIVITIES | | | | |
| Buyback of Equity Shares (including Premium Payment) | | (606.20) | | 0.00 |
| Dividend and Tax on Dividend Paid | | (1149.03) | | (1378.50) |
| Borrowings | | 2578.00 | | 4354.99 |
| Repayment of Borrowings | | (1877.16) | | (4855.88) |
| Interest and Finance Charges | | (1215.12) | | (1143.87) |
| Government Grant Received | | 12.50 | | 12.50 |
| NET CASH USED IN FINANCING ACTIVITIES (C) | | **(2257.01)** | | **(3010.76)** |
| D. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C) | | **23.76** | | **(52.93)** |

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2019 (Contd.)

(₹ in crore)

| | For the year ended 31st March, 2019 | For the year ended 31st March, 2018 |
|---|---|---|
| **Cash and Cash Equivalents at the beginning of the year (Refer Note 8)** | 6.96 | 59.89 |
| **Cash and Cash Equivalents at the close of the year (Refer Note 8)** | 30.72 | 6.96 |

**EXPLANATORY NOTES TO STATEMENT OF CASH FLOWS**

1 Cash and Cash equivalents consists of Cash in hand, cheques/drafts in hands and Bank Balances including Short Term Deposits with original maturity of less than three months). The details of Cash and Cash equivalents as per Note 8 of the Standalone Balance Sheet is as under:

(₹ in crore)

| | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---|---|
| Cash and Cash equivalents | 30.72 | 6.96 |

**Cash and Cash equivalents includes:-**

a) ₹ 18.18 Crore (Previous year ₹ 0.22 Crore), held for works being executed by Company on behalf of other agencies.

b) ₹ 0.50 Crore (Previous year ₹ Nil), NHPC Emergency relief fund created in pursuance of order of Hon'ble High Court of Sikkim.

2 Interest and finance charges in Cash Flow from Financing Activities includes borrowing cost of ₹ 365.33 Crore (Previous year ₹ 371.10 Crore) capitalised during the period on account of Expenditure attributable to construction (EAC).

3 Amount of undrawn loan as on 31.03.2019 : ₹ 819.00 Crore (Previous Year ₹ 25.00 Crore).

4 Company has incurred ₹ 16.72 Crore in cash on account of Corporate Social Responsibility (CSR) expenditure during the year ended 31.03.2019 (Previous Year ₹ 36.66 Crore)

5 **Net debt reconciliation**

(₹ in crore)

| | 31-03-2019 | 31-03-2018 |
|---|---|---|
| Cash and Cash Equivalents | 30.72 | 6.96 |
| Current Borrowings | (406.00) | (280.00) |
| Non current Borrowings | (19234.76) | (18894.59) |
| **Net Debt** | **(19610.04)** | **(19167.63)** |

(₹ in crore)

| Particulars | Other assets | Liabilities from Financing Activities | | |
|---|---|---|---|---|
| | Cash & Cash Equivalents | Non-current borrowings | Current borrowings | Total |
| **Net debt as at 31 March 2018** | **6.96** | **(18894.59)** | **(280.00)** | **(19167.63)** |
| Cash flows | 23.76 | (574.83) | (126.01) | (677.08) |
| Foreign exchange adjustments | - | (22.69) | - | (22.69) |
| Interest expense | - | (1201.37) | (5.83) | (1207.20) |
| Interest paid | - | 1188.87 | 5.84 | 1194.71 |
| Fair value adjustments | - | 269.85 | - | 269.85 |
| **Net debt as at 31 March 2019** | **30.72** | **(19234.76)** | **(406.00)** | **(19610.04)** |

**For and on behalf of the Board of Directors**

| | | |
|---|---|---|
| **VIJAY GUPTA**<br>Company Secretary | **MAHESH KUMAR MITTAL**<br>Director (Finance)<br>DIN 02889021 | **BALRAJ JOSHI**<br>Chairman & Managing Director<br>DIN 07449990 |

**As per report of even date**

| | | |
|---|---|---|
| **FOR ARORA VOHRA & CO.**<br>Chartered Accountants<br>FRN 009487N | **FOR DSP & ASSOCIATES**<br>Chartered Accountants<br>FRN: 006791N | **FOR LODHA & CO.**<br>Chartered Accountants<br>FRN: 301051E |
| **(PREM C. BANSAL)**<br>Partner<br>M. No. 083597 | **(Sanjay Jain)**<br>Partner<br>M. No. 084906 | **(R.P. SINGH)**<br>Partner<br>M. No. 052438 |

Place : New Delhi
Date : 27th May, 2019

## CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2019

(₹ in crore)

| | | For the year ended 31st March, 2019 | | For the year ended 31st March, 2018 | |
|---|---|---|---|---|---|
| A. | CASH FLOW FROM OPERATING ACTIVITIES | | | | |
| | Profit before tax for the year including movements in Regulatory Deferral Account Balance | | 4,159.41 | | 3,039.59 |
| | Less: Movement in Regulatory Deferral Account Balances | | 843.42 | | 128.21 |
| | **Profit before Tax** | | 3,315.99 | | 2,911.38 |
| | **ADD :** | | | | |
| | Depreciation and Ammortisation | 1,657.96 | | 1,468.72 | |
| | Finance Cost (Net of EAC) | 895.14 | | 922.64 | |
| | Provisions (Net loss) | 110.46 | | 76.26 | |
| | Tariff Adjustment (loss) | 65.37 | | 86.26 | |
| | Sales adjustment of a/c of FERV | 92.34 | | 66.37 | |
| | | | 2,821.27 | | 2,620.25 |
| | | | 6,137.26 | | 5,531.63 |
| | **LESS :** | | | | |
| | Advance against Depreciation written back | 65.23 | | 60.68 | |
| | Provisions (Net gain) | 31.43 | | 86.40 | |
| | Profit on Sale of Assets \ Realization of Loss | 1.15 | | 6.85 | |
| | Dividend Income | 4.80 | | 3.60 | |
| | Interest Income | 309.04 | | 413.78 | |
| | Exchange rate variation | 3.18 | | (2.88) | |
| | Other Adjustments | 0.76 | | (1.38) | |
| | Fair Value Adjustments | (3.59) | | (3.93) | |
| | Amortisation of Government Grants | 92.17 | | 79.20 | |
| | Share of Net Profit /(Loss) of Joint Ventures (accounted for using the equity method) | 5.24 | | (0.08) | |
| | | | 509.41 | | 642.24 |
| | **Cash flow from Operating Activities before Operating Assets and Liabilities adjustments** | | 5,627.85 | | 4,889.39 |
| | **Changes in Operating Assets and Liabilities:** | | | | |
| | Inventories | (20.63) | | (4.08) | |
| | Trade Receivables | (1,951.62) | | 850.15 | |
| | Other Financial Assets, Loans and Advances | (1,190.91) | | (235.29) | |
| | Other Financial Liabilities and Provisions | 1,958.76 | | 25.80 | |
| | | | (1,204.40) | | 636.58 |
| | **Cash flow from operating activities before taxes** | | 4,423.45 | | 5,525.97 |
| | Less : Taxes | | 877.17 | | 829.85 |
| | **NET CASH FROM OPERATING ACTIVITIES (A)** | | 3,546.28 | | 4,696.12 |
| B. | CASH FLOW FROM INVESTING ACTIVITIES | | | | |
| | Property, Plant and Equipment, Other Intangible Assets & Expenditure on construction projects (including expenditure attributable to construction forming part of Capital Work in Progress for the year) - Net | | (1,085.32) | | (1,563.50) |
| | Realization/ (Payments) for Investments / Bonds / Bank Deposits | | (35.46) | | 382.98 |
| | Investment in Joint Venture | | (100.00) | | (122.36) |
| | Dividend Income | | 4.80 | | 3.60 |
| | Interest Income | | 307.66 | | 413.06 |
| | **NET CASH USED IN INVESTING ACTIVITIES (B)** | | (908.32) | | (886.22) |
| C. | CASH FLOW FROM FINANCING ACTIVITIES | | | | |
| | Buyback of Equity Shares (including Premium Payment) | | (606.20) | | - |
| | Dividend and Tax on Dividend Paid (including Non-Controlling Interests) | | (1,526.74) | | (2,231.03) |
| | Borrowings | | 2,588.00 | | 4,354.99 |
| | Repayment of Borrowings | | (1,877.16) | | (4,855.88) |
| | Interest and Finance Charges | | (1,215.12) | | (1,143.98) |
| | Government Grant Received | | 22.44 | | 12.97 |
| | **NET CASH USED IN FINANCING ACTIVITIES (C)** | | (2,614.78) | | (3,862.93) |
| D. | NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C) | | 23.18 | | (53.03) |
| | Cash and Cash Equivalents at the beginning of the year (Refer Note 8) | | 20.54 | | 73.57 |
| | Cash and Cash Equivalents at the close of the year (Refer Note 8) | | 43.72 | | 20.54 |

# CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2019

**EXPLANATORY NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS**

1 Cash and Cash equivalents consists of Cash in hand, cheques/drafts in hands and Bank Balances including Short Term Deposits with original maturity of less than three months. The details of Cash and Cash equivalents as per Note 8 of the Balance Sheet is as under:

(₹ in crore)

| | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---|---|
| Cash and Cash equivalents | 43.72 | 20.54 |

**Cash and Cash equivalents includes:-**

a) ₹ 18.18 Crore (Previous year ₹ 0.22 Crore), held for works being executed by Company on behalf of other agencies.

b) ₹ 0.50 Crore (Previous year ₹ Nil), NHPC Emergency relief fund created in pursuance of order of Hon'ble High Court of Sikkim.

2 Interest and finance charges in Cash Flow from Financing Activities includes borrowing cost of ₹ 365.33 Crore (Previous year ₹ 371.10 Crore) capitalised during the period on account of Expenditure attributable to construction (EAC).

3 Amount of undrawn loan as on 31.03.2019 : ₹ 819.00 Crore (Previous Year ₹ 25.00 Crore)

4 Company has incurred ₹ 44.60 Crore in cash on account of Corporate Social Responsibility (CSR) expenditure during the year ended 31.03.2019 (Previous Year ₹ 56.88 Crore)

5 Bank Balances other than Cash and Cash Equivalents include an amount of ₹ 10.00 Crore (As on 31.03.2018 NIL) under lien with banks for availing short term borrowings, which is not freely available for the business of the Company included in stated amount.

6 Cash and Bank Balances include an amount of ₹ 2.64 Crore (As on 31.03.2018 ₹ 2.64 Crore) representing deposit by Oustees towards Land for Land in respect of Omkareshwar Project, which is not freely available for the business of the Company.

7 Bank Balances other than Cash and Cash Equivalents include an amount of ₹ 11.65 Crore (As on 31.03.2018 ₹ 11.12 Crore) under lien with banks as per orders of Hon'ble Court of Law which is not available for use as on 31.03.2019.

8 **Net debt reconciliation**

(₹ in crore)

| | As at 31st March, 2019 | As at 31st March, 2018 |
|---|---|---|
| Cash and Cash Equivalents | 43.72 | 20.54 |
| Current Borrowings | (406.00) | (280.00) |
| Non current Borrowings | (19234.76) | (18894.59) |
| **Net Debt** | **(19597.04)** | **(19154.05)** |

(₹ in crore)

| Particulars | Other assets | Liabilities from Financing Activities | | |
|---|---|---|---|---|
| | Cash & Cash Equivalents | Non-current borrowings | Current borrowings | Total |
| **Net debt as at 31 March 2018** | **20.54** | **(18,894.59)** | **(280.00)** | **(19,154.05)** |
| Cash flows | 23.18 | (574.83) | (126.01) | (677.66) |
| Foreign exchange adjustments | - | (22.69) | - | (22.69) |
| Interest expense | - | (1,201.37) | (5.83) | (1,207.20) |
| Interest paid | - | 1,188.87 | 5.84 | 1,194.71 |
| Fair value adjustments | - | 269.85 | - | 269.85 |
| **Net debt as at 31 March 2019** | **43.72** | **(19,234.76)** | **(406.00)** | **(19,597.04)** |

**For and on behalf of the Board of Directors**

| **VIJAY GUPTA** | **MAHESH KUMAR MITTAL** | **BALRAJ JOSHI** |
|---|---|---|
| Company Secretary | Director (Finance) | Chairman & Managing Director |
| | DIN 02889021 | DIN 07449990 |

**As per report of even date**

| **For Arora Vohra & Co.** | **For DSP & Associates** | **For Lodha & Co.** |
|---|---|---|
| Chartered Accountants | Chartered Accountants | Chartered Accountants |
| FRN: 009487N | FRN: 006791N | FRN: 301051E |
| **(PREM C. BANSAL)** | **(SANJAY JAIN)** | **(R. P. SINGH)** |
| Partner | Partner | Partner |
| M. No. 083597 | M. No. 084906 | M. No. 052438 |

Place : New Delhi
Date : 27th May, 2019

# STATEMENT OF STANDALONE CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2020

(₹ in Crore)

| | | For the Year ended 31st March, 2020 | | For the Year ended 31st March, 2019 | |
|---|---|---|---|---|---|
| **A.** | **CASH FLOW FROM OPERATING ACTIVITIES** | | | | |
| | **Profit before tax for the year including movements in Regulatory Deferral Account Balance** | | 3608.17 | | 3744.78 |
| | Less: Movement in Regulatory Deferral Account Balances | | 343.61 | | 823.40 |
| | **Profit before Tax** | | **3264.56** | | **2921.38** |
| | **ADD :** | | | | |
| | Depreciation and Amortisation | 1545.34 | | 1589.99 | |
| | Finance Costs | 795.42 | | 894.88 | |
| | Provisions (Net Loss) | 155.17 | | 107.10 | |
| | Tariff Adjustment (loss) | - | | 45.47 | |
| | Sales adjustment on account of Exchange Rate Variation | 42.94 | | 92.34 | |
| | Loss/(Profit) on sale of assets/Claims written off | 2.51 | | (1.20) | |
| | | | 2541.38 | | 2728.58 |
| | | | **5805.94** | | **5649.96** |
| | **LESS :** | | | | |
| | Advance against Depreciation written back | 44.72 | | 60.72 | |
| | Provisions (Net gain) | 5.22 | | 30.77 | |
| | Dividend Income | 489.97 | | 282.47 | |
| | Interest Income | 162.16 | | 165.61 | |
| | Exchange rate variation | (50.15) | | 3.18 | |
| | Fair Value Adjustments | (1.42) | | (2.84) | |
| | Amortisation of Government Grants | 29.95 | | 24.20 | |
| | | | 680.45 | | 564.11 |
| | **Cash flow from Operating Activities before Operating Assets and Liabilities adjustments and Taxes** | | **5125.49** | | **5085.85** |
| | **Changes in Operating Assets and Liabilities:** | | | | |
| | Inventories | (1.33) | | (21.44) | |
| | Trade Receivables | (1778.85) | | (2107.81) | |
| | Other Financial Assets, Loans and Advances | (75.91) | | (876.83) | |
| | Other Financial Liabilities and Provisions | (160.87) | | 2038.89 | |
| | | | (2016.96) | | (967.19) |
| | **Cash flow from operating activities before taxes** | | **3108.53** | | **4118.66** |
| | Less : Taxes Paid | | 635.08 | | 678.90 |
| | **NET CASH FLOW FROM OPERATING ACTIVITIES (A)** | | **2473.45** | | **3439.76** |
| **B.** | **CASH FLOW FROM INVESTING ACTIVITIES** | | | | |
| | Property, Plant and Equipment, Other Intangible Assets & Expenditure on construction projects (including expenditure attributable to construction forming part of Capital Work in Progress for the year) - **Net of Grant** | | (2708.71) | | (1492.48) |
| | Sale of Assets | | 0.52 | | 0.92 |
| | Investment in Joint Venture | | (140.45) | | (100.00) |
| | Investment in Subsidiaries | | (924.70) | | - |
| | Dividend Income | | 489.97 | | 282.47 |
| | Interest Income | | 127.05 | | 144.14 |
| | **NET CASH USED IN INVESTING ACTIVITIES (B)** | | **(3156.32)** | | **(1164.95)** |
| **C.** | **CASH FLOW FROM FINANCING ACTIVITIES** | | | | |
| | Buyback of Equity Shares (including Premium Payment) | | - | | (606.20) |
| | Dividend and Tax on Dividend Paid | | (2237.47) | | (1149.03) |

|  | For the Year ended 31st March, 2020 | For the Year ended 31st March, 2019 |
|---|---|---|
| Proceeds from Borrowings | 5967.71 | 2578.00 |
| Repayment of Borrowings | (1715.05) | (1877.16) |
| Interest and Finance Charges | (1332.22) | (1215.12) |
| Repayment of Lease Liability | (3.27) | - |
| **NET CASH FROM/USED IN FINANCING ACTIVITIES (C)** | **679.70** | **(2269.51)** |
| **D. NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)** | **(3.17)** | **5.30** |
| **Cash and Cash Equivalents at the beginning of the year** | 12.04 | 6.74 |
| **Cash and Cash Equivalents at the close of the year** | 8.87 | 12.04 |

The above Statement of Cash Flows is prepared in accordance with the Indirect method prescribed in Ind AS 7 - "Statement of Cash Flows".

**EXPLANATORY NOTES TO STATEMENT OF CASH FLOWS**

1 Cash and Cash equivalents consists of Cash in hand, cheques/drafts in hands and Bank Balances including Short Term Deposits with original maturity of less than three months. The details of Cash and Cash equivalents is as under:

(₹ in crore)

|  | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| **Cash and Cash equivalents** | 8.87 | 12.04 |

2 Earmarked balances with banks amounting to ₹ 18.68 Crores as on 31.03.2019 included under Cash and Cash Equivalents has been reclassified to Bank Balances other than Cash and Cash Equivalents. Accordingly the Cash and Cash Equivalents as on 31.03.2019 has been changed from ₹ 30.72 Crore to ₹ 12.04 Crore.

3 Interest and finance charges in Cash Flow from Financing Activities includes borrowing cost of ₹ 462.90 Crore (Previous year ₹ 365.28 Crore) capitalised during the period on account of Expenditure attributable to construction (EAC)

4 Amount of undrawn loan as on 31.03.2020 : ₹ 925.00 Crore (Previous Year ₹ 819.00 Crore).

5 Company has incurred ₹ 122.57 Crore in cash on account of Corporate Social Responsibility (CSR) expenditure during the year ended 31.03.2020 (Previous Year ₹ 16.72 Crore)

6 **Net debt reconciliation:-** (₹ in crore)

|  | 31-03-2020 | 31-03-2019 |
|---|---|---|
| Cash and Cash Equivalents | 8.87 | 12.04 |
| Current Borrowings | (714.31) | (406.00) |
| Non current Borrowings | (23138.70) | (19234.76) |
| Lease Liability | (13.91) | - |
| **Net Debt** | **(23858.05)** | **(19628.72)** |

(₹ in crore)

| Particulars | Other assets | Liabilities from Financing Activities | | | Total |
|---|---|---|---|---|---|
|  | Cash & Cash Equivalents | Non-current borrowings | Lease Liability | Current borrowings |  |
| **Net debt as at 31st March' 2018** | **6.74** | **(18894.59)** | - | **(280.00)** | **(19167.85)** |
| Cash flows | 5.30 | (574.83) | - | (126.01) | (695.54) |
| Lease Liability | - | - | - | - | - |
| Foreign exchange adjustments | - | (22.69) | - | - | (22.69) |
| Interest expense | - | (1201.37) | - | (5.83) | (1207.20) |
| Interest paid | - | 1188.87 | - | 5.84 | 1194.71 |
| Fair value adjustments | - | 269.85 | - | - | 269.85 |
| **Net debt as at 31st March' 2019** | **12.04** | **(19234.76)** | - | **(406.00)** | **(19628.72)** |

(₹ in crore)

| Particulars | Other assets | Liabilities from Financing Activities | | | Total |
|---|---|---|---|---|---|
| | Cash & Cash Equivalents | Non-current borrowings | Lease Liability | Current borrowings | |
| **Net debt as at 31st March' 2019** | **12.04** | **(19234.76)** | **-** | **(406.00)** | **(19628.72)** |
| Lease recognised under Ind AS 116 as on 01/04/2019 | - | - | (14.90) | - | (14.90) |
| Cash flows | (3.17) | (3944.34) | 3.27 | (308.31) | (4252.55) |
| Lease Liability | - | - | (2.28) | - | (2.28) |
| Foreign exchange adjustments | - | (120.23) | - | - | (120.23) |
| Interest expense | - | (1320.31) | (1.17) | (15.93) | (1337.41) |
| Interest paid | - | 1262.20 | 1.17 | 15.93 | 1279.30 |
| Fair value adjustments | - | 218.74 | - | - | 218.74 |
| **Net debt as at 31st March' 2020** | **8.87** | **(23138.70)** | **(13.91)** | **(714.31)** | **(23858.05)** |

**For and on behalf of the Board of Directors**

**VIJAY GUPTA**
Company Secretary

**MAHESH KUMAR MITTAL**
Director (Finance)
DIN 02889021

**ABHAY KUMAR SINGH**
Chairman & Managing Director
DIN 08646003

**As per report of even date**

**For Arora Vohra & Co.**
Chartered Accountants
FRN: 009487N

**(A. K. Aggarwal)**
Partner
M. No. 013833

**For DSP & Associates**
Chartered Accountants
FRN: 006791N

**(Sanjay Jain)**
Partner
M. No. 084906

**For Lodha & Co.**
Chartered Accountants
FRN: 301051E

**(R.P. Singh)**
Partner
M. No. 052438

Place: Faridabad
Date: 27th June, 2020

# STATEMENT OF CONSOLIDATED CASH FLOWS
# FOR THE YEAR ENDED 31ST MARCH, 2020

(₹ in Crore)

| | | For the Year ended 31st March, 2020 | | For the Year ended 31st March, 2019 |
|---|---|---|---|---|
| **A.** | **CASH FLOW FROM OPERATING ACTIVITIES** | | | |
| | **Profit before tax for the year including movements in Regulatory Deferral Account Balance** | | 3,615.22 | 4,159.41 |
| | Less: Movement in Regulatory Deferral Account Balances | | (240.50) | 843.42 |
| | **Profit before Tax** | | **3,855.72** | **3,315.99** |
| | **ADD :** | | | |
| | Depreciation and Ammortisation | 1,614.04 | | 1,657.96 |
| | Finance Costs | 795.98 | | 895.14 |
| | Provisions (Net) | 156.59 | | 110.46 |
| | Tariff Adjustment (loss) | 27.79 | | 65.37 |
| | Sales adjustment of account of Exchange Rate Variation | 42.94 | | 92.34 |
| | Loss (Profit) on sale of assets/Claims written off | 4.48 | | (1.15) |
| | | | 2,641.82 | 2,820.12 |
| | | | **6,497.54** | **6,136.11** |
| | **LESS :** | | | |
| | Advance against Depreciation written back | 48.38 | | 65.23 |
| | Provisions (Net gain) | 5.22 | | 31.43 |
| | Dividend Income | 4.80 | | 4.80 |
| | Interest Income | 307.21 | | 309.04 |
| | Exchange rate variation | (50.15) | | 3.18 |
| | Other Adjustments | (2.61) | | 0.76 |
| | Fair Value Adjustments | (2.04) | | (3.59) |
| | Amortisation of Government Grants | 98.46 | | 92.17 |
| | Share of Net Profit /(Loss) of Joint Ventures (accounted for using the equity method) | 3.04 | | 5.24 |
| | | 412.31 | | 508.26 |
| | **Cash flow from Operating Activities before Operating Assets and Liabilities adjustments** | | **6,085.23** | **5,627.85** |
| | **Changes in Operating Assets and Liabilities:** | | | |
| | Inventories | (1.69) | | (20.63) |
| | Trade Receivables | (1,655.75) | | (1,951.62) |
| | Other Financial Assets, Loans and Advances | (197.61) | | (931.12) |
| | Other Financial Liabilities and Provisions | (184.39) | | 1,976.90 |
| | | (2,039.44) | | (926.47) |
| | **Cash flow from operating activities before taxes** | | **4,045.79** | **4,701.38** |
| | Less : Taxes Paid | | 793.92 | 877.17 |
| | **NET CASH FROM OPERATING ACTIVITIES (A)** | | **3,251.87** | **3,824.21** |
| **B.** | **CASH FLOW FROM INVESTING ACTIVITIES** | | | |
| | "Property, Plant and Equipment, Other Intangible Assets & Expenditure on construction projects (including expenditure attributable to construction forming part of Capital Work in Progress for the year) - **Net of Grant**" | | (3,631.74) | (1,360.20) |
| | Sale of Assets | | 0.52 | 0.92 |
| | Realization/ (Payments) for Investments / Bonds / Bank Deposits | | 253.35 | (35.46) |
| | Investment in Joint Venture | | (140.45) | (100.00) |
| | Dividend Income | | 4.80 | 4.80 |
| | Interest Income | | 267.12 | 307.66 |
| | **NET CASH USED IN INVESTING ACTIVITIES (B)** | | **(3,246.40)** | **(1,182.28)** |

| | | For the Year ended 31st March, 2020 | For the Year ended 31st March, 2019 |
|---|---|---|---|
| **C.** | **CASH FLOW FROM FINANCING ACTIVITIES** | | |
| | Buyback of Equity Shares (including Premium Payment) | - | (606.20) |
| | Equity proceeds from Non-Controlling Interest | 2.50 | - |
| | Dividend and Tax on Dividend Paid (including Non-Controlling Interests) | (2,897.44) | (1,526.74) |
| | Proceeds from Borrowings | 6,015.71 | 2,588.00 |
| | Repayment of Borrowings | (1,773.05) | (1,877.16) |
| | Interest and Finance Charges | (1,332.61) | (1,215.12) |
| | Repayment of Lease Liability | (3.45) | - |
| | **NET CASH USED IN FINANCING ACTIVITIES (C)** | **11.66** | **(2,637.22)** |
| **D.** | **NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)** | **17.13** | **4.7** |
| | Cash and Cash Equivalents at the beginning of the year | 25.04 | 20.33 |
| | Cash and Cash Equivalents at the close of the year | 42.17 | 25.04 |

The above Statement of Cash Flows is prepared in accordance with the Indirect method prescribed in Ind AS 7 - "Statement of Cash Flows".

**EXPLANATORY NOTES TO CONSOLIDATED STATEMENT OF CASH FLOWS**

1 Cash and Cash equivalents consists of Cash in hand, cheques/drafts in hands and Bank Balances including Short Term Deposits with original maturity of less than three months. The details of Cash and Cash equivalents as per Note 8 of the Balance Sheet is as under:

(₹ in crore)

| | As at 31st March, 2020 | As at 31st March, 2019 |
|---|---|---|
| **Cash and Cash equivalents** | 42.17 | 25.04 |

2 Earmarked balances with banks amounting to Rs. 18.68 Crores as on 31.03.2019 included under Cash and Cash Equivalents has been reclassified to Bank Balances other than Cash and Cash Equivalents. Accordingly the Cash and Cash Equivalents as on 31.03.2019 has been changed from Rs. 43.72 Crore to Rs. 25.04 Crore.

3 Interest and finance charges in Cash Flow from Financing Activities includes borrowing cost of ₹ 462.90 Crore (Previous year ₹ 365.28 Crore) capitalised during the period on account of Expenditure attributable to construction (EAC).

4 Amount of undrawn loan as on 31.03.2020 : ₹ 925.00 Crore (Previous Year ₹ 819.00 Crore)

5 Company has incurred ₹ 147.54 Crore in cash on account of Corporate Social Responsibility (CSR) expenditure during the year ended 31.03.2020 (Previous Year ₹ 44.60 Crore)

6 **Net debt reconciliation**

(₹ in crore)

| | 31/03/2020 | 31/03/2019 |
|---|---|---|
| Cash and Cash Equivalents | 42.17 | 25.04 |
| Current Borrowings | (714.31) | (416.01) |
| Non current Borrowings | (23138.70) | (19234.76) |
| Lease Liability | (16.35) | 0.00 |
| Net Debt | (23827.19) | (19625.73) |

(₹ in crore)

| Particulars | Other assets | Liabilities from Financing Activities | | | Total |
|---|---|---|---|---|---|
| | Cash & Cash Equivalents | Non-current borrowings | Lease Liability | Current borrowings | |
| **Net debt as at 31 March 2018** | **20.33** | **(18,894.59)** | **-** | **(280.00)** | **19,154.26)** |
| Cash flows | 4.71 | (574.83) | - | (136.01) | (706.13) |
| Lease Liability | - | - | - | - | - |
| Foreign exchange adjustments | - | (22.69) | - | - | (22.69) |
| Interest expense | - | (1,201.37) | - | (5.84) | (1,207.21) |
| Interest paid | - | 1,188.87 | - | 5.84 | 1,194.71 |
| Fair value adjustments | - | 269.85 | - | - | 269.85 |
| **Net debt as at 31 March 2019** | **25.04** | **(19,234.76)** | **-** | **(416.01)** | **19,625.73)** |

(₹ in crore)

| Particulars | Other assets | Liabilities from Financing Activities | | | Total |
|---|---|---|---|---|---|
| | Cash & Cash Equivalents | Non-current borrowings | Lease Liability | Current borrowings | |
| **Net debt as at 31 March 2019** | **25.04** | **(19,234.76)** | **-** | **(416.01)** | **(19,625.73)** |
| Lease recognised under Ind AS 116 as on 01/04/2019 | - | - | (17.46) | - | (17.46) |
| Cash flows | 17.13 | (3,944.34) | 3.45 | (298.31) | (4,222.07) |
| Lease Liability | - | - | (2.42) | - | (2.42) |
| Foreign exchange adjustments | - | (120.23) | - | - | (120.23) |
| Interest expense | - | (1,320.31) | (1.31) | (15.96) | (1,337.58) |
| Interest paid | - | 1,262.20 | 1.25 | 15.97 | 1,279.42 |
| Fair value & Other adjustments | - | 218.74 | 0.14 | - | 218.88 |
| **Net debt as at 31 March 2020** | **42.17** | **(23,138.70)** | **(16.35)** | **(714.31)** | **(23,827.19)** |

**For and on behalf of the Board of Directors**

**VIJAY GUPTA**
Company Secretary

**MAHESH KUMAR MITTAL**
Director (Finance)
DIN 02889021

**ABHAY KUMAR SINGH**
Chairman & Managing Director
DIN 08646003

**As per report of even date**

**For Arora Vohra & Co.**
Chartered Accountants
FRN: 009487N

**(A. K. Aggarwal)**
Partner
M. No. 013833

**For DSP & Associates**
Chartered Accountants
FRN: 006791N

**(Sanjay Jain)**
Partner
M. No. 084906

**For Lodha & Co.**
Chartered Accountants
FRN: 301051E

**(R.P. Singh)**
Partner
M. No. 052438

Place: Faridabad
Date: 27th June, 2020

स्वच्छ भारत
एक कदम स्वच्छता की ओर

फोन/Phone :

संदर्भ सं./Ref. No.

दिनांक/Date :

**CERTIFIED TRUE COPY OF THE RESOLUTIONS PASSED BY THE BOARD OF DIRECTORS IN ITS 434TH MEETING HELD ON 06.05.2020**

**ITEM NO. 434.2.5: APPROVAL FOR ISSUANCE OF CORPORATE BONDS AND / OR RAISING OF TERM LOANS/ EXTERNAL COMMERCIAL BORROWINGS (ECB) AMOUNTING TO RS. 2000 CRORE:**

I. **RESOLVED THAT** Chairman & Managing Director and/or Director (Finance) be and are hereby authorized to raise Debt up to Rs. 2000 crore during the financial year 2020-21 through Secured, Redeemable, Taxable, Non-cumulative Non-Convertible Taxable Corporate Bonds in one or more Series/Tranches on private placement basis and/or raising of Term loans/External Commercial Borrowings (ECB) in suitable Tranches. Chairman & Managing Director and/or Director (Finance) be and are hereby further authorized to decide all terms and conditions including coupon rate, tenor etc. for Corporate Bonds/Term loans/ External Commercial Borrowings (ECB).

II. **RESOLVED FURTHER THAT** Chairman & Managing Director / Director (Finance) / Chief General Manager (Finance) be and is hereby authorized to make allotment of the Corporate Bonds to be raised and for signing of the Loan Agreement for the Term loans/ External Commercial Borrowings (ECB) be availed during the financial year 2020-21 up to Rs. 2000 crore.

III. **RESOLVED FURTHER THAT** Director (Finance)/Chief General Manager (Finance) be and is hereby authorized to sign Declaration under Form PAS-4 required pursuant to Rule 14 of Companies (Prospectus and Allotment of Securities) Rule, 2014 for Corporate Bonds and approve offer letter in connection thereof.

IV. **RESOLVED FURTHER THAT** Director (Finance) be and is hereby authorized to appoint any intermediaries / agencies / persons as may be required for the purposes of the issue(s) of the Corporate Bonds/Term loans/ External Commercial Borrowings (ECB) including without limiting to the 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) be and is hereby authorized to appoint Banker to the issue(s) and open Bank Account and settle the terms of appointment.

VI. **RESOLVED FURTHER THAT** Director (Finance)/Chief General Manager (Finance) be and is hereby authorized to provide assets of the Company as security by way of hypothecation and/or mortgage on pari-passu basis, wherever required for raising of Corporate Bonds/Term loans/ External Commercial Borrowings (ECB) and do all necessary acts/deeds, sign all necessary documents/ contracts/ agreements/ deeds incidental to effect above resolutions.

एक कदम स्वच्छता की ओर



VII. **RESOLVED FURTHER THAT** Chief General Manager (Finance)/ General Manager (Finance) be and is hereby authorized to execute Trust Deed/agreements for issuance of Corporate Bonds /Term loans/ External Commercial Borrowings (ECB) and pay stamp duty, court fee and any other related charges.

VIII. **RESOLVED FURTHER THAT** Company Secretary/Chief General Manager (Finance)/General Manager (Finance) be and is hereby authorized to sign the Disclosure Document and to make an application along with necessary documents required for the listing of the Corporate Bonds in one or more Stock Exchange(s) to obtain ISIN/Filing Corporate action with NSDL/CDSL and make necessary fees to Stock Exchanges and NSDL/CDSL and all the compliances as may be required.

IX. **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 favor of trustees/Banks 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 Company be affixed on all such documents/deeds as are required to be executed under the Common Seal of the Company, in terms of provisions of Articles of Association of the Company.

****

Certified True Copy

**(Rajendra Prasad Goyal)**
Director (Finance)
DIN: 08645380

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

फोन/Phone : ______________

संदर्भ सं./Ref. No. ______________ दिनांक/Date : ______________

**The following resolutions were passed by the shareholders in the Postal Ballot process held on 9th September, 2014.**

**ITEM NO. 1: Authorization to the Board of Directors for mortgaging and/or creating charge on all or any of the movable or immovable assets and / or immovable property of the Company for securing borrowings for the purpose of the Company.**

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

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

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

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

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

irrespective of the fact that such aggregate amount of borrowing outstanding at any time may exceed the aggregate for the time being of the paid-up capital of the Company and free reserves, that is to say, reserves not set apart for any specific purpose;

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

**ITEM NO. 3: Issue of Secured / Unsecured Redeemable Non-Convertible Debentures / Bonds aggregating up to Rs. 2500 Crore through Private Placement.**

"**RESOLVED THAT** pursuant to the provisions of Section 42, 71 and all other applicable provisions of the Companies Act, 2013 read with relevant rules (including any statutory modification(s) or re-enactment thereof, for the time being in force), and subject to the provisions of the Articles of Association of the Company, approval of the Members be and is hereby accorded to authorize the Board of Directors of the Company to offer or invite subscriptions for Secured / Unsecured Redeemable Non-Convertible Debentures / Bonds, in one or more series / tranches, aggregating up to Rupees 2,500 crore (Rupees Two Thousand Five Hundred Crore), on Private Placement, on such terms and conditions as the Board of Directors of the Company may, from time to time, determine and in the beneficial interest of the Company including time, consideration for the issue, utilization of issue proceeds and all other matter connected with or incidental thereto;

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

Certified True Copy

18/11/2014

कंपनी सचिव
Company Secretary
एन एच पी सी लिमिटेड
NHPC Limited

CARE Ratings
Professional Risk Opinion

**No. CARE/DRO/RL/2020-21/3545**
**Shri R P Goyal**
**Director**
**NHPC Limited**
NHPC Office Complex, Sector - 33,
Faridabad, Haryana 121003

February 05, 2021

**Confidential**

Dear Sir,

**Credit rating for proposed Non-Convertible bonds issue**

Please refer to your request for rating of proposed long-term bonds (AC series) issue aggregating to Rs. 2000 crore of your Company. The proposed bonds would have door to door tenure of 15 years repayable in ten tranches starting at the end of 6th year till the end of 15th year.

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

| Sr. No. | Instrument | Amount (Rs. crore) | Rating[1] | Rating Action |
|---|---|---|---|---|
| 1. | Bonds | 2,000.00 | CARE AAA; Stable (Triple A; Outlook: Stable) | Assigned |
| | Total Instruments | 2,000.00 (Rs. Two Thousand Crore Only) | | |

3. Please arrange to get the rating revalidated, in case the proposed issue is not made within a period of six months from the date of our initial communication of rating to you (that is February 05, 2021).

4. In case there is any change in the size or terms of the proposed issue, please get the rating revalidated.

5. Please inform us the below-mentioned details of issue immediately, but not later than 7 days from the date of placing the instrument:

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

CARE Ratings Ltd.

CORPORATE OFFICE: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (E), Mumbai - 400 022.
Tel.: +91-22- 6754 3456 • Fax: +91-22- 022 6754 3457
Email: care@careratings.com • www.careratings.com

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

CIN-L67190MH1993PLC071691

| Instrument type | ISIN | Issue Size (Rs cr) | Coupon Rate | Coupon Payment Dates | Terms of Redemption | Redemption date | Name and contact details of Debenture Trustee | Details of top 10 investors |
|---|---|---|---|---|---|---|---|---|

6. Kindly arrange to submit to us a copy of each of the documents pertaining to the bonds issue, including the offer document and the trust deed.

7. The rationale for the rating will be communicated to you separately. A write-up (press release) on the above rating is proposed to be issued to the press shortly, a draft of which is enclosed for your perusal as **Annexure 2**. We request you to peruse the annexed document and offer your comments if any. We are doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in. Kindly revert as early as possible. In any case, if we do not hear from you by February 08, 2021, we will proceed on the basis that you have no any comments to offer.

8. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.

9. CARE reserves the right to revise/reaffirm/withdraw the rating assigned as also revise the outlook, as a result of periodic review/surveillance, based on any event or information 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 bank facilities, CARE shall carry out the review on the basis of best available information throughout the life time of such bank facilities. 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.

10. Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

11. Users of this rating may kindly refer our website www.careratings.com for latest update on the outstanding rating.

12. CARE ratings are **not** recommendations to buy, sell or hold any securities.

13. If you need any clarification, you are welcome to approach us in this regard. We are indeed, grateful to you for entrusting this assignment to CARE.

Thanking you,

Yours faithfully,

**Puneet Kansal**
Senior Manager
puneet.kansal@careratings.com

**Sudhir Kumar**
Associate Director
sudhir.kumar@careratings.com

Encl.: As above

**Disclaimer**

CARE's ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE's ratings do not convey suitability or price for the investor. CARE's ratings do not constitute an audit on the rated entity. 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. CARE or its subsidiaries/associates may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is, inter-alia, 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. CARE is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating.
Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

India Ratings
& Research
A Fitch Group Company

FitchGroup

Mr. HS Puri
CGM-Finance
NHPC Limited
NHPC Office Complex,
Sector 33,
Faridabad -121003

February 05, 2021

*Dear Sir/Madam,*

***Re: Rating Letter for Bank Loan Ratings & Bond Ratings of NHPC Limited***

India Ratings and Research (Ind-Ra) has affirmed NHPC Limited's Long-Term Issuer Rating at 'IND AAA'. The Outlook is Stable. The instrument-wise rating actions are as follows:

| Instrument Type | Size of Issue (billion) | Rating/Outlook | Rating Action |
|---|---|---|---|
| Term loan programme (bank facilities) | INR20 | IND AAA/Stable | Affirmed |
| Working capital programme* | INR25 | IND AAA/Stable/IND A1+ | Affirmed |
| Bonds** | INR145.74 (reduced from INR 141.94) | IND AAA/Stable | Affirmed |
| Bonds** | INR20 | IND AAA/Stable | Assigned |
| Government of India (GoI)-fully serviced bonds** | INR20.17 | IND AAA/Stable | Affirmed |

* Includes cash credit/bill discounting/working capital demand loan/short-term loan/bank guarantee/ letter of credit

**Details in Annexure

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.

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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 +91 22 4000 1700.

Sincerely,

India Ratings

**Devendra Pant**
**Senior Director**

Annexure: Facilities Breakup

| Instrument Type | ISIN | Date of Issuance | Coupon Rate (%) | Maturity Date | Size of Issue (billion) | Rating/Outlook |
|---|---|---|---|---|---|---|
| Bonds | INE848E07807 | 14 July 2015 | 8.5 | 14 July 2020 | INR1.23 | WD (paid in full) |
| Bonds | INE848E07625 | 26 November 2014 | 8.49 | 26 November 2020 | INR0.37 | WD (paid in full) |
| Bonds | INE848E07690 | 26 November 2014 | 8.54 | 26 November 2020 | INR0.55 | WD (paid in full) |
| Bonds | INE848E07963 | 24 January 2017 | 6.84 | 24 January 2021 | INR1.55 | WD (paid in full) |
| Bonds | INE848E07237 | 11 February 2013 | 8.7 | 11 February 2021 | INR0.07 | IND AAA/Stable |
| Bonds | INE848E07328 | 11 February 2013 | 8.85 | 11 February 2021 | INR0.32 | IND AAA/Stable |
| Bonds | INE848E07419 | 11 February 2013 | 8.78 | 11 February 2021 | INR0.89 | IND AAA/Stable |
| Bonds | INE848E07104 | 12 March 2012 | 9.25 | 12 March 2021 | INR1.06 | IND AAA/Stable |
| Bonds | INE848E07815 | 14 July 2015 | 8.5 | 14 July 2021 | INR1.23 | IND AAA/Stable |
| Bonds | INE848E07633 | 26 November 2014 | 8.49 | 26 November 2021 | INR0.37 | IND AAA/Stable |
| Bonds | INE848E07708 | 26 November 2014 | 8.54 | 26 November 2021 | INR0.55 | IND AAA/Stable |
| Bonds | INE848E07971 | 24 January 2017 | 6.84 | 24 January 2022 | INR1.55 | IND AAA/Stable |
| Bonds | INE848E07245 | 11 February 2013 | 8.7 | 11 February 2022 | INR0.07 | IND AAA/Stable |
| Bonds | INE848E07336 | 11 February 2013 | 8.85 | 11 February 2022 | INR0.32 | IND AAA/Stable |
| Bonds | INE848E07427 | 11 February 2013 | 8.78 | 11 February 2022 | INR0.89 | IND AAA/Stable |
| Bonds | INE848E07112 | 12 March 2012 | 9.25 | 12 March 2022 | INR1.06 | IND AAA/Stable |
| Bonds | INE848E07823 | 14 July 2015 | 8.5 | 14 July 2022 | INR1.23 | IND AAA/Stable |
| Bonds | INE848E07641 | 26 November 2014 | 8.49 | 26 November 2022 | INR0.37 | IND AAA/Stable |
| Bonds | INE848E07716 | 26 November 2014 | 8.54 | 26 November 2022 | INR0.55 | IND AAA/Stable |
| Bonds | INE848E07252 | 11 February 2013 | 8.7 | 11 February 2023 | INR0.07 | IND AAA/Stable |
| Bonds | INE848E07344 | 11 February 2013 | 8.85 | 11 February 2023 | INR0.32 | IND AAA/Stable |
| Bonds | INE848E07435 | 11 February 2013 | 8.78 | 11 February 2023 | INR0.89 | IND AAA/Stable |
| Bonds | INE848E07120 | 12 March 2012 | 9.25 | 12 March 2023 | INR1.06 | IND AAA/Stable |
| Bonds | INE848E07989 | 6 June 2017 | 7.52 | 6 June 2023 | INR2.95 | IND AAA/Stable |
| Bonds | INE848E07831 | 14 July 2015 | 8.5 | 14 July 2023 | INR1.23 | IND AAA/Stable |
| Bonds | INE848E07518 | 2 November 2013 | 8.18 | 2 November 2023 | INR0.51 | IND AAA/Stable |
| Bonds | INE848E07542 | 2 November 2013 | 8.43 | 2 November 2023 | INR0.61 | IND AAA/Stable |
| Bonds | INE848E07658 | 26 November 2014 | 8.49 | 26 November 2023 | INR0.37 | IND AAA/Stable |

| | | | | | | |
|---|---|---|---|---|---|---|
| Bonds | INE848E07724 | 26 November 2014 | 8.54 | 26 November 2023 | INR0.55 | IND AAA/Stable |
| Bonds | INE848E07260 | 11 February 2013 | 8.7 | 11 February 2024 | INR0.07 | IND AAA/Stable |
| Bonds | INE848E07351 | 11 February 2013 | 8.85 | 11 February 2024 | INR0.32 | IND AAA/Stable |
| Bonds | INE848E07443 | 11 February 2013 | 8.78 | 11 February 2024 | INR0.89 | IND AAA/Stable |
| Bonds | INE848E07138 | 12 March 2012 | 9.25 | 12 March 2024 | INR1.06 | IND AAA/Stable |
| Bonds | INE848E07997 | 6 June 2017 | 7.52 | 6 June 2024 | INR2.95 | IND AAA/Stable |
| Bonds | INE848E07849 | 14 July 2015 | 8.5 | 14 July 2024 | INR1.23 | IND AAA/Stable |
| Bonds | INE848E07666 | 26 November 2014 | 8.49 | 26 November 2024 | INR0.37 | IND AAA/Stable |
| Bonds | INE848E07732 | 26 November 2014 | 8.54 | 26 November 2024 | INR0.55 | IND AAA/Stable |
| Bonds | INE848E07047 | 1 February 2010 | 9 | 1 February 2025 | INR12 | IND AAA/Stable |
| Bonds | INE848E07492 | 11 February 2013 | 8.7 | 11 February 2025 | INR0.07 | IND AAA/Stable |
| Bonds | INE848E07369 | 11 February 2013 | 8.85 | 11 February 2025 | INR0.32 | IND AAA/Stable |
| Bonds | INE848E07450 | 11 February 2013 | 8.78 | 11 February 2025 | INR0.89 | IND AAA/Stable |
| Bonds | INE848E07146 | 12 March 2012 | 9.25 | 12 March 2025 | INR1.06 | IND AAA/Stable |
| Bonds | INE848E07AA3 | 6 June 2017 | 7.52 | 6 June 2025 | INR2.95 | IND AAA/Stable |
| Bonds | INE848E07856 | 14 July 2015 | 8.5 | 14 July 2025 | INR1.23 | IND AAA/Stable |
| Bonds | INE848E07740 | 26 November 2014 | 8.54 | 26 November 2025 | INR0.55 | IND AAA/Stable |
| Bonds | INE848E07500 | 11 February 2013 | 8.7 | 11 February 2026 | INR0.07 | IND AAA/Stable |
| Bonds | INE848E07377 | 11 February 2013 | 8.85 | 11 February 2026 | INR0.32 | IND AAA/Stable |
| Bonds | INE848E07468 | 11 February 2013 | 8.78 | 11 February 2026 | INR0.89 | IND AAA/Stable |
| Bonds | INE848E07153 | 12 March 2012 | 9.25 | 12 March 2026 | INR1.06 | IND AAA/Stable |
| Bonds | INE848E07AB1 | 6 June 2017 | 7.52 | 6 June 2026 | INR2.95 | IND AAA/Stable |
| Bonds | INE848E07864 | 14 July 2015 | 8.5 | 14 July 2026 | INR1.23 | IND AAA/Stable |
| Bonds | INE848E07757 | 26 November 2014 | 8.54 | 26 November 2026 | INR0.55 | IND AAA/Stable |
| Bonds | INE848E07385 | 11 February 2013 | 8.85 | 11 February 2027 | INR0.32 | IND AAA/Stable |
| Bonds | INE848E07476 | 11 February 2013 | 8.78 | 11 February 2027 | INR0.89 | IND AAA/Stable |
| Bonds | INE848E07161 | 12 March 2012 | 9.25 | 12 March 2027 | INR1.06 | IND AAA/Stable |
| Bonds | INE848E07AC9 | 6 June 2017 | 7.52 | 6 June 2027 | INR2.95 | IND AAA/Stable |
| Bonds | INE848E07872 | 14 July 2015 | 8.5 | 14 July 2027 | INR1.23 | IND AAA/Stable |
| Bonds | INE848E07765 | 26 November 2014 | 8.54 | 26 November 2027 | INR0.55 | IND AAA/Stable |
| Bonds | INE848E07484 | 11 February 2013 | 8.78 | 11 February 2028 | INR0.89 | IND AAA/Stable |
| Bonds | INE848E07880 | 14 July 2015 | 8.5 | 14 July 2028 | INR1.23 | IND AAA/Stable |

| | | | | | | |
|---|---|---|---|---|---|---|
| Bonds | INE848E07526 | 2 November 2013 | 8.54 | 2 November 2028 | INR2.13 | IND AAA/Stable |
| Bonds | INE848E07559 | 2 November 2013 | 8.79 | 2 November 2028 | INR0.86 | IND AAA/Stable |
| Bonds | INE848E07773 | 26 November 2014 | 8.54 | 26 November 2028 | INR0.55 | IND AAA/Stable |
| Bonds | INE848E07898 | 14 July 2015 | 8.5 | 14 July 2029 | INR1.23 | IND AAA/Stable |
| Bonds | INE848E07781 | 26 November 2014 | 8.54 | 26 November 2029 | INR0.55 | IND AAA/Stable |
| Bonds | INE848E07906 | 14 July 2015 | 8.5 | 14 July 2030 | INR1.23 | IND AAA/Stable |
| Bonds | INE848E07914 | 27 June 2016 | 8.24 | 27 June 2031 | INR5.4 | IND AAA/Stable |
| Bonds | INE848E07922 | 7 July 2016 | 8.17 | 27 June 2031 | INR3.6 | IND AAA/Stable |
| Bonds | INE848E07534 | 2 November 2013 | 8.67 | 2 November 2033 | INR3.36 | IND AAA/Stable |
| Bonds | INE848E07567 | 2 November 2013 | 8.92 | 2 November 2033 | INR2.54 | IND AAA/Stable |
| Bonds | INE848E07AN6 | 8 February 2019 | 8.65 | 8 February 2029 | INR15 | IND AAA/Stable |
| Bonds | INE848E07AO4 | 7 October 2019 | 7.50 | 7 October 2025 | INR3 | IND AAA/Stable |
| Bonds | INE848E07AP1 | 7 October 2019 | 7.50 | 7 October 2026 | INR3 | IND AAA/Stable |
| Bonds | INE848E07AQ9 | 7 October 2019 | 7.50 | 7 October 2027 | INR3 | IND AAA/Stable |
| Bonds | INE848E07AR7 | 7 October 2019 | 7.50 | 7 October 2028 | INR3 | IND AAA/Stable |
| Bonds | INE848E07AS5 | 7 October 2019 | 7.50 | 6 October 2029 | INR3 | IND AAA/Stable |
| Bonds | INE848E07AT3 | 3 January 2020 | 7.38 | 3 January 2026 | INR1 | IND AAA/Stable |
| Bonds | INE848E07AU1 | 3 January 2020 | 7.38 | 2 January 2027 | INR1 | IND AAA/Stable |
| Bonds | INE848E07AV9 | 3 January 2020 | 7.38 | 3 January 2028 | INR1 | IND AAA/Stable |
| Bonds | INE848E07AW7 | 3 January 2020 | 7.38 | 3 January 2029 | INR1 | IND AAA/Stable |
| Bonds | INE848E07AX5 | 3 January 2020 | 7.38 | 3 January 2030 | INR1 | IND AAA/Stable |
| Bonds | INE848E07AY3 | 11 February 2020 | 7.13 | 11 February 2026 | INR3 | IND AAA/Stable |
| Bonds | INE848E07AZ0 | 11 February 2020 | 7.13 | 11 February 2027 | INR3 | IND AAA/Stable |
| Bonds | INE848E07BA1 | 11 February 2020 | 7.13 | 11 February 2028 | INR3 | IND AAA/Stable |
| Bonds | INE848E07BB9 | 11 February 2020 | 7.13 | 9 February 2029 | INR3 | IND AAA/Stable |
| Bonds | INE848E07BC7 | 11 February 2020 | 7.13 | 11 February 2030 | INR3 | IND AAA/Stable |
| Bonds | INE848E07BD5 | 11 March 2020 | 6.89 | 11 March 2026 | INR1 | IND AAA/Stable |
| Bonds | INE848E07BE3 | 11 March 2020 | 6.89 | 11 March 2027 | INR1 | IND AAA/Stable |
| Bonds | INE848E07BG8 | 11 March 2020 | 6.89 | 10 March 2028 | INR1 | IND AAA/Stable |
| Bonds | INE848E07BH6 | 11 March 2020 | 6.89 | 9 March 2029 | INR1 | IND AAA/Stable |
| Bonds | INE848E07BI4 | 11 March 2020 | 6.89 | 11 March 2030 | INR1 | IND AAA/Stable |
| Bonds | INE848E07BJ2 | 24 April 2020 | 6.8 | 24 April 2026 | INR1.5 | IND AAA/Stable |

| | | | | | | |
|---|---|---|---|---|---|---|
| Bonds | INE848E07BK0 | 24 April 2020 | 6.8 | 23 April 2027 | INR1.5 | IND AAA/Stable |
| Bonds | INE848E07BL8 | 24 April 2020 | 6.8 | 24 April 2028 | INR1.5 | IND AAA/Stable |
| Bonds | INE848E07BM6 | 24 April 2020 | 6.8 | 24 April 2029 | INR1.5 | IND AAA/Stable |
| Bonds | INE848E07BN4 | 24 April 2020 | 6.8 | 24 April 2030 | INR1.5 | IND AAA/Stable |
| Bonds# | - | - | - | - | INR20 | IND AAA/Stable |
| **Total** | | | | | **INR165.74** | |

# Yet to be issued

| Instrument Type | ISIN | Date of Issuance | Coupon Rate (%) | Maturity Date | Size of Issue (billion) | Rating/Outlook |
|---|---|---|---|---|---|---|
| GoI-fully serviced bonds | INE848E08136 | 22 March 2019 | 8.12 | 22 March 2029 | INR20.17 | IND AAA/Stable |

SBICAP Trustee

SBICAP Trustee Company Ltd.

**Ref No.22342020-2021/CL - 3207**
Date: 08th February, 2021.
**NHPC Limited**
NHPC Office Complex, Sector 33,
Faridabad, Haryana 121003

**Issue of Secured, Redeemable, Non-Cumulative, Taxable, AC Series Non-Convertible Debentures (NCDs) upto Rs. 2,000 crores on Private placement basis by NHPC Limited ("Company").**

We, the undersigned, do hereby consent to act as a Debenture Trustee to the Issue and to our name being inserted as the Debenture Trustee to the Issue in the 'Offer document /Private placement offer letter' to be filed by the Company with the Indian stock exchanges where the Debentures are proposed to be listed (the "**Stock Exchanges**") and any other document intended to be filed with Stock Exchanges, SEBI and other regulatory or statutory authority in respect of the Issue. The following details with respect to us may be disclosed:

Name : SBICAP Trustee Company Limited
Address : 4th Floor, Mistry Bhavan, 122,
Dinshaw Vachha Road, Churchgate,
*Mumbai 400 020.*
Telephone No. : 022-43025555
Fax No. :022- 22040465
E-mail : corporate@sbicaptrustee.com
Investor Grievance e-mail : investor.cell@sbicaptrustee.com
Website : www.sbicaptrustee.com
Contact Person : Ms. Anupama Naidu (Company Secretary & Compliance Officer )
Tel No. 022- 43025503
SEBI Registration No.: IND000000536

We confirm that we are registered with SEBI and that such registration is valid as on the date of this letter. We enclose a copy of our registration certificate. We also confirm that we have not been prohibited by SEBI to act as an intermediary in capital market issues. We further confirm that no enquiry/investigation is being conducted by SEBI on us.

We further confirm that we have not received any communication from SEBI prohibiting us from acting as the intermediary:

We confirm that we will immediately inform the Company of any change, additions or deletions in respect of the matters covered in this certificate till the date when the Debentures offered, issued and allotted pursuant to the Issue, are admitted for trading on the Stock Exchanges. In the absence of any such communication from us, the above information should be taken as updated information until the listing and trading of Debentures on the Stock Exchanges.

We hereby authorise you to deliver this letter of consent to the Stock Exchanges and any other regulatory or statutory authority as required.

Sincerely,

**For SBICAP Trustee Company Ltd.**

A. Mukhopadhyay

**Ardhendu Mukhopadhyay**
**Sr. Manager – Marketing & Operations**

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**Corporate Office :**
4th Floor, Mistry Bhavan,
122, Dinshaw Vachha Road,
Churchgate, Mumbai,
Pin - 400 020.

**Registered Office :**
202, Maker Tower E,
Cuffe Parade, Mumbai - 400 005.
CIN : U65991MH2005PLC158386

*A Group Company of SBI*