PROSPECTUS
October 10, 2013

NHPC LIMITED

(A Government of India Undertaking)

Our Company was incorporated on November 7, 1975 under the Companies Act, 1956 as a private limited company under the name 'National Hydroelectric Power Corporation Private Limited'. The word 'private' was subsequently deleted from the name of our Company on September 18, 1976. Our Company was converted into a public limited company with effect from April 2, 1986. On March 28, 2008, our name was changed to our present name 'NHPC Limited'. **Registered and Corporate Office:** NHPC Office Complex, Sector - 33, Faridabad 121 003, Haryana, India. **Tel:** +91 129 227 8421. **Fax:** +91 129 227 7941. **E-mail:** companysecretary@nhpc.nic.in. **Website:** www.nhpcindia.com. For details of changes in our registered office, see the Section titled "***History and Certain Corporate Matters***" on page **97** of this Prospectus. **Contact Person and Compliance Officer:** Mr. Vijay Gupta, Company Secretary. **Tel:** +91 129 227 8421. **Fax:** +91 129 227 8018. **E-mail:** companysecretary@nhpc.nic.in.

PROMOTER OF THE COMPANY: THE PRESIDENT OF INDIA, ACTING THROUGH THE MINISTRY OF POWER, GOVERNMENT OF INDIA

PUBLIC ISSUE BY NHPC LIMITED ("COMPANY" OR "ISSUER" OR "NHPC") OF TAX FREE, SECURED, REDEEMABLE, NON-CONVERTIBLE BONDS IN THE NATURE OF DEBENTURES OF FACE VALUE OF RS. 1,000 EACH, HAVING TAX BENEFITS UNDER SECTION 10(15)(iv)(h) OF THE INCOME TAX ACT, 1961, AS AMENDED ("BONDS") FOR AN AMOUNT AGGREGATING UP TO Rs. 500 CRORE WITH AN OPTION TO RETAIN OVERSUBSCRIPTION UP TO Rs. 500 CRORE FOR ISSUANCE OF ADDITIONAL BONDS AGGREGATING TO A TOTAL OF UP TO Rs. 1,000 CRORE*, ("ISSUE") DURING FISCAL 2014.

The Issue is being made under the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended (the "**SEBI Debt Regulations**") and pursuant to Notification No. 61/2013.F.No.178/37/2013-(ITA.1) dated August 8, 2013 issued by the Central Board of Direct Taxes, Department of Revenue, Ministry of Finance, Government of India ("**CBDT Notification**"), by virtue of powers conferred on it under section 10(15)(iv)(h) of the Income Tax Act, 1961, as amended (the "**Income Tax Act**").

** In terms of the CBDT Notification, our Company is allowed to raise tax free bonds upto a maximum amount of Rs. 1,000 crore in the Fiscal 2014, out of which our Company is required to raise a minimum of 70% i.e. Rs. 700 crore through public issue. Further, our Company may at its discretion, raise upto a maximum of Rs. 300 crore through private placement route, wherein suitable amount shall be earmarked for sovereign wealth funds, pension and gratuity funds. In case our Company decides to raise funds through private placement route, the amount of oversubscription that may be retained through public issue shall stand reduced accordingly. Our Company shall ensure that the tax free bonds issued through public issue and private placement route shall together not exceed Rs. 1,000 crore during the Fiscal 2014.*

GENERAL RISKS

Investors are advised to read the Risk Factors carefully before taking an investment decision in relation to the Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue, including the risks involved. Specific attention is invited to "***Risk Factors***" on page **14** of this Prospectus and "***Material Developments***". This document has not been and will not be approved by any regulatory authority in India, including the Securities and Exchange Board of India ("**SEBI**"), the Reserve Bank of India ("**RBI**"), any registrar of companies or any stock exchange in India.

ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this Prospectus contains all information with regard to the Issuer and the Issue which is material in the context of the Issue that the information contained in this Prospectus is true and correct in all material respects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other material facts, the omission of which makes this Prospectus as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect at the time of the Issue.

CREDIT RATING

ICRA Limited has, vide its letter no. D/RTA/2013-14/N1/1 dated September 27, 2013, assigned a credit rating of "[ICRA] AAA" to the Bonds. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. India Rating & Research Private Limited has, vide its letter dated October 1, 2013 assigned a credit rating of IND 'AAA' to the Bonds. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. Credit Analysis & Research Limited has, vide its letter dated September 27, 2013, assigned a credit rating of CARE AAA' to the Bonds. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. These ratings are not a recommendation to buy, sell or hold securities, and investors should take their own decision. These ratings are subject to revision or withdrawal at any time by the assigning rating agency(ies) and should be evaluated independently of any other ratings. For the rationale for these ratings, see "***Annexure B – Credit Rating***" of this Prospectus.

PUBLIC COMMENTS

The Draft Prospectus dated September 28, 2013 was filed with **NSE** (Designated Stock Exchange) **and BSE**, pursuant to regulation 6(2) of the SEBI Debt Regulations and was open for public comments for a period of 7 (seven) Working Days.

LISTING

The Bonds are proposed to be listed on NSE and BSE. Our Company has obtained in-principle listing approval from NSE vide its letter No. NSE/LSIT/218220-W, dated October 8, 2103 and from BSE vide its letter No. DSC/SP/PI-BOND/07/13-14, dated October 8, 2013, respectively. For the purpose of the Issue, NSE shall be the Designated Stock Exchange.

LEAD MANAGERS TO THE ISSUE		REGISTRAR TO THE ISSUE	DEBENTURE TRUSTEE
			IDBI TRUSTEESHIP SERVICES LIMITED
A.K. CAPITAL SERVICES LIMITED 30-39 Free Press House, 3rd Floor, Free Press Journal Marg, 215, Nariman Point, Mumbai 400021 Tel: +91 22 6754 6500/ 6634 9300 Facsimile: +91 22 6610 0594 Email: nhpctfbonds13@akgroup.co.in Investor Grievance Email: investor.grievance@akgroup.co.in Website: www.akcapindia.com Contact Person: Mr. Mandeep Singh/ Mr. Lokesh Singhi Compliance Officer: Mr. Vikas Agarwal SEBI Registration No.: INM000010411	**AXIS CAPITAL LIMITED** 1st floor, Axis House, C-2 Wadia International Centre P.B. Marg, Worli, Mumbai- 400025 Tel: +91 22 4325 2525 Facsimile: +91 22 4325 3000 Email: nhpctaxfree@axiscap.in Website: www.axiscapital.co.in Investor Grievance Email: complaints@axiscap.in Contact Person: Mr. Akash Aggarwal Compliance Officer: Mr. M. Natarajan SEBI Registration No.: INM000012029	**KARVY COMPUTERSHARE PRIVATE LIMITED** Plot No. 17 o 24, Vithalrao Nagar, Madhapur, Hyderabad 500 081- A.P., India Tel: +91 (40) 4465 5000; Fax: +91 (40) 2343 1551; E-mail: einward.ris@karvy.com; Investor Grievance Email: nhpc bonds@karvy.com; Website: www.karisma.karvy.com; Contact Person: Mr. M. Murali Krishna; SEBI Registration Number: INR000000221	**IDBI TRUSTEESHIP SERVICES LIMITED** IDBI Trusteeship Services Limited Asian Building, Ground Floor 17. R. Kamani Marg Ballard Estate Mumbai Maharashtra – 400 001 Tel: +91 22 40807000 Facsimile: +91 22 66311776 Email: itsl@idbitrustee.com Website: www.idbitrustee.com Investor Grievance Email: response@idbitrustee.com Contact Person: Sarita Iyer Compliance Officer: Sarita Iyer SEBI Registration No.: IND000000460

ISSUE PROGRAMME**	
ISSUE OPENING DATE: October [•], 2013	**ISSUE CLSOING DATE: November [•], 2013**

***The Issue shall remain open for subscription from 10.00 a.m. to 5.00p.m.(Indian Standard Time) during the period indicated above with an option for early closure or extension, as may be decided by the Board of Directors or the Functional Authority. In the event of such early closure or extension of the subscription list of the Issue, the Company shall ensure that public notice of such early closure/extension is published on or before such early date of closure or the Issue Closing Date, as applicable, through advertisement(s) in atleast one leading national daily newspaper.*

IDBI Trusteeship Servicess Limited has vide its letter dated September 27, 2013 given its consent for its appointment as Bond Trustee to the Issue and for its name to be included in this Prospectus and in all the subsequent periodical communications sent or to be sent to the holders of the Bonds issued pursuant to this Issue.

*A copy of the Prospectus shall be filed with the Registrar of Companies, National Capital Territory of Delhi and Haryana, in terms Section 56 and 60 of the Companies Act, 1956 and other applicable provisions of the Companies Act, 2013 along with the requisite endorsed/ certified copies of all documents. For more information, see "**Material Contracts and Documents for Inspection**" on page **235** of this Prospectus.*

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SECTION I – GENERAL
DEFINITIONS AND ABBREVIATIONS

This Prospectus uses certain definitions and abbreviations which, unless the context indicates or implies otherwise, have the meaning provided below. References to statutes, rules, regulations, guidelines and policies will be deemed to include all amendments and modifications notified thereto.

Company Related Terms

Term	Description
"Issuer", "NHPC ", "our Company" or "the Company"	NHPC Limited, a company incorporated under the Companies Act, 1956 and having its registered office at NHPC Office Complex, Sector - 33, Faridabad 121 003, Haryana, India
"We" or "us", "our"	NHPC Limited together with its Subsidiaries, Associate Companies on a consolidated basis, unless the context otherwise require
Group	NHPC and its Subsidiaries and Associate Companies
Articles/ Articles of Association/AoA	Articles of Association of the Company, as amended
Associate Company(ies)	NPEX and NHPTL
Board/ Board of Directors	Board of Directors of the Company, unless otherwise specified
CVPPPL	Chenab Valley Power Projects Private Limited
Equity Shares	Equity Shares of the Company of face value Rs. 10 each, unless otherwise specified
Functional Authority	The authority constituted by the Board of Directors in their meeting held on September 17, 2013
LDHCL	Loktak Downstream Hydroelectric Corporation Limited
Memorandum/Memorandum of Association/MoA	Memorandum of Association of the Company, as amended
NHDC	NHDC Limited
NHPTL	National High Power Test Laboratory Private Limited
NPEX	National Power Exchange Limited
Registered Office and Corporate Office	NHPC Office Complex, Sector - 33, Faridabad 121 003, Haryana, India
RoC	Registrar of Companies, National Capital Territory of Delhi and Haryana
Statutory Auditors/Auditors	M/s S. N Nanda & Co., M/s Singhi & Co., M/s Gupta Gupta & Associates and M/s Tiwari & Associates, Chartered Accountants, being the joint statutory auditors of the Company
Subsidiaries	NHDC and LDHCL

Issue Related Terms

Term	Description
AK Capital	A. K. Capital Services Limited
Allotment/ Allot/ Allotted	Issue and allotment of Bonds to successful Applicants pursuant to the Issue
Allotment Advice	The communication sent to the Allottees conveying the details of Bonds allotted to the Allottees in accordance with the Basis of Allotment
Allottee	Successful Applicant to whom Bonds are allotted pursuant to the Issue
Applicant/ Investor	A person who makes an offer to subscribe to the Bonds pursuant to the terms of Prospectus and Application Form
Application	An application to subscribe to the Bonds offered pursuant to the Issue by submission of a valid Application Form and payment of the Application Amount by any of the modes as prescribed under the Prospectus
Application Amount	Aggregate value of Bonds applied for, as indicated in the Application Form
Application Form	Form in terms of which an Applicant shall make an offer to subscribe to Bonds and which will be considered as the application for Allotment of Bonds in terms of the Prospectus
Application Supported by Blocked Amount/ASBA/ ASBA Application	The application (whether physical or electronic) used by an ASBA Applicant to make an Application authorising the SCSB to block the Application Amount in a specified bank account maintained with such SCSB

Term	Description
ASBA Account	An account maintained with a SCSB which will be blocked by such SCSB to the extent of the Application Amount mentioned in Appication Form of an ASBA Applicant
ASBA Applicant	Any applicant who applies for the Bonds through the ASBA process
Application Interest	Interest paid on application money, in a manner detailed in "***Terms of the Issue***" on page 169 of this Prospectus
Axis	Axis Capital Limited
Base Issue Size	Rs. 500 crore
Basis of Allotment	The basis on which the Bonds will be allotted to successful Applicants under the Issue and which is described in "***Terms of the Issue – Basis of Allotment***" on page 171 of this Prospectus
Bond Certificate(s)	Certificate issued to Bondholder(s) pursuant to Allotment, in case the Applicant has opted for physical bonds based on the request from the Bondholders
Bondholder(s)	Any person holding Bonds and whose name appears in the list of the beneficial owners list provided by the Depositories (in case of Bonds held in dematerialised form) or whose name appears in the Register of Bondholders maintained by the Company/ Registrar (in case of Bonds held in physical form)
Bonds	Tax free, secured redeemable non-convertible bonds in the nature of debenture of face value of Rs. 1,000 each, having tax benefits under section 10(15)(iv)(h) of the Income Tax Act, proposed to be issued by the Company pursuant to the Prospectus
Bond Trustee Agreement	Bond Trustee Agreement dated September 27, 2013 entered into between the Bond Trustee and the Company
Bond Trust Deed	Trust deed to be entered into between the Bond Trustee and the Company within one month from the Issue Closing Date
Bond Trustee / Trustee	Trustee for the Bondholders in this case being IDBI Trusteeship Services Limited
Category I (QIBs)	Public financial institutions as defined in Section 4A of the Companies Act, scheduled commercial banks, mutual funds registered with SEBI, state industrial development corporations which are authorized to invest in the Bonds, insurance companies registered with the Insurance Regulatory and Development Authority, provident funds with a minimum corpus of Rs. 25 crore, pension funds with a minimum corpus of Rs. 25 crore, the National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of the GoI, published in the Gazette of India, insurance funds set up and managed by the army, navy, or air force of the Union of India and insurance funds set up and managed by the Department of Posts, India, which is authorized to invest in Bonds, Indian Alternative Investment Funds, subject to investment conditions applicable to them under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012
Category II* (Corporates)	Companies within the meaning of section 2(20) of the Companies Act, 2013, Limited Liability Partnerships registered under the provisions of the LLP Act, statutory corporations/ bodies, trusts, partnership firms in the name of partners, cooperative banks, regional rural banks, societies registered under the applicable laws in India, Association of Persons and other Domestic legal entities registered under applicable laws in India and authorised to invest in Bonds **With regard to Section 372A(3) of the Companies Act, 1956, kindly refer to General Circular No. 6/ 2013, dated March 14 , 2013 Ministry of Corporate Affairs, GoI clarifying that in cases where the effective yield on tax free bonds is greater than the prevailing bank rate, there shall be no violation of Section 372A(3) of the Companies Act.*
Category III (High Networth Individuals/HNIs)	Resident individuals investors (including HUFs applying through their Kartas who have applied for Bonds for an amount of more than Rs. 10 lakh in the Issue across all Series of Bonds
Category IV (Retail Individual Investors)	Resident individual investors (including HUFs applying through their Kartas applying for Bonds for an amount of less than or equal to Rs. 10 lakh in the Issue across all Series of Bonds

Term	Description
CBDT Notification	Notification No. 61/2013.F.No.178/37/2013-(ITA.1) dated August 8, 2013 issued by the Central Board of Direct Taxes, Department of Revenue, Ministry of Finance, Government of India
Consolidated Bond Certificate	In case of Bonds applied for in physical form or rematerialized Bonds held in physical form, the certificate issued by the Company to the Bondholder for the aggregate amount of Bonds that are rematerialized and held by such Bondholder
Consortium Agreement	Consortium Agreement dated October 8, 2013 amongst the Company and the Consortium Members for the Issue
Consortium Members for the Issue	Lead Managers and A.K Stockmart Private Limited
Collection Centres	Collection Centres shall mean those branches of the Bankers to the Issue that are authorised to collect the Application Forms (other than ASBA) as per the Escrow Agreement dated October 4, 2013 entered into by the Company, Bankers to the Issue, Registrar and Lead Managers
Credit Rating Agencies	The credit rating agencies in connection with this Issue, namely ICRA, IRRPL and CARE
Deemed Date of Allotment	The date on which, the Board of Directors or Functional Authority approves the Allotment of Bonds for the Issue or such date as may be determined by the Board of Directors or Functional Authority and notified to the Designated Stock Exchange. All benefits relating to the Bonds including interest on Bonds shall be available from the Deemed Date of Allotment. The actual allotment of Bonds may take place on a date other than the Deemed Date of Allotment
Demographic Details	The demographic details of an Applicant, such as his/ her address, bank account details and PAN for printing on refund orders and occupation.
Designated Branches	All branches of the SCSBs which shall collect the Application Form used by ASBA Applicants, a list of which is available at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries or such other website as may be prescribed by the SEBI from time to time
Designated Date	Date on which Application Amounts are transferred from the Escrow Account(s) and ASBA Accounts to the Public Issue Account or the Refund Account and the Registrar to the Issue issues instruction to SCSBs for transfer of funds from the ASBA Account to Public Issue Account(s) following which the Board shall Allot the Bonds to successful Applicants
Designated Stock Exchange	NSE
Direct Online Application	The Application made using the online interface and online payment facility of the Stock Exchanges. This facility is available only for demat account holders who wish to hold the Bonds pursuant to the Issue in dematerialized form.
Draft Prospectus	The draft prospectus dated September 28, 2013 filed by the Company with NSE and BSE for the purpose of seeking public comments, in accordance with the SEBI Debt Regulations.
Escrow Account(s)	Account(s) opened with the Escrow Collection Bank(s) for the Issue, in whose favour Applicants (other than ASBA Applicants) will issue cheques or drafts in respect of the Application Amount when submitting an Application for the Issue
Escrow Agreement	Agreement dated October 4, 2013 entered into by the Company, Registrar to the Issue, the Lead Managers and the Escrow Collection Bank(s) for collection of the Application Amounts and where applicable, refunds of amounts collected from Applicants (other than ASBA Applicants) on the terms and conditions thereof
Escrow Collection Bank(s)	Banks which are clearing members and registered with SEBI with whom the Escrow Account will be opened, in this case being Kotak Mahindra Bank, IDBI Bank Limited, Axis Bank Limited, Yes Bank Limited, HDFC Bank Limited, IndusInd Bank Limited, ICICI Bank Limited and State Bank of India
Interest Payment Date/ Coupon Payment Date	The date, in case of the first coupon/ interest payment shall be April 1, 2014 and for subsequent Fiscal years the interest payment date shall be on April 1 of every Fiscal year. The last interest payment will be made on the Redemption Date of the Bonds on prorata basis
Issue	Public issue by the Company of tax free, secured, redeemable, non-convertible bonds in the nature of debentures of face value of Rs. 1,000 each, having tax

Term	Description
	benefits under Section 10(15) (iv) (h) of the Income Tax Act, for an amount aggregating up to Rs. 500 crore with an option to retain oversubscription up to Rs. 500 crore for issuance of additional bonds aggregating to a total of up to Rs. 1,000 crore*, during Fiscal 2014. ** In terms of the CBDT Notification, our Company is allowed to raise tax free bonds upto a maximum amount of Rs. 1,000 crore in the Fiscal 2014, out of which our Company is required to raise a minimum of 70% i.e. Rs. 700 crore through public issue. Further, our Company may at its discretion, raise upto a maximum of Rs. 300 crore through private placement route, wherein suitable amount shall be earmarked for sovereign wealth funds, pension and gratuity funds. In case our Company decides to raise funds through private placement route, the amount of oversubscription that may be retained through public issue shall stand reduced accordingly. Our Company shall ensure that the tax free bonds issued through public issue and private placement route shall together not exceed Rs. 1,000 crore during the Fiscal 2014.*
Issue Agreement	The agreement entered into on September 27, 2013, between the Company and the Lead Managers
Issue Opening Date	October [●], 2013
Issue Closing Date	November [●], 2013 The Issue shall remain open for subscription from 10.00 a.m. to 5.00 p.m. (Indian Standard Time) during the period indicated above with an option for early closure or extension, as may be decided by the Board of Directors or the Functional Authority. In the event of such early closure or extension of the subscription list of the Issue, the Company shall ensure that public notice of such early closure/extension is published on or before such early date of closure or the Issue Closing Date, as applicable, through advertisement(s) in atleast one leading national daily newspaper
Issue Period	The period between the Issue Opening Date and the Issue Closing Date inclusive of both days, during which a prospective investor may submit their Application Forms
Lead Managers/ LMs	AK Capital and Axis
Market Lot	One Bond
OCB or Overseas Corporate Body	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs including overseas trusts, in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly and which was in existence on October 3, 2003 and immediately before such date had taken benefits under the general permission granted to OCBs under the FEMA. **OCBs are not permitted to invest in the Issue**
Prospectus	This prospectus dated October 10, 2013 filed by the Company with ROC, BSE, NSE and SEBI, in accordance with the provisions of SEBI Debt Regulations
Public Issue Account	Account opened with the Escrow Collection Bank(s) to receive monies from the Escrow Account(s) and the ASBA Accounts, on the Designated Date
Persons Resident Outside India	Shall mean a person who is not a person resident in India, as defined under FEMA
Record Date	Date falling 15 days prior to the relevant Interest Payment Date on which interest or the Maturity Date on which the Maturity Amount is due and payable under the Prospectus. In the event the Record Date falls on a Saturday, Sunday or a Public Holiday in New Delhi or any other payment centre notified in terms of the Negotiable Instruments Act, 1881, the succeeding Working Day shall be considered as the Record Date
Refund Account	Account opened with the Refund Bank from which refunds, if any, of the whole or any part of the Application Amount (excluding application amounts from ASBA Applicants) shall be made
Redemption Amount or Maturity Amount	Repayment of the face value amount of Bonds plus any interest at the applicable Coupon/ Interest Rate that may have accrued on the Redemption Date

Term	Description
Redemption Date or Maturity Date	10 years from the Deemed Date of Allotment for Series 1 Bonds, 15 years from the Deemed Date of Allotment for Series 2 Bond and 20 years from the Deemded Date of Allotment for Series 3 Bond
Refund Bank	YES Bank Limited
Register of Bondholders	Register of Bondholders maintained by the Issuer in accordance with the Companies Act and as detailed in "***Terms of the Issue – Rights of Bondholders***" on page 179 of this Prospectus
Registrar Agreement	Agreement dated September 27, 2013 entered into between the Company and the Registrar to the Issue, in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to the Issue
Registrar to the Issue or Registrar	Karvy Computershare Private Limited
Resident Individual	Individual who is a person resident in India as defined under the Foreign Exchange Management Act, 1999
Self Certified Syndicate Banks or SCSBs	The banks registered with the SEBI under the Securities and Exchange Board of India (Bankers to an Issue) Regulations, 1994 offering services in relation to ASBA, a list of which is available at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries. A list of the branches of the SCSBs where Application Forms will be forwarded by such members of the Syndicate is available at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries
Series of Bonds or Series	A series of Bonds, which are identical in all respects including but not limited to terms and conditions, listing and ISIN number (in the event that Bonds in a single Series of Bonds carry the same coupon/ interest rate) and as further stated to be an individual "Series" in the Prospectus
Specified Cities/ Syndicate ASBA Locations	Application centres at Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bengaluru, Hyderabad, Pune, Vadodara and Surat where the members of the Syndicate shall accept Application Forms under the ASBA process in terms of the SEBI Circular No. CIR/CFD/DIL/1/2011, dated April 29, 2011
Syndicate SCSB Branches	In relation to ASBA Applications submitted to a Member of the Syndicate, such branches of the SCSBs at the Syndicate ASBA Application Locations named by the SCSBs to receive deposits of the Application Forms from the Members of the Syndicate, and a list of which is available on http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries or at such other website(s) as may be prescribed by SEBI from time to time
Stock Exchanges	BSE and NSE. For the purpose of this Issue, NSE shall be the Designated Stock Exchange.
Syndicate or Members of the Syndicate	Collectively, the Consortium Members for marketing of the Issue, brokers and sub-brokers
Trading Lot	One Bond
Trading Member	Intermediaries registered with a Broker or a Sub-Broker under the SEBI (Stock Brokers and Sub-Brokers) Regulations, 1992 and/or with the NSE and BSE under the applicable byelaws, rules, regulations, guidelines, circulars issued by the relevant Stock Exchanges from time to time, for collection and electronic upload of Application Forms on the electronic application platform provided by such stock exchange
TRS/ Transaction Registration Slip	The acknowledgement or document issued by any of the Members of the Syndicate, SCSBs or Trading Members of the Stock Exchange(s), as the case may be, to an Applicant upon demand as proof of registration of Application for Bonds.
Tripartite Agreements	Tripartite agreement dated July 6, 2007 between the Company, CDSL and the Registrar to the Issue and the tripartite agreement dated October 10, 2007 between the Company, NSDL and the Registrar to the Issue
Working Days	All days excluding Sundays or a public holiday in India or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881, except with reference to Issue Period, Interest Payment Date and Record Date, where working days shall mean all days, excluding Saturdays, Sundays and public holiday in India or at any other payment centre notified in terms of the

Term	Description
	Negotiable Instruments Act, 1881

Conventional and General Terms or Abbreviations

Term	Description
AAR	Authority for Advance Ruling
Act or Companies Act or Companies Act, 1956	The Companies Act, 1956, as amended
AGM	Annual General Meeting
Alstom India	Alstom Projects India Limited
AS	Accounting Standard notified under the Companies (Accounting Standards) Rules, 2006, as amended issued by ICAI
ATE	Appellate Tribunal for Electricity
BSE	BSE Limited
CAGR	Compounded Annual Growth Rate
CAD	Canadian Dollar
CARE	Credit Rating & Analysis Limited
CDSL	Central Depository Services (India) Limited
CEI	Chief Electrical Inspector
CEP	Construction, Equipment and Planning
CHF	Swiss Franc
CIT (A)	Commissioner of Income Tax (Appeals)
CLRA	The Contract Labour (Regulation and Abolition) Act, 1970, as amended
Companies Act, 2013	Companies Act, 2013, to the extend notified by the Ministry of Corporate Affairs, Government of India
Cr.P.C.	Code of Criminal Procedure, 1973
CSR	Corporate Social Responsibility
CPMG	Corporate Project Monitoring Group
D.G.	Diesel generator
Debt Listing Agreement	The debt listing agreement entered into/ to be entered into by the Company with the Stock Exchanges
Depositories	NSDL and CDSL
Depositories Act	The Depositories Act, 1996, as amended
Depository Participant or DP	A depository participant as defined under the Depositories Act
DIN	Director Identification Number
DRR	Debenture Redemption Reserve
DTC	Direct Tax Code
DVC	Damodar Valley Corporation
€	Euro
E&M	Electrical and Mechanical
ECS	Electronic clearing service
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
ESOP	Employees stock option plan recommended by the Pay Committee for all public sector undertakings
FAA	First Appellate Authority
Factories Act	Factories Act, 1948, as amended
FBT	Fringe Benefit Tax
FC	Foreign currency
FCNR Account	Foreign Currency Non-Resident Account established in accordance with the FEMA
FDI	Foreign direct investment
FEMA	The Foreign Exchange Management Act, 1999, together with rules and regulations thereunder
FEMA 20	Foreign Exchange Management (Transfer or Issue of Security by a Person

Term	Description
	Resident Outside India) Regulations, 2000, as amended and supplemented from time to time
FIIs	Foreign Institutional Investors (as defined under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995, as amended from time to time) registered with the SEBI
FIMMDA	Fixed Income Money Market and Derivative Association of India
FIPB	Foreign Investment Promotion Board
Financial Year/Fiscal/FY	Period of 12 months ended March 31 of that particular year
FVCI	Foreign Venture Capital Investors (as defined under the SEBI (Foreign Venture Capital Investors) Regulations, 2000, as amended from time to time) registered with the SEBI
GDP	Gross Domestic Product
GoI	Government of India
GRA	Grievance Redressal Authority
HCC	Hindustan Construction Company Limited
HP	Himachal Pradesh
HUF	Hindu Undivided Family
IAS	Indian Administrative Service
ICAI	Institute of Chartered Accountants of India
ICRA	ICRA Limited
IDC	Interest during construction
IFRS	International Financial Reporting Standards
IGNOU	Indira Gandhi National Open University
IRRPL	India Ratings and Research Private Limited
IT&C	Information Technology and Communications
I.T. Act/ Income Tax Act	Income Tax Act, 1961, as amended
I.T. Department	Income Tax Department
India	Republic of India
IPO	Initial Public Offering
Indian GAAP	Generally Accepted Accounting Principles in India
IRDA	Insurance Regulatory and Development Authority
J&K	Jammu & Kashmir
JDA	Jammu Development Authority
JKSPDC	Jammu & Kashmir State Power Development Corporation Limited
JPY	Japanese Yen
JVC	Joint Venture Company
KYC	Know Your Customer
L&T	Larsen & Toubro Limited
LIBOR	London Inter Bank Offering Rate
Limited Liability Partnership /LLP	A limited liability partnership formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009), as amended from time to time
LIC	Life Insurance Corporation of India
MAT	Minimum Alternate Tax
MoA	Memorandum of Agreement
MCA	Ministry of Corporate Affairs
MoF	Ministry of Finance, GoI
MoP	Ministry of Power, GoI
MoU	Memorandum of Understanding
MPSEB	Madhya Pradesh State Electricity Board
MPTRADECO	MP Power Trading Company Limited
N.A. or N/A	Not Applicable
NAV	Net Asset Value
NBA	Narmada Bachao Andolan
NBFC	Non-Banking Financial Company as defined under Section 45-IC and 45-IF of RBI Act, 1934

Term	Description
NEAA	National Environment Appellate Authority
NECS	National Electronic Clearing System
NEFT	National Electronic Fund Transfer
NRI	Non Resident Indian
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
NSSF	National Small Savings Fund
Non-Resident or NR	A person resident outside India, as defined under the FEMA and includes a Non-Resident Indian
NRE Account	Non-Resident External Account established in accordance with the FEMA
NRO Account	Non-Resident Ordinary Account established in accordance with the FEMA
NSDL	National Securities Depository Limited
O&M	Operation and Maintenance
p.a.	Per annum
PAN	Permanent Account Number allotted under the I.T. Act
PAPs	Project-affected persons
PAT	Profit after tax
PIO	Public Information Officer
PMG	Project Monitoring Group
PSEB	Punjab State Electricity Board
PTC	PTC India Limited
QA&I	Quality Assurance and Inspection
R&D	Research and Development
R&R Policy	Our Rehabilitation and Resettlement Policy, 2007, which is based on the National Resettlement and Rehabilitation Policy, 2007 of the GoI
RBI	The Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934 , as amended from time to time
RoC	The Registrar of Companies, NCT of Delhi and Haryana
RoE	Return on equity
RoNW	Return on net worth
RPC	Regional Power Committee
Rs.	Indian Rupees
RTGS	Real Time Gross Settlement
RTI Act	Right to Information Act, 2005, as amended
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended
SEBI Act	Securities and Exchange Board of India Act, 1992, as amended
SEBI Debt Regulations	SEBI (Issue and Listing of Debt Securities) Regulations, 2008, as amended and supplemented from time to time
SEK	Swedish Kroner
STT	Securities Transaction Tax
Supreme Court	Supreme Court of India
T&HRD	Training and Human Resource Development
T&RE	Transmission and Rural Electrification
TERI	The Energy and Resources Institute
TCS	Tata Consultancy Services Limited
Trusts Act	Indian Trusts Act, 1882, as amended and supplemented from time to time
UAN	Unique Application Number
UNDP	United Nations Development Program
USA or U.S.	United States of America
US$ or USD or US Dollar	U.S Dollar
VAT	Value Added Tax
w.e.f	With effect from

Technical and Industry Related Terms

Term	Description
AAD	Advance Against Depreciation

Term	Description
ABT	Availability Based Tariff
AFC	Annual Fixed Charges
AGL	Above Ground Level
AMSL	Above Mean Sea Level
APGENCO	Andhra Pradesh Generation Company
APSPCB	Arunachal Pradesh State Pollution Control Board
BBMB	Bhakra Beas Management Board
BRRP/BREW	Bihar Rural Road Projects/Bihar Rural Electrification Works
CCEA	Cabinet Committee on Economic Affairs
CDM	Clean Development Mechanism
CEA	Central Electricity Authority
CER	Certified Emission Reduction
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
DPE	Department of Public Enterprises
DPR	Detailed Project Report
EAC	Expert Appraisal Committee
EIA	Environmental Impact Assessment
Electricity Supply Act	Electricity (Supply) Act, 1948, as amended
EMP	Environment Management Plan
EOT	Electric Overhead Travelling
EPA	Environment (Protection) Act, 1986, as amended
ERC	Electricity Regulatory Commission
ERC Act	Electricity Regulatory Commission Act, 1998, as amended
ERP	Enterprise Resource Planning
FAC	Forest Advisory Committee
FCA	Forest (Conservation) Act, 1980, as amended
GIS	Geographic Information System
HR	Human resources
IPP	Independent Power Producer
KW	Kilo Watt
KWh	Kilo Watt Hour
Land Acquisition Act	Land Acquisition Act, 1894, as amended
LC	Letter of credit
MAHAGENCO	Maharashtra Generation Company
MoEF	Ministry of Environment and Forest, Government of India
MU	Million Units
MW	Mega Watt
NAPAF	Normative Annual Plant Availability Factor
NBWL	National Board for Wildlife
NPV	Net present value
NSSF	National Small Savings Fund
One Time Settlement	Scheme for One Time Settlement of outstanding dues
PFC	Power Finance Corporation Limited
PGCIL	Power Grid Corporation of India Limited
PIB	Public Investment Board
PPA	Power Purchase Agreement
REC	Rural Electrification Corporation Limited
RES	Renewal Energy Sources, which includes small hydro, wind and biomass
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

Term	Description
STU	State Transmission Utility
Tailrace discharge	The discharge of water coming out of the machine after generation of electricity
TEC	Techno Economic Clearance
TEA	Techno Economic Appraisal
THDC	Tehri Hydro Development Corporation Limited
Tripartite Agreements	Tripartite Agreements executed among the GoI, RBI and the respective State governments
Unit	1 KWh, i.e. the energy contained in a current of one thousand amperes flowing under an electromotive force of one volt during one hour
UPNEDA	Uttar Pradesh Non Convential Energy Development Authority
VSAT	Very Small Aperture Terminal (based satellite)
Yield	Ratio of interest income to the daily average of interest earning assets

Notwithstanding the foregoing, terms in “***Main Provisions of the Articles of Association***”, “***Statement of Tax Benefits***” and “***Regulations and Policies***” on pages 213, 63 and 146 of this Prospectus, respectively, and “***Annexure A - Financial Information***”, shall have the meanings given to such terms in these respective sections.

CERTAIN CONVENTIONS, USE OF FINANCIAL, INDUSTRY AND MARKET DATA AND CURRENCY OF PRESENTATON

Certain Conventions

All references in this Prospectus to "**India**" are to the Republic of India and its territories and possessions.

Financial Data

Unless stated otherwise, the financial data in this Prospectus is derived from: (i) our Standalone Reformatted Financial Information, prepared in accordance with accounting standards generally accepted in India and the Companies Act for the quarter ended June, 2013 and Fiscal 2013, 2012, 2011, 2010 and 2009; and/or (ii) our audited Consolidated Reformatted Financial Information, prepared in accordance with accounting standards generally accepted in India and the Companies Act for the quarter ended June, 2013 and Fiscal 2013, 2012, 2011, 2010 and 2009. In this Prospectus, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off. All decimals have been rounded off to two decimal points.

The current financial year of the Company commences on April 1 and ends on March 31 of the next year, so all references to particular "financial year", "fiscal year", and "Fiscal" or "FY", unless stated otherwise, are to the 12 months period ended on March 31 of that year.

The degree to which the financial statements included in this Prospectus will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Prospectus should accordingly be limited.

Currency and Unit of Presentation

In this Prospectus, references to 'Rs.', 'Indian Rupees' and 'Rupees' are to the legal currency of India and references to 'US$', 'USD', and 'U.S. dollars' are to the legal currency of the United States of America and references to 'Euro' and '**€**' are to the legal currency of the European Union.

Industry and Market Data

Any industry and market data used in this Prospectus consists of estimates based on data reports compiled by government bodies, professional organizations and analysts, data from other external sources and knowledge of the markets in which the Company competes. These publications generally state that the information contained therein has been obtained from publicly available documents from various sources believed to be reliable but it has not been independently verified by us or its accuracy and completeness is not guaranteed and its reliability cannot be assured. Although the Company believes the industry and market data used in this Prospectus is reliable, it has not been independently verified by us. The data used in these sources may have been reclassified by us for purposes of presentation. Data from these sources may also not be comparable. The extent to which the industry and market data is presented in this Prospectus is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which the Company conducts its business, and methodologies and assumptions may vary widely among different market and industry sources.

Exchange Rates

The exchange rates of the US$ and **€** as at June 30, 2013, March 31, 2013, 2012, 2011, 2010 and 2009 are provided below:

Currency	Exchange Rate into Rs. as at September 30, 2013	Exchange Rate into Rs. as at June 30, 2013*	Exchange Rate into Rs. as at March 31, 2013#	Exchange Rate into Rs. as at March 31, 2012^	Exchange Rate into Rs. as at March 31, 2011	Exchange Rate into Rs. as at March 31, 2010	Exchange Rate into Rs. as at March 31, 2009
1 US$	62.7770	59.70	54.39	51.16	44.65	45.14	50.95
1 €	84.67	77.98	69.54	68.34	63.24	60.56	67.48
1 ¥	64.15	60.49	57.76	62.43	54.02	48.44	51.87

Source: RBI Reference Rates

***** *June 29, 2013 and June 30, 2013 was Saturday and Sunday respectively, hence, exchange rates for last working day of June, 2013 i.e June 28, 2013 have been used.*

#March 29, 2013 was a holiday and March 30, 2013 and March 31, 2013 were trading holiday; hence, exchange rates for last working day of March, 2013 i.e March 28, 2013 have been used.

^ March 31, 2012 was a trading holiday; hence, exchange rates for last working day, i.e., March 30, 2012 have been used.

FORWARD LOOKING STATEMENTS

Certain statements contained in this Prospectus that are not statements of historical fact constitute 'forward-looking statements'. Investors can generally identify forward-looking statements by terminology such as 'aim', 'anticipate', 'believe', 'continue', 'could', 'estimate', 'expect', 'intend', 'may', 'objective', 'plan', 'potential', 'project', 'pursue', 'shall', 'seek,' 'should', 'will', 'would', or other words or phrases of similar import. Similarly, statements that describe our strategies, objectives, plans or goals are also forward-looking statements. All statements regarding our expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our business strategy, revenue and profitability, new business and other matters discussed in this Prospectus that are not historical facts. All forward-looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include, among others:

- inherent risks in infrastructure financing, to the extent they materialize;
- our ability to comply with certain specific conditions prescribed by the GoI in relation to our business or any changes in laws and regulations applicable to companies in India, including foreign exchange control regulations in India;
- volatility in interest rates at which the Company borrows from banks/financial institutions;
- credit and market risks, affecting our credit ratings and our cost of funds;
- unavailability of financing at commercially acceptable terms, or at all;
- foreign currency borrowings as well as financing activities, which will expose us to fluctuations on foreign exchange rates;
- changes in political conditions in India and internationally;
- governmental and regulatory actions that may effect our business or our industry;
- other factors discussed in this Prospectus, including under "***Risk Factors***" on page 14 of this Prospectus.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "***Business***" and "***Material Developments***" on page 76 and 145 of this Prospectus, respectively. The forward-looking statements contained in this Prospectus are based on the beliefs of management, as well as the assumptions made by, and information currently available to, management. Although the Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, the Company cannot assure Investors that such expectations will prove to be correct. Given these uncertainties, Investors are cautioned not to place undue reliance on such forward-looking statements. If any of these risks and uncertainties materialize, or if any of our underlying assumptions prove to be incorrect, our actual results of operations or financial condition could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to us are expressly qualified in their entirety by reference to these cautionary statements.

SECTION II - RISK FACTORS

*An investment in Bonds involves a certain degree of risk. You should carefully consider all the information in this Prospectus, including the risks and uncertainties described below, and under "**Business**" on page 76 of this Prospectus and "**Annexure A - Financial Information**", 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.*

The financial and other related implications of risks concerned, wherever quantifiable, have been disclosed in the risk factors mentioned below. However, there are certain risk factors where such implications are not quantifiable and hence any quantification of the underlying risks has not been disclosed in such risk factors. The numbering of risk factors has been done to facilitate ease of reading and reference, and does not in any manner indicate the importance of one risk factor over another.

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 June 30, 2013, were Rs. 9,032.21 crore. The details are as follows:

(Rs. in crore)

Particulars	Amount
Claims against our Company not acknowledged as debts in respect of:	
Capital Works	8,517.08
Land Compensation Cases	39.43
Disputed Income Tax, Sales Tax and Service Tax Demands	331.70
Others	144.00
Total	**9,032.21**

"The above contingent liabilities do not include contingent liabilities on account of pending cases in respect of service matters and others where the amount cannot be quantified."

In the event that any of these contingent liabilities materialise, our financial condition may be adversely affected. For further details on contingent liabilities, see the section titled "***Annexure A- Financial Statements***" of this Prospectus.

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

We currently have twenty one criminal proceedings against us pending in various courts. Amongst the criminal cases filed against us, fourteen cases are pending before the Sub-divisional Magistrate, Chamba for non payment of dues towards certain alleged damage caused to forest area all of which relate to Chamera Hydro Electric Project- III. The aggregate monetary claim against our Company in these proceedings is Rs. 1.62 crore.

There are other outstanding legal proceedings against our Company pending at different levels of adjudication before various courts, tribunals, authorities and appellate bodies in India. Should any new development arise, such as a change in applicable laws or rulings against us by appellate courts or tribunals, we may need to make provisions in our financial statements, which may increase our expenses and current liabilities. We can give no assurance that these legal proceedings will be decided in our favour. Any adverse decision may have a significant effect on our business, financial condition and results of operations.

Details of the proceedings that have been initiated against our Company are set forth below:

(Rs. in crore)

Nature of Proceedings	Number of proceedings	Claimed/Disputed Amount as on June 30, 2013
Criminal matters	21	1.62
Consumer cases	3	0
Public interest litigation and environment matters	12	0
CERC cases	28	98.23
Tax matters	28	122.63
Civil suits	226	25.95
Land acquisition related matters	485	20.36
Labour-related proceedings	180	1.33
Motor accident claims related litigation	15	1.73
Arbitral proceedings including counter claims filed by other parties	47	393.05
Miscellaneous	11	0.11
Total	**1056**	**695.01**

In addition, there are certain legal notices, suits, appeals, proceedings, CERC litigation and arbitral claims that have been filed by our Company, which are pending before various forums. With respect to compensation payable in respect of land acquired for our projects, in addition to the legal proceedings mentioned above, compensation hearings are conducted in the ordinary course by the concerned land acquisition officers and district collectors under the Land Acquisition Act, 1894 ("Land Acquisition Act"). The government of the state in which the project is located is ultimately responsible for disbursing compensation provided by us in respect of the project affected persons ("PAPs"). The aggregate amount that our Company may be required to pay in respect of compensation hearings currently in process, and the total number of persons or villages affected, are not presently quantifiable.

In addition, certain directors and officers of our Company, including the Chairman and Managing Director, are, from time to time, impleaded in certain cases in their respective official capacities. Further, our Directors may be involved in litigation in their personal capacities. For further details, see "***Outstanding Litigation - Litigation involving our Directors of the Company***" on page 144 of this Prospectus.

If any of our ongoing legal proceedings or future legal proceedings are not resolved in our favour, and if our insurance coverage or any applicable indemnities are insufficient to cover the damages awarded against us, in those circumstances, we may be required to make substantial payments or we may be required to make appropriate provisions in our financial statements, which could have a material adverse effect on our business, financial condition and results of operations. For further information, see "***Outstanding Litigation***" on page 135 of this Prospectus.

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

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

4. The continuation of our Chairman and Managing Director and Director (Finance) is subject to further orders from the Ministry of Power, GoI and the outcome of a writ petition filed against us in the High Court of Delhi.

The Ministry of Power, GoI, vide its letter dated July 24, 2012 assigned additional charge of the post of Chairman and Managing Director to Mr. G. Sai Prasad, Joint Secretary (Hydro), Ministry of Power in addition to his own duties as Joint Secretary, Ministry of Power, w.e.f July 24, 2012 till additional charge of the post of Chairman and Managing Director is assigned to the Senior most functional director of NHPC or the post of Chairman and Managing Director is filled on regular basis or until further orders, whichever is earliest. Further, Mr. J.K. Sharma, Director (Projects), has also filed a writ petition against the Union of India and others (WP(C) 4878/2013) in the High Court of Delhi. In the said writ petition, Mr. Sharma has inter-alia prayed for being given additional charge of CMD of the Company, and continuation of existing panel of PESB for regular appointment to the said post of CMD of the Company.

Our present Director (Finance), Mr. A.B.L Srivastava has filed a writ petition before the Hon'ble High Court of Delhi challenging the order of relieving him from the post of Director (Finance). The Hon'ble High Court has stayed the order dated February 6, 2013 of relieving Mr. A.B.L Srivastava from the post of Director (Finance). Mr. ABL Srivastava has also filed a writ petition in High Court of Delhi [CWP 1101/2013] against the Union of India challenging the order dated January 1, 2013 by which he has been censured. The same relates to his service as Director (Finance) of the Company.

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

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

In general, we are more at risk from opposition to hydroelectric projects that require the construction of storage facilities because construction of such facilities involves the inundation of surrounding land. The resettlement and rehabilitation programme 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. For further information, see "***Outstanding Litigation***" on page 135 of this Prospectus.

6. We have had negative cash flows in past Fiscal periods as our expenditures on fixed assets exceeded our dividend income in these periods. There is no assurance that such negative cash flows shall not recur in future Fiscal periods.

Our Company has had negative cash flows from its investment activities and from its financing activities in certain past Fiscal periods. The details of our consolidated cash flows in the preceding three Fiscals are set forth below:

(Rs. in crore)

Particulars	June 30, 2013	March 31, 2013	March 31, 2012	March 31, 2011
Net cash flow from operating activities	990.76	2845.65	3378.45	3756.56
Net cash flow used in investment activities	(681.36)	(1,329.57)	(2,311.97)	(2772.47)
Net cash flow from (used in) financing activities	346.77	(1,344.49)	(22.45)	(1,922.33)
Net cash and cash equivalents at the end of the year	8624.99	7,976.46	7,795.32	6751.29

There is no assurance that such negative cash flows will not recur in future Fiscal periods.

For further details, see the section titled "***Annexure A - Financial Statements***" of this Prospectus.

Negative cash flow over a long period and inability to generate and sustained positive cash flows in the future may adversely affect our business, results of operation and financial condition.

7. Some of our immovable properties have certain irregularities in their documentation and as a result of this these properties have deficiencies in title, which may adversely affect our operations.

The conveyance deeds and/or title deeds have not yet been executed in our favour in respect of certain of our immovable properties. As on June 30, 2013, the title deeds/title in respect of land of some projects/units located in Dulhasti, Uri-I and II, Salal, Nimoo Bazgo, Chutak, Kishanganga, Bursar, Chamera I, II and III, Sewa II, Teesta V, Parbati II and III, Dhauliganga and Subansiri Lower amounting to Rs. 273.80 crore and covering an area of 2,333.50 hectares have yet to be executed. Accordingly, the Auditors have noted that we will be liable for certain stamp duty and registration expenses. In addition, there are certain properties for which mutations (the process by which changes in beneficial ownership is formally recorded in land registries in India) have not yet been carried out in the records of the local land registries. We cannot assure you that the relevant authorities/parties with whom we have entered into contractual arrangements in relation to our important immovable properties will not allege breach of our contractual obligations including registration and stamp duty requirements. In addition, some of the leases on our leasehold properties may have expired and certain of our property documents may not be adequately stamped.

Our business may be adversely affected, if we are unable to continue to utilise these premises and any other properties that suffer from any such deficiencies or irregularities.

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

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

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

or otherwise.

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

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

Furthermore, any delays associated with the commissioning of our projects that are inter-dependent on other projects for a variety of reasons including water supply and tailrace discharge may lead to disruptions in the dependent project including reduction in generation capacity. In particular, we believe that the delay in the commissioning of the Parbati II project may result in a reduction in the generation capacity of Parbati III project of energy since the Parbati III project is dependent upon the tailrace discharge from the Parbati II project which may result in a material adverse effect on our business and financial condition.

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

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

We, as well as infrastructure projects executed by us have benefited from certain tax regulations and incentives that accord favourable treatment to infrastructure-related activities. For instance, under the mega power policy, the developers of mega power projects receive a number of incentives, including duty-free import of capital equipment. Currently, the developers of power projects also receive a ten year income tax holiday on all projects. The State governments have also been requested to exempt supplies made to mega power plants from sales tax and local levies.

We cannot assure you that we would continue to be eligible for such tax benefits or any other benefits. In addition, it is possible that the draft Direct Tax Code, when notified, could significantly alter the taxation regime, including incentives and benefits, applicable to us or other infrastructure development activities. If the laws or regulations regarding the tax benefits applicable to us or the infrastructure sector as a whole were to change, our taxable income and tax liability may increase to that extent, which would adversely affect our financial results. Additionally, if such tax benefits were not available or significantly reduced, infrastructure projects could be considered less attractive which could negatively affect the sector and be detrimental to our business, prospects, results of operations and financial condition.

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

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

11. Our statutory auditors have expressed certain opinions in their audit report on our financial

statements in the past and any qualifications in the auditor's report in the future may impact our results of operations.

Our statutory auditors have made remarks in their audit report with respect to certain matters in the financial statements for the quarter ended June 30, 2013, Fiscal 2013, 2012, 2011, 2010 and 2009. For more information, see "***Annexure A - Financial Information***".

Qualifications in Auditor's Report in consolidated financial statements:

	Qualification	**Emphasis of matter/Attention drawn**
For Quarter ended 30.06.2013	*Capital Work in Progress carried in the Balance Sheet amounting to Rs. 19,020.61 crores. Management has included Borrowing Cost of Rs. 478.96 crores and Administrative & Other Cost of Rs. 169.92 crores incurred on Subansiri Lower H.E. Project, wherein active development of project is interrupted. Accounting Standards require these expenditure incurred during interruption period be charged to Statement of Profit & Loss. This constitutes departure from the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.* *Accordingly, 'Finance Cost' would have increased by Rs. 478.96 crores and 'Generation, Administration and Other Expenses' and Employee Benefit expenses would have increased by Rs. 169.92 crores and 'Net Profit before Tax', 'Capital Work in Progress' would have reduced by Rs. 648.88 crores and Shareholders' Fund (Net of Taxes) would have reduced by Rs. 519.06 crores.*	a) Note No. 12 para 3 to Consolidated financial statement, which describes uncertainty about the outcome of the project under survey and investigation stage. Expenditure incurred for conducting Survey & Investigation on such projects are being carried forward as these projects are under investigation/ pending clearance with various authorities. b) Note No. 30 para 4 to the Consolidated financial statement in respect of contingent liabilities, which describes uncertainty related to the outcome of the claims/ arbitration proceedings and lawsuit filed by/ against the Company on/ by contractors and others. c) Note No. 30 para 9 in the Consolidated financial statement, which describes treatment of expenditure incurred on creation of assets not within the control of the company (Enabling Assets) which has been referred to the Expert Advisory Committee (EAC) of Institute of Chartered Accountants of India (ICAI). d) Note No. 30, para 12 in the Consolidated Financial Statement, which describes damage in Dhauliganga Power Station due to floods, resulting in suspension of operations. Losses incurred including consequential losses and loss of profit are considered recoverable from the Insurers by the Management. e) Note No. 30, para 20 in the Consolidated Financial Statement

		regarding non incorporation of interest in Joint Venture wherein the Company holds investment of Rs. 14.88 Crores in National High Power Test Laboratory (P) Ltd. and Rs. 1.13 Crore (net of diminution in value of Rs. 1.06 Crores) in National Power Exchange Ltd. Our opinion is not qualified in respect of these matters.
For Financial year ended 31.03.2013	*Capital Work in Progress carried in the Balance Sheet amounting to Rs.19,709.04 crores. Management has included Borrowing Cost of Rs.386.88 crores and Administrative & Other Cost of Rs.139.69 crores incurred on Subansiri Lower H.E. Project, wherein active development of project is interrupted. Accounting Standards require these expenditure incurred during interruption period be charged to Statement of Profit & Loss. This constitutes departure from the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956. Accordingly, 'Finance Cost' would have increased by Rs.386.88 crores and 'Generation, Administration and Other Expenses' would have increased by Rs.139.69 crores and 'Net Profit before Tax', 'Capital Work in Progress' would have reduced by Rs.526.57 crores and Shareholders' Fund (Net of Taxes) would have reduced by Rs.421.22 crores.*	(a) Note No. 12 para 3 to financial statement, which describes uncertainty about the outcome of the project under survey and investigation stage. Expenditure incurred for conducting Survey & Investigation on such projects are being carried forward as these projects are under investigation/ pending clearance with various authorities. (b) Note No. 30 para 1 to the financial statement, which describes uncertainty related to the outcome of the claims/ arbitration proceedings and lawsuit filed by/ against the Company on/ by contractors and others. (c) Note No. 30 para 6 in the financial statement, which describes treatment of expenditure incurred on creation of assets not within the control of the company (Enabling Assets) which has been referred to the Expert Advisory Committee (EAC) of Institute of Chartered Accountants of India (ICAI). Our opinion is not qualified in respect of these matters.
For Financial year ended 31.03.2012	Nil	Nil
For Financial year ended 31.03.2011	Nil	Reference is invited to Auditors' Report dated 27.05.2011 given by us on the Financial Statements of NHPC Limited for the financial year ended as at 31.03.2011. Further to our comments in the Annexure referred to in Para 3 above, without qualifying our report, we draw attention to (a) Note

<table>
<tr><td></td><td></td><td>No. 5 (Schedule 24 – Notes to Accounts) in respect of accounting of sales on provisional basis pending determination of tariff by the Central Electricity Regulatory Commission and Prior Period sales, (b) Note No. 7 (Schedule 24 – Notes to Accounts) regarding capitalisation of Corporate Office Expenses, Regional Office Expenses, Survey & Investigation and administration & other general overhead expenses of construction projects and (c) Note No. 12 (Schedule 24 – Notes to Accounts) regarding having referred the issue of capitalisation of expenditure incurred for creation of assets (enabling assets) not within the control of the company, to Expert Advisory Committee of the Institute of Chartered Accountants of India.</td></tr>
<tr><td>For Financial year ended 31.03.2010</td><td>Nil</td><td>Nil</td></tr>
<tr><td>For Financial year ended 31.03.2009</td><td>Uniform accounting policies / methods regarding charging to revenue of following expenses have not been followed while drawing the financial statements of NHPC Limited and its subsidiary NHDC.
<table>
<tr><td>S. No.</td><td>Policy/Method</td><td>NHPC</td><td>NHDC</td></tr>
<tr><td>1</td><td>Payments relating to Rehabilitation and Resettlement including land under sub - mergence</td><td>Treated as Land-unclassified</td><td>Treated as Dam Cost</td></tr>
</table>
Had uniform policy / method been followed, the profit for the year of the Group (net of Minority Interest) would have been lower by Rs 6.67 Crore. Further, Fixed Assets are overstated by Rs. 95.63 Crore, Capital Reserve are overstated by Rs. 39.53 Crore, Minority Interest are overstated by Rs. 27.49 Crore and Reserve & Surplus is overstated by Rs 28.61 Crore.</td><td>Nil</td></tr>
</table>

Qualifications in Auditor's Report in standalone financial statements:

	Qualification	Emphasis of Matter/ Attention drawn
For Quarter ended 30.06.2013	*Capital Work in Progress carried in the Balance Sheet amounting to Rs.18,746.64 crores. Management has included Borrowing Cost of Rs.478.96 crores and Administrative & Other Cost of Rs.169.92 crores incurred on Subansiri Lower H.E. Project, wherein active development of project is interrupted. Accounting Standards require these expenditure incurred during interruption period be charged to Statement of Profit & Loss. This constitutes departure from the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.* *Accordingly, 'Finance Cost' would have increased by Rs.478.96 crores and 'Generation, Administration and Other Expenses' and Employee Benefit expenses would have increased by Rs.169.92 crores and 'Net Profit before Tax', 'Capital Work in Progress' would have reduced by Rs.648.88 crores and Shareholders' Fund (Net of Taxes) would have reduced by Rs.519.06 crores.*	(a) Note No. 12 para 3 to financial statement, which describes uncertainty about the outcome of the project under survey and investigation stage. Expenditure incurred for conducting Survey & Investigation on such projects are being carried forward as these projects are under investigation/ pending clearance with various authorities. (b) Note No. 30 para 1 to the financial statement in respect of contingent liabilities, which describes uncertainty related to the outcome of the claims/ arbitration proceedings and lawsuit filed by/ against the Company on/ by contractors and others. (c) Note No. 30 para 6 in the financial statement, which describes treatment of expenditure incurred on creation of assets not within the control of the company (Enabling Assets) which has been referred to the Expert Advisory Committee (EAC) of Institute of Chartered Accountants of India (ICAI). (d) Note No. 30, para 9 in the Financial Statement , which describes damage in Dhauliganga Power Station due to floods, resulting in suspension of operations. Losses incurred including consequential losses and loss of profit are considered recoverable from the Insurers by the Management. Our Opinion is not qualified in respect of these matters.
For Financial year ended 31.03.2013	*Capital Work in Progress carried in the Balance Sheet amounting to Rs.19,709.04 crores. Management has included Borrowing Cost of Rs. 386.88 crores and Administrative & Other Cost of Rs.139.69 crores incurred on Subansiri Lower H.E. Project, wherein active development of project is interrupted. Accounting Standards require these expenditure incurred during interruption period be charged to Statement of Profit & Loss. This constitutes departure from the Accounting Standards referred to in subsection (3C) of section 211 of the Companies Act, 1956.*	(a) Note No. 12 para 3 to financial statement, which describes uncertainty about the outcome of the project under survey and investigation stage. Expenditure incurred for conducting Survey & Investigation on such projects are being carried forward as these projects are under investigation/ pending clearance with various authorities. (b) Note No. 30 para 1 to the financial statement, which describes uncertainty related to the outcome of the claims/ arbitration proceedings and lawsuit filed by/ against the Company on/ by contractors and others.

	Accordingly, 'Finance Cost' would have increased by Rs.386.88 crores and 'Generation, Administration and Other Expenses' would have increased by Rs.139.69 crores and 'Net Profit before Tax', 'Capital Work in Progress' would have reduced by Rs.526.57 crores and Shareholders' Fund (Net of Taxes) would have reduced by Rs.421.22 crores.	(c) Note No. 30 para 6 in the financial statement, which describes treatment of expenditure incurred on creation of assets not within the control of the company (Enabling Assets) which has been referred to the Expert Advisory Committee (EAC) of Institute of Chartered Accountants of India (ICAI). Our Opinion is not qualified in respect of these matters.
For Financial year ended 31.03.2012	*Nil*	Further to our comments in the Annexure referred to in Para 3 of Auditors' Report, without qualifying our report, we draw attention to: (i) Note 14.1 Para 3 regarding Survey & Investigation projects being carried over as explained that the projects are still active.; and (ii) Note 35 Para 5 regarding issue of capitalisation of expenditure incurred for creation of assets (enabling assets) not within the control of the company, which has been referred to Expert Advisory Committee of the Institute of Chartered Accountants of India
For Financial year ended 31.03.2011	*Nil*	Further to our comments in the Annexure referred to in Para 3 of Auditors' Report, without qualifying our report, we draw attention to (a) Note No. 5 (Schedule 24 – Notes to Accounts) in respect of accounting of sales on provisional basis pending determination of tariff by the Central Electricity Regulatory Commission and Prior Period sales, (b) Note No. 7 (Schedule 24 – Notes to Accounts) regarding capitalisation of Corporate Office Expenses, Regional Office Expenses, Survey & Investigation and administration & other general overhead expenses of construction projects and (c) Note No. 12 (Schedule 24 – Notes to Accounts) regarding having referred the issue of capitalisation of expenditure incurred for creation of assets (enabling assets) not within the control of the company, to Expert Advisory Committee of the Institute of Chartered Accountants of India.
For Financial year ended 31.03.2010	*Nil*	Nil
For Financial year ended 31.03.2009	*Nil*	Nil

12. ***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.

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

We will require significant additional capital to finance our business plan, in particular, our capacity expansion plan. In Fiscal 2014, GoI approved a budget estimate of Rs. 3449.59 crore for our Company. Our ability to finance our capital expenditure plans is subject to a number of factors, some of which are beyond our control, including tariff regulations, our results of operations, general economic and capital market conditions, borrowing or lending restrictions, if any, imposed by state governments, the GoI and the Reserve Bank of India ("RBI"), our ability to obtain financing on acceptable terms, and the amount of dividends required to be paid to the GoI and our public shareholders. In addition, in the past some lenders have not disbursed funds to us when scheduled to do so. In particular, our financing activities were impacted in Fiscal 2013 by delays beyond our control in obtaining clearance from state governments prior to using land that was previously government land, but which has been transferred to us, as security for loans, as required under the Transfer of Property Act, 1882. Also, adverse developments in the credit markets may significantly increase our debt service costs and the overall cost of our funds. We cannot assure you that debt or equity financing or our internal accruals will be available or sufficient to meet our capital expenditure requirements. This may, in turn, adversely affect the implementation of our current projects or future business plans.

14. ***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 2013 we derived Rs. 6078.87 crore or 79.80% of our consolidated total income from the sale of energy to SEBs and their successor entities, pursuant to long-term power purchase agreements. We are obliged to supply power to State electricity entities, including their successors and unbundled entities, in accordance with the terms of the allocation letters issued by the GoI and the terms of power purchase agreements ("PPAs") entered into with these entities and the GoI. Pursuant to Tripartite Agreements entered into among the GoI, the RBI and respective state governments, our billings to the SEBs are currently secured through letters of credit. In addition, we can secure payment by regulating the power supply to a defaulting entity, or directly recover from the GoI payments that are funded from central plan assistance given to the relevant State. Although these security mechanisms are in place under Tripartite Agreements that are valid until 2016, we cannot assure you that the State electricity entities will always be required to, or be able to, secure their payments to us. Any change that adversely affects our ability to recover our dues from the State electricity entities may adversely affect our financial position.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

19. ***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.

20. 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.

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

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

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

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

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

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

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

24. ***Our expansion of business activities in emerging geographic markets presents a higher degree of risk.***

We are exposed to general financial, political, economic and business risks in connection with our overseas operations. In the past, we have undertaken projects in Bhutan, Nepal and Myanmar. In addition, we have prepared and submitted a detailed project report ("DPR") to the Department of Energy, Royal Government of Bhutan for a 720 MW project in Mangdecchu, Bhutan. These projects and consultancy assignments are typically undertaken on an agency basis, often at the directions of the GoI. While emerging markets offer strong growth potential, they also present a higher degree of risk than more developed markets. There are business risks inherent in developing and servicing new markets. For instance, economic conditions may be more volatile and legal systems may be less developed and unpredictable. Our lack of experience in procuring adequate local contractors and supplies or in operating within local regulatory structures also creates risk for us. This may exert pressure on our management or may adversely affect our future expansion strategy or financial condition.

25. ***We require certain clearances and approvals in order to develop our projects and the failure to obtain them may adversely affect our operations.***

Hydroelectric projects are generally developed in three stages which include survey and investigation of project site and preparation of pre-feasibility report (Stage I), detailed investigation, preparation of a DPR and pre-construction activity including land acquisition (Stage II) and execution of the project after investment decision through PIB/CCEA (Stage III). Approvals are required at various stages of this development process, including clearances from the MoP, the Planning Commission, the MoEF, CEA and the CCEA. Further, depending upon the cost estimate of a particular project, various authorities including the PIB/CCEA have to be consulted on an ongoing basis in order to sanction any expenditure, cost estimate or revision in cost estimates. Moreover, since we receive approvals are various stages, in the event there is a substantial time gap between receipt of an approval at the current stage and next stage, we may need to approach the previous authority to renew our approvals. For instance, in case there a time gap (as set forth in the TEA, typically three years) between grant of TEA and CCEA approval or in the event there is more than a three year time gap from date of receipt of TEA and date of actual start of work, as the case maybe, a fresh TEA is required to be obtained by us. For instance, the TEC for Kotli Bhel Stage IA and Pakal Dul and other hydroelectric projects at the Chenab river basin expires on October 2, 2014 and October 2, 2013 and the TEC for the Loktak hydroelectric project expires on November 14, 2014. In addition, on account of the location of our various projects, either at national parks, wildlife sanctuaries or in the event they lie between international boundaries, we also require clearances from the various courts and tribunals including the Supreme Court, statutory authorities such as State Pollution Control Board's and Ministry of Water Resources for their execution. Such projects include the Pakal Dul and other hydroelectric project at the Chenab river basin, Chungar Chal, Garba Tawaghat and Karmoli Lumti Tulli hydroelectric projects and we cannot assure you that we shall be able to receive such approvals in a timely manner or at all. In particular, survey and investigation works for the preparation of the DPR for the Chungar Chal, Garba Tawaghat and Karmoli Lumti Tulli hydroelectric projects are currently on hold on account of the same. Further, we may be required to obtain other clearances within the ordinary course of our business.

Furthermore, in the event we do not receive final CCEA approval for the following hydroelectric projects, we will be unable to develop/complete these projects and expand our business:

Projects	State	Proposed Installed Capacity (MW)
Kotli Bhel Stage IA	Uttrakhand	195
Teesta-IV	Sikkim	520
Dibang	Arunachal Pradesh	3,000
Tawang I	Arunachal Pradesh	600
Tawang II	Arunachal Pradesh	800
Total		**5,115**
Joint Venture Projects		
Loktak Downstream	Manipur	66
Pakal Dul *	Jammu & Kashmir	1,000
Kiru*	Jammu & Kashmir	600
Kwar*	Jammu & Kashmir	520
Tipaimukh	Manipur	1,500
Total		**3,686**
Grand Total		**8,801**

* These projects are being executed under CVPPPL.

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

If we fail to obtain any such approvals, within a timely manner or at all, we may not be able to develop certain of our projects and the costs associated with the feasibility studies and preliminary stages of development of the project may not be recovered, which may affect our financial condition.

For further information, see "***Business- Projects Awaiting Clearances***" on page 86 of this Prospectus.

Further, our existing projects are exposed to risk of being acquired by various state governments with whom we share long term agreements, for implementation of the peojects.

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

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

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

Further, construction activities of the project have been stopped w.e.f. December 16, 2011 due to agitation by various pressure groups. NHPC is making consistent efforts to re-start the construction works. For further information, see "***Business***" on page 76 of this Prospectus.

27. 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 centres, 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.

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

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

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

India is party to a number of international agreements that seek to promote long-term holistic water management across international boundaries, including a water-sharing treaty between India and Bangladesh on the River Ganges, the Indus Water Treaty between India and Pakistan and several treaties between India and Nepal. In addition, there are several Indian Inter-State water-sharing agreements in relation to sharing costs towards water and irrigation. However, sovereignty over water flows is hard to define and enforce, even though agreements between riparian States or regions have been reached. For instance, the International Court of Arbitration issued partial award in respect of the dispute between Pakistan and India under Indus Water Treaty regarding diversion from the Kishanganga/ Neelam River for power generation by Kishanganga HE Project that KHEP constitutes a run of river plant, and India may accordingly divert water from the Kishanganga/ Neelam River for power generation by the KHEP under an obligation to maintain a minimum flow of water in Kishanganga/ Neelam River at a rate to be determined by the court in a final Award, which is yet to be issued.

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

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

As of September 30, 2013, our total borrowings aggregated to Rs. 19,624.01 crore. Our ability to meet our debt service obligations and to repay our outstanding borrowings will depend primarily upon the cash flow produced by our business. If we fail to meet our debt service obligations, our lenders may declare us in default under the terms of our borrowings and accelerate the maturity of our obligations. We cannot assure you that, in the event of any such acceleration, we would have sufficient resources to repay these borrowings and maintain the operations of our facilities without disruption. Accordingly, any such acceleration may have an adverse effect on our cash flows, business and results of operations.

31. 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.

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

Our Subsidiary, NHDC, formed pursuant to an MoU with the government of Madhya Pradesh, is involved in the operation of the Indira Sagar and Omkareshwar power stations, which were completed in Fiscals 2005 and 2008, respectively. In addition, we have signed an MoU for the formation of a joint venture with the government of Manipur in respect of the development of the 66 MW Loktak Downstream project. Further, we have also entered into an MoU with the government of J&K, JKSPDC and PTC for a formation of a joint venture to harness the hydroelectric potential of Pakal Dul and other hydroelectric projects with an aggregate installed capacity of 2,120 MW in the Chenab river basin. Further, we have entered into joint venture agreements for formation and incorporation of NPEX and NHPTL.

Our joint venture partners may:

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

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

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

We seek to expand our installed capacity and diversify our generation mix by undertaking non-hydropower projects & renewable imperatives. We are endeavouring to construct and commission, one Thermal Power Station in Chhattisgarh. Further, we are also exploring the possibilities for coal linkage for establishing Thermal Power Plants of 1320 MW in Chhattisgarh. We are also exploring opportunities to achieve a capacity of 150 MW through Solar and Wind energy.

In particular, our Subsidiary, NHDC, has received a mandate from the Madhya Pradesh government to build a 1,000 MW thermal power plant at Khandwa in Madhya Pradesh pursuant to which NHDC has signed a MoU with the Government of Madhya Pradesh on June 29, 2009 for setting up a thermal power plant. The generation capacity of the thermal power plant is estimated at 1,320 MW. We currently have no thermal power projects in operation, and we have no history of operating thermal power projects.

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

The success of any thermal, solar or wind power operations undertaken by us would depend on, among other things, our continued ability to source fuel at competitive prices, transport disruptions and other events that could impair the ability of our suppliers to deliver fuel, equipments and raw materials, water shortages, transmission costs involved in transmitting power to the purchaser, compliance with applicable environmental laws, and any opposition from special interest groups or local communities where power plants are located.

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

Our Company had 10269 employees as of June 30, 2013. There have been no strikes in our Company leading to material loss of generation or disruption of work during the last five years. However, there can be no assurance that we will not in the future experience disruptions to our operations due to disputes or other problems with our work force, which may adversely affect our business and results of operations. Further, efforts by labour unions to organise our employees may divert management's attention and increase operating expenses.

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

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

As of September 30, 2013, our Company had Rs. 2,533.90 crore foreign currency borrowings outstanding. We may continue to borrow foreign currency in the future, which will further expose us to fluctuations in foreign currency rates. Volatility in foreign exchange rates may adversely affect our business and financial performance. For further information, see "***Description of Certain Indebtedness***" on page 126 of this Prospectus.

36. Unavailability of financing at commercially acceptable terms, or at all, may adversely affect our liquidity and financial condition.

Our total cost of borrowings for Fiscal 2013 on an standalone basis was Rs. 385.38 crore and comprised approximately 11.55% of our total expenditure (excluding tax and provisions for loan assets) for Fiscal 2013. Our borrowings primarily include secured and unsecured long term bonds and secured and unsecured term loans obtained from various banks and multilateral and bilateral institutions. We cannot assure you that we would be able to borrow funds at commercially acceptable terms, or at all, in the future. Further, in case credit rating of debt instruments issued by us is downgraded for any reason, in the future, investors/lenders may not be willing to invest in our debt instruments at commercially acceptable interest rates, or at all. Thus, in order to honour our project commitments, we may be required to avail of loans at high costs, which may in turn affect our spread on loans and our financial condition. Further, due to our nature and tenure of the loans, it may not be possible for us to pre-pay the existing loans by incurring additional indebtedness, without payment of penalty and interest.

Further, increase in debt would lead to leveraging the balance sheet thereby exerting pressure on the financial covenants that we are required to maintain under our various loan agreements. In such an event, we cannot assure you that we would continue to be in compliance with loan agreements' conditions, in future. Any future default under a loan agreement will further affect the availability of funding for the Company.

Unavailability of borrowings at commercially acceptable terms, or at all, may adversely affect our capacity to undertake projects in the future and hence would have an adverse effect on our business, prospects, results of operations and financial condition.

37. 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.

38. 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.

39. 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. For further details, see the section titled "***Regulations and Policies***" on page 146 of this Prospectus.

40. ***The progress of one of project Subansiri Lower H.E. Project has stalled due to agitation by locals and our Auditors expressed certain opinion in respect the cost incurred by the Company in the said project their audit report of our financial statements.***

Our Auditors have made the following qualification in respect of cost incurred by the Company on Subansiri Lower H.E. Project in their audit report on our financial statements for the quarter ended June 30, 2013:

"*Capital Work in Progress carried in the Balance Sheet amounting to Rs. 19,020.61 crore. Management has included Borrowing Cost of Rs. 478.96 crore and Administrative & Other Cost of Rs. 169.92 crore incurred on Subansiri Lower H.E. Project, wherein active development of project is interrupted. Accounting Standards require these expenditure incurred during interruption period be charged to Statement of Profit & Loss. This constitutes departure from the Accounting Standards referred to in sub-section (3C) of section 211 of the Companies Act, 1956.*

Accordingly, 'Finance Cost' would have increased by Rs. 478.96 crors and 'Generation, Administration and Other Expenses' and Employee Benefit expenses would have increased by Rs. 169.92 crore and 'Net Profit before Tax', 'Capital Work in Progress' would have reduced by Rs. 648.88 crore and Shareholders' Fund (Net of Taxes) would have reduced by Rs. 519.06 crore."

External Risk Factors

41. 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.

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

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

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

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

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

44. 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 neighbouring 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.

45. 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

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

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

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

In accordance with Indian law and practice, permissions for listing and trading of the Bonds issued pursuant to this Issue will not be granted until after the Bonds have been issued and allotted. Approval for listing and trading will require all relevant documents authorising the issuing of Bonds to be submitted. There could be a failure or delay in listing the Bonds on the Stock Exchange. If permission to deal in and for an official quotation of the Bonds is not granted by the Stock Exchange, our Company will forthwith repay, without interest, all monies received from the Applicants in accordance with prevailing law in this context, and pursuant to the Prospectus.

48. 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 favour 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

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

Pursuant to Regulation 16 of the SEBI Debt Regulations and Section 117C of the Companies Act, any company that intends to issue debentures shall create a **DRR** to which adequate amounts shall be credited out of the profits of the company until the redemption of the debentures. Further, the **MCA** has, through its circular dated February 11, 2013, specified that the companies (other than PFIs, All India Financial Institutions and NBFCs) including manufacturing and infrastructure companies shall create a DRR to the extent of 25% of the value of the debentures issued through public issue. Accordingly, the Company shall create DRR of 25% of the value of Bonds issued and allotted in terms of the Prospectus, or such a percentage as may be required under the relevant law as amended from time to time, for the redemption of the Bonds. The Company shall credit adequate amounts to the DRR from its profits every year until the Bonds are redeemed. The amounts credited to the DRR shall not be utilised by the company for any purpose other than for the redemption of the Bonds.

50. 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.

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

The Bonds proposed to be issued under the Issue have been rated "[ICRA] AAA" by ICRA, IND 'AAA' by IRRPL and 'CARE AAA' by CARE through letters dated September 27, 2013, October 1, 2013 and September 27, 2013 respectively. We cannot guarantee that this rating will not be downgraded. These ratings may be suspended, withdrawn or revised at any time. Any revision or downgrading in the credit rating may lower the trading price of the Bonds and may also affect our ability to raise further debt.

52. The Bonds are classified as 'tax free bonds' eligible for tax benefits under Section 10(15) (IV) (h) of the Income Tax Act, up to an amount of interest on such Bonds.

The Bonds are classified as 'tax free bonds' issued in terms of Section 10(15) (IV) (h) of the Income Tax Act and the CBDT Notification. Accordingly, only the amount of interest on the Bonds shall be entitled to exemption under the provisions of the Income Tax Act, and not the actual amount of investment, and only to the extent that any Applicant or Bondholder is eligible to take the benefit of any exemption available to an assessee under the Income Tax Act.

53. 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.

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

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

SECTION III - INTRODUCTION
THE ISSUE

The following is a summary of the terms of the Bonds. This section should be read in conjunction with, and is qualified in its entirety by, more detailed information in "***Issue Structure***" and "***Terms of the Issue***" on page 163 and 169 of this Prospectus, respectively.

<table>
<tr><th colspan="2">COMMON TERMS AND CONDITIONS FOR ALL SERIES OF THE BONDS</th></tr>
<tr><td>Lead Managers</td><td>A. K. Capital Services Limited and Axis Capital Limited</td></tr>
<tr><td>Issuer</td><td>NHPC Limited</td></tr>
<tr><td>Issue of Bonds</td><td>Public issue by the Company of tax free, secured, redeemable, non-convertible bonds in the nature of debentures of face value of Rs. 1,000 each, having tax benefits under Section 10(15) (iv) (h) of the Income Tax Act, for an amount aggregating up to Rs. 500 crore with an option to retain oversubscription up to Rs. 500 crore for issuanceof additional bonds aggregating to a total of up to Rs. 1,000 crore*, during the Fiscal 2014.

* In terms of the CBDT Notification, our Company is allowed to raise tax free bonds upto a maximum amount of Rs. 1,000 crore in the Fiscal 2014, out of which our Company is required to raise a minimum of 70% i.e. Rs. 700 crore through public issue. Further, our Company may at its discretion, raise upto a maximum of Rs. 300 crore through private placement route, wherein suitable amount shall be earmarked for sovereign wealth funds, pension and gratuity funds. In case our Company decides to raise funds through private placement route, the amount of oversubscription that may be retained through public issue shall stand reduced accordingly. Our Company shall ensure that the tax free bonds issued through public issue and private placement route shall together not exceed Rs. 1,000 crore during the Fiscal 2014.</td></tr>
<tr><td>Face Value (Rs.)</td><td>Rs. 1,000 per Bond</td></tr>
<tr><td>Issue Price (Rs.)</td><td>Rs. 1,000 per Bond</td></tr>
<tr><td>Nature of Bonds</td><td>Secured, redeemable and non-convertible</td></tr>
<tr><td>Nature of Indebtedness and Ranking/ Seniority</td><td>The claims of the Bondholders shall be superior to the claims of any unsecured creditors of the Company and subject to applicable statutory and/or regulatory requirements, rank pari passu inter se to the claims of other secured creditors of the Company having the same security</td></tr>
<tr><td>Mode of Issue</td><td>Public issue</td></tr>
<tr><td>Who can apply</td><td>
<table>
<tr><th>Category I ("Qualified Institutional Buyers") ("QIBs")**</th><th>Category II ("Corporates")**</th><th>Category III ("High Networth Individuals") ("HNIs")</th><th>Category IV("Retail Individual Investors") ("RIIs")</th></tr>
<tr><td>• Public financial institutions as defined in Section 4A of the Companies Act, 1956, as amended, Indian Alternative Investment Funds registered with SEBI
• Scheduled commercial bank,
• Mutual funds, registered with SEBI,
• State industrial development corporations,
• Insurance companies registered with the Insurance Regulatory and Development Authority,
• Provident funds with a minimum corpus of Rs. 25. crore,
• Pension funds with a minimum corpus of Rs. 25 crore,
• The National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of the GoI, published in the Gazette of India,
• Insurance funds set up and managed by the army, navy,</td><td>• Companies within the meaning of section 2(20) of the Companies Act, 2013,
• Limited Liability Partnerships registered under the provisions of the LLP Act,
• Statutory corporations,
• Trusts,
• Partnership firms in the name of partners,
• Cooperative banks,
• Regional rural banks,
• Societies registered under the applicable</td><td>The following investors applying for an amount aggregating to more than Rs. 10 lakh across all Series of Bonds in the Issue
• Resident Individual Investors
• Hindu Undivided Families applying through the Karta</td><td>The following investors applying for an amount aggregating up to and including Rs. 10 lakh across all Series of Bonds in the Issue
• Resident Individual Investors
• Hindu Undivided Families through the Karta</td></tr>
</table>
</td></tr>
</table>

<table>
<tr><th colspan="5">COMMON TERMS AND CONDITIONS FOR ALL SERIES OF THE BONDS</th></tr>
<tr><td></td><td>or air force of the Union of India, and
• Insurance funds set up and managed by the Department of Posts, India

which are authorized to invest in Bonds.</td><td>law in India ,
• Association of Persons
• Other domestic legal entities registered under applicable laws in India, which are authorised to invest in Bonds</td><td></td><td></td></tr>
<tr><td>Listing</td><td colspan="4">NSE and BSE. NSE is the Designated Stock Exchange. For more information, see “Terms of the Issue – Listing” on page 181 of this Prospectus</td></tr>
<tr><td>Credit Ratings</td><td colspan="4">ICRA Limited has, vide its letter no. D/RAT/2013-14/N1/1 dated September 27, 2013 assigned a credit rating of “[ICRA] AAA” to the Bonds. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. India Rating & Research Private Limited has, vide its letter dated October 1, 2013 assigned a credit rating of IND ‘AAA’ to the Bonds. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. Credit Analysis & Research Limited has, vide its letter dated September 27, 2013 assigned a credit rating of ‘CARE AAA’to the Bonds. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. For the rationale for these ratings, see “Annexure B – Credit Rating” of this Prospectus.</td></tr>
<tr><td>Objects of the Issue and Utilisation of Proceeds</td><td colspan="4">See “Objects of the Issue” on page 61 of this Prospectus</td></tr>
<tr><td>Security</td><td colspan="4">A pari passu first charge on specific assets of the Company, as may be mentioned in the Bond Trust Deed, with an asset cover of one time of the total outstanding amount of Bonds. The Company reserves the right to create first pari passu charge on the said specific project assets for its present and future financial requirements or otherwise, without requiring the consent of, or intimation to, the Bondholders or the Bond Trustee in this connection, provided that a minimum security cover of 1 (one) times is maintained</td></tr>
<tr><td>Security Cover</td><td colspan="4">One time of the total outstanding amount of Bonds</td></tr>
<tr><td>Put/Call Option</td><td colspan="4">There is no put/call option for the Bonds</td></tr>
<tr><td>Mode of Issuance</td><td colspan="4">In dematerialised form and physical form, at the option of the Applicant***</td></tr>
<tr><td>Bond Trustee</td><td colspan="4">IDBI Trusteeship Services Limited</td></tr>
<tr><td>Mode of Trading</td><td colspan="4">In dematerialised form only***</td></tr>
<tr><td>Registrar</td><td colspan="4">Karvy Computershare Private Limited</td></tr>
<tr><td>Modes of Payment/Settlement Mode</td><td colspan="4">1. Direct Credit;
2. National Electronic Clearing System (“NECS”);
3. Real Time Gross Settlement (“RTGS”);
4. National Electronic Fund Transfer (“NEFT”); and
5. Demand Draft/ Cheque/ Pay Order

For more information, see “Terms of the Issue – Manner & Modes of Payment” on page 176 of this Prospectus.</td></tr>
<tr><td>Market Lot / Trading Lot</td><td colspan="4">One Bond</td></tr>
<tr><td>Record Date</td><td colspan="4">Date falling 15 days prior to the relevant Interest Payment Date on which interest or the Maturity Date on which the Maturity Amount is due and payable under the Prospectus. In the event the Record Date falls on a Saturday, Sunday or a Public Holiday in New Delhi or any other payment centre notified in terms of the Negotiable Instruments Act, 1881, the succeeding Working Day shall be considered as the Record Date</td></tr>
<tr><td>Working Day Convention/ Day Count</td><td colspan="4">A Working Day shall mean all days excluding Sundays or a public holiday in India or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881, except with reference to Issue Period, Interest Payment Date/ Coupon Payment Date and Record Date, where working days shall mean all days, excluding Saturdays, Sundays and public holiday in India or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881

Day Count Convention</td></tr>
</table>

COMMON TERMS AND CONDITIONS FOR ALL SERIES OF THE BONDS		
	Actual/actual, i.e., coupon/ interest rate will be computed on a 365 days-a-year basis on the principal outstanding on the Bonds. Where the coupon/ interest period (start date to end date) includes February 29, coupon/ interest rate will be computed on 366 days-a-year basis, on the principal outstanding on the Bonds. **Effect of holidays on payments** If the date of payment of coupon/ interest or principal or redemption or any date specified does not fall on a Working Day, the succeeding Working Day will be considered as the effective date. Coupon/ Interest and principal or other amounts, if any, will be paid on the succeeding Working Day. In case the date of payment of coupon/ interest falls on a holiday, the payment will be made on the next Working Day, without any interest for the period overdue. In case the date of redemption falls on a holiday, the payment will be made on the next Working Day without interest for the period overdue	
Transaction Documents	Documents/undertakings/agreements entered into or to be entered into by the Company with Lead Managers and/or other intermediaries for the purpose of this Issue, including but not limited to the following: -	
	Bond Trustee Agreement	Bond Trustee Agreement dated September September 27, 2013 entered into between the Bond Trustee and the Company
	Bond Trust Deed	Trust Deed to be entered into between the Bond Trustee and the Company within one month from the Issue Closing Date
	Escrow Agreement	Agreement dated October 4, 2013 entered into by the Company, the Registrar to the Issue, the Lead Managers and the Escrow Collection Bank(s) for collection of the Application Amounts and where applicable, refunds of amounts collected from Applicants on the terms and conditions thereof
	Issue Agreement	The agreement entered into on September September 27, 2013 between the Company and the Lead Managers
	Consortium Agreement	Consortium Agreement dated October 8, 2013 entered into between the Company and the Consortium Members
	Registrar Agreement	Agreement dated September 27, 2013 entered into between the Company and the Registrar to the Issue, in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to the Issue
	Tripartite Agreements	Tripartite agreement dated July 6, 2007 between the Company, CDSL and the Registrar to the Issue and the tripartite agreement dated October 10, 2007 between the Company, NSDL and the Registrar to the Issue
Issue Opening Date	October [●], 2013	
Issue Closing Date	November [●], 2013 The Issue shall remain open for subscription from 10.00 a.m. to 5.00 p.m. (Indian Standard Time) during the period indicated above with an option for early closure or extension, as may be decided by the Board of Directors or the Functional Authority. In the event of such early closure or extension of the subscription list of the Issue, the Company shall ensure that public notice of such early closure/extension is published on or before such early date of closure or the Issue Closing Date, as applicable, through advertisement(s) in atleast one leading national daily newspaper	
Pay-in Date	Application Date. Full amount with the Application Form, except ASBA Applications. See "***Issue Procedure – Payment Instructions***" on page 202 of this Prospectus.	
Deemed Date of Allotment	The date will be on which, the Board of Directors or Functional Authority approves the Allotment of Bonds for the Issue or such date as may be determined by the Board of Directors or Functional Authority and notified to the Designated Stock Exchange. All benefits relating to the Bonds including interest on Bonds (as specified by the Prospectus) shall be available from the Deemed Date of Allotment. The actual allotment of Bonds may take place on a date other than the Deemed Date of Allotment.	
Interest on Application Money	See "***Terms of the Issue-Interest on Application and Refund Money***" on page 175 of this Prospectus	
Default Interest	The Company shall pay liquidated damages at a compounded rate of 1% per annum on the amount in	

COMMON TERMS AND CONDITIONS FOR ALL SERIES OF THE BONDS	
Rate	respect of which a default has been committed in the event the Company fails to pay any amounts outstanding payable, when due and payable.
Redemption Premium/Discount	Not applicable
Conditions precedent/subsequent to disbursement	Other than the conditions specified in the SEBI Debt Regulations, there are no conditions precedent/subsequent to disbursement. See "***Terms of the Issue - Utilisation of Issue Proceeds***" on page 181 of this Prospectus
Event of Default	See "***Terms of the Issue***" on page 169 of this Prospectus
Cross Default	Not applicable
Roles and Responsibilities of Bond Trustee	See "***Terms of the Issue- Bond Trustee***" on page 180 of this Prospectus
Discount at which Bond is issued and the effective yield as a result of such discount	Not applicable
Governing Law	Laws of the Republic of India
Jurisdiction	The courts of New Delhi will have exclusive jurisdiction for the purposes of the Issue.

*** With regard to Section 372A (3) of the Companies Act, 1956, kindly refer to General Circular No. 6/ 2013, dated March 14, 2013 issued by Ministry of Corporate Affairs, GoI clarifying that in cases where the effective yield on tax free bonds is greater than the prevailing bank rate, there shall be no violation of Section 372A(3) of the Companies Act, 1956.*

****In terms of Regulation 4(2) (d) of the Debt Regulations, the Company will make public issue of the Bonds in the dematerialised form. However, in terms of Section 8 (1) of the Depositories Act, the Company, at the request of the Investors who wish to hold the Bonds in physical form will fulfill such request. However, trading in Bonds shall be compulsorily in dematerialized form.*

Participation by any of the above-mentioned Investor classes in this Issue will be subject to applicable statutory and/or regulatory requirements. Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of Bonds that can be held by them 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, subscribing to, or seeking Allotment of Bonds pursuant to the Issue.

For specific terms of each Bond please refer to section titled "*Issue Structure- Specific Terms for each Series of Bonds*" on page 167 of this Prospectus

IDBI Trusteeship Services Limited has vide its letter dated September 27, 2013 given its consent for its appointment as Bond Trustee to the Issue and for its name to be included in this Prospectusand in all the subsequent periodical communications sent to the holders of the Bonds issued pursuant to this Issue.

SELECTED FINANCIAL INFORMATION

Summary Consolidated and Standalone Reformatted Financial Information

*The following tables set forth summary financial information derived from our audited consolidated and standalone reformatted financial information for the quarter ended June 30, 2013, Fiscal 2013, Fiscal 2012, Fiscal 2011, Fiscal 2010 and Fiscal 2009. Except as provided "**Risk Factors - Our Auditors have made certain observations in the audit reports prepared by them** on page 18 of this Prospectus, these financials are prepared in accordance with the accounting standards generally accepted in India and are presented in "**Annexure A - Financial Information**". The summary financial information presented below should be read in conjunction with our financial information, the notes thereto.*

REFORMATTED STATEMENT OF ASSETS AND LIABILITIES

(Rs. in Crore)

S. No.	PARTICULARS	As at 30.06.2013	As at 31.03.2013	As at 31.03.2012	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009
I.	**EQUITY AND LIABILITIES**						
(1)	**SHAREHOLDERS' FUNDS**						
(a)	Share Capital	12,300.74	12,300.74	12,300.74	12,300.74	12,300.74	11,182.49
(b)	Reserves and Surplus	16,259.66	15,539.76	14,052.79	12,279.94	10,971.18	6,796.90
(2)	**NON-CURRENT LIABILITIES**						
(a)	Long Term Borrowings	18,013.62	17,417.52	16,272.80	13,702.53	13,018.63	10,560.34
(b)	Deferred Tax Liabilities	482.58	460.69	204.04	161.33	139.10	-
(c)	Other Long Term Liabilities	1,792.35	1,705.69	1,951.80	1,936.55	1,920.00	1,857.78
(d)	Long Term Provisions	761.06	721.92	1,187.45	1,053.90	737.75	804.43
(3)	**CURRENT LIABILITIES**						
(a)	Short Term Borrowings	-	-	180.00	-	-	800.00
(b)	Trade Payables	171.74	179.41	218.95	241.89	254.03	123.81
(c)	Other Current Liabilities	2,861.18	2,766.60	2,801.26	2,444.48	2,242.57	2,397.86
(d)	Short Term Provisions	3,810.08	3,412.67	3,589.93	3,458.83	2,211.02	1,336.84
	TOTAL	**56,453.01**	**54,505.00**	**52,759.76**	**47,580.19**	**43,795.02**	**35,860.45**
II.	**ASSETS**						
(1)	**NON-CURRENT ASSETS**						
(a)	Fixed Assets (i) Tangible Assets	18,859.15	17,311.74	15,654.14	16,438.79	15,727.30	16,930.27
	(ii) Intangible Assets	727.13	728.22	714.18	662.10	667.63	713.54
	(iii) Capital Work In Progress	18,746.64	19,709.04	19,349.74	15,962.77	12,920.81	9,517.49
	(iv) Intangible Assets Under Development	-	-	-	-	0.31	4.36
(b)	Non Current Investments	2,399.19	2,400.61	2,499.14	2,659.96	2,637.61	2,537.16
(c)	Long Term Loans and Advances	1,175.19	1,238.74	1,428.62	1,621.11	1,587.22	1,475.36
(d)	Other Non-Current Assets	1,061.14	944.37	1,181.93	870.82	710.28	872.18
(2)	**CURRENT ASSETS**						
(a)	Current Investments	251.87	250.74	250.74	253.59	256.44	256.44
(b)	Inventories	63.22	57.07	43.81	33.71	44.31	37.16
(c)	Trade Receivables	2,752.11	2,049.05	2,052.18	304.79	808.08	174.20
(d)	Cash & Bank Balances	6,544.15	5,616.01	6,003.97	5,350.08	6,597.38	1,899.95
(e)	Short Term Loans and Advances	2,210.05	2,099.56	1,890.06	1,292.38	923.97	908.52
(f)	Other Current Assets	1,663.17	2,099.85	1,691.25	2,130.09	913.68	533.82
	TOTAL	**56,453.01**	**54,505.00**	**52,759.76**	**47,580.19**	**43,795.02**	**35,860.45**

REFORMATTED STATEMENT OF PROFIT & LOSS

(Rs. in Crore)

S. No.	PARTICULARS	Quarter Ended 30.06.2013	Year Ended 31.03.2013	Year Ended 31.03.2012	Year Ended 31.03.2011	Year Ended 31.03.2010	Year Ended 31.03.2009
I.	**INCOME**						
i)	Revenue from Operations	1,619.60	5,306.64	5,919.48	4,245.65	4,349.94	2,616.53
ii)	Other Income	248.55	992.78	802.40	663.04	465.54	514.70
	TOTAL REVENUE	**1,868.15**	**6,299.42**	**6,721.88**	**4,908.69**	**4,815.48**	**3,131.23**
II.	**EXPENDITURE**						
i)	Generation, Administration and Other Expenses	322.76	1,095.33	1,067.69	642.61	383.76	478.05
ii)	Employee Benefits Expense	232.44	887.41	915.76	785.87	590.02	534.42
iii)	Finance Cost	116.06	385.38	338.10	367.03	415.83	474.79
iv)	Depreciation & Amortization Expenses	276.01	969.29	893.86	918.55	1,020.59	506.56
	TOTAL EXPENDITURE	**947.27**	**3,337.41**	**3,215.41**	**2,714.06**	**2,410.20**	**1,993.82**
	Profit before Prior Period Items, Exceptional and Extraordinary items and Tax from Continuing Operation	**920.88**	**2,962.01**	**3,506.47**	**2,194.63**	**2,405.28**	**1,137.41**
III.	Prior Period Items (net)	(5.68)	(0.11)	58.29	(656.15)	3.89	(2.94)
	Profit before Exceptional and Extraordinary Items and Tax	**926.56**	**2,962.12**	**3,448.18**	**2,850.78**	**2,401.39**	**1,140.35**
IV.	Exceptional Items		**(240.01)**	**(68.86)**	**(26.63)**		**(37.52)**
	Profit before Extraordinary Items and Tax	**926.56**	**3,202.13**	**3,517.04**	**2,877.41**	**2,401.39**	**1,177.87**
V.	Extraordinary Items	-	-	-	-	-	-
	PROFIT BEFORE TAX	**926.56**	**3,202.13**	**3,517.04**	**2,877.41**	**2,401.39**	**1,177.87**
VI.	**Tax Expenses**						
i)	Current Tax	185.41	587.41	694.19	557.51	387.96	119.52
ii)	Adjustments relating to earlier years	-	9.85	8.37	8.06	(93.23)	(16.87)
iii)	Deferred Tax	21.89	256.65	42.71	145.17	16.16	-
	Total Tax Expenses	**207.30**	**853.91**	**745.27**	**710.74**	**310.89**	**102.65**
VII.	**Profit for the year/period from continuing operations**	**719.26**	**2,348.22**	**2,771.77**	**2,166.67**	**2,090.50**	**1,075.22**
	Profit from discontinuing operations	-	-	-	-	-	-
	Tax expense of discontinuing operations	-	-	-	-	-	-
VIII.	**Profit from discontinuing operations after tax**	-	-	-	-	-	-
IX.	**PROFIT FOR THE PERIOD / YEAR AFTER TAX**	**719.26**	**2,348.22**	**2,771.77**	**2,166.67**	**2,090.50**	**1,075.22**
	EARNING PER SHARE (IN)						
	- Basic	**0.58**	**1.91**	**2.25**	**1.76**	**1.76**	**0.96**
	- Diluted	**0.58**	**1.91**	**2.25**	**1.76**	**1.76**	**0.96**

REFORMATTED STATEMENT OF CASH FLOW

(Rs. in Crores)

S No	PARTICULARS	QUARTER ENDED 30.06.2013	YEAR ENDED 31.03.2013	YEAR ENDED 31.03.2012	YEAR ENDED 31.03.2011	YEAR ENDED 31.03.2010	YEAR ENDED 31.03.2009
A.	**CASH FLOW FROM OPERATING ACTIVITIES**						
	Net Profit before tax and extraordinary items	**926.56**	**3202.13**	**3517.04**	**2877.41**	**2401.39**	**1177.87**
	ADD :						
	Depreciation (including Prior Period)	275.96	984.67	918.22	817.89	1,032.39	521.79
	Interest Paid	116.06	385.38	338.09	374.53	416.12	474.79
	Fixed Assets written off	-	0.14	0.29	0.06	-	-
	Stores w/off	-	0.18	0.09	0.38	-	-
	Provisions	0.84	5.38	93.41	34.83	91.74	161.78
	Bad debts/ claims written off	-	0.03	-	0.02	-	-
	(Profit)/Loss on Sale of Assets/Projects	-	0.40	(76.46)	(27.37)	(4.06)	(37.72)
	Tariff Adjustment	4.77	56.60	34.60	-	-	-
	Exchange rate variation	2.31	8.54	264.42	242.19	-	106.10
		399.94	**1441.32**	**1572.66**	**1442.53**	**1536.19**	**1226.74**
	LESS :						
	Advance against Depreciation written back(including Prior Period)	12.54	49.34	47.16	30.88	(107.97)	(27.19)
	Provisions & Liabilities no longer required written back	1.75	192.87	68.04	55.02	-	-
	Deferred ERV	-	(92.34)	212.73	203.83	-	-
	Dividend Income	-	32.03	22.03	12.40	25.02	51.76
	Interest Income	165.59	658.66	627.55	563.70	346.89	-
		220.06	**600.76**	**595.15**	**576.70**	**1272.25**	**1202.17**
	Cash flow from operating activities before working capital adjustments	**1146.62**	**3802.89**	**4112.19**	**3454.11**	**3673.64**	**2380.04**
	Working Capital Changes						
	(Increase)/Decrease in Inventories	(6.31)	(14.46)	(11.38)	4.39	(9.23)	1.13
	(Increase)/Decrease in Trade Receivables	(707.83)	(53.51)	(1,762.50)	56.60	(578.17)	24.87
	(Increase)/Decrease in Other Assets, Loans & Advances	502.08	(425.36)	680.50	(1,190.38)	(1,444.32)	-1041.59
	Increase/(Decrease) in Trade & Other Payables	370.71	(795.70)	(200.65)	1,205.24	1,248.30	1148.08
	Cash flow from operating activities before taxes	**1305.27**	**2513.86**	**2818.16**	**3529.96**	**2890.22**	**2512.53**
	Less : Taxes	94.56	616.27	737.82	517.70	352.84	105.51
	NET CASH FLOW FROM OPERATING ACTIVITIES (A)	**1210.71**	**1897.59**	**2080.34**	**3012.26**	**2537.38**	**2407.02**

S No	PARTICULARS	QUARTER ENDED 30.06.2013	YEAR ENDED 31.03.2013	YEAR ENDED 31.03.2012	YEAR ENDED 31.03.2011	YEAR ENDED 31.03.2010	YEAR ENDED 31.03.2009
B.	**CASH FLOW FROM INVESTING ACTIVITIES**						
	Purchase of Fixed Assets & expenditure on construction projects (including expenditure during construction)	(615.74)	(2,083.75)	(2,788.17)	(3,426.17)	(1,893.63)	(2195.40)
	Loss/(Profit) on sale/transfer of Assets	-	-	-	27.37	0.19	2.31
	Decrease/(Increase) in Investment	-	98.53	162.90	(19.51)	(100.45)	255.61
	Interest Income	167.59	658.66	627.55	563.70	346.89	0.00
	Dividend Received	-	32.03	22.03	12.40	25.02	51.76
	NET CASH FLOW FROM INVESTING ACTIVITIES (B)	**(448.15)**	**(1,294.53)**	**(1,975.69)**	**(2,842.21)**	**(1,621.98)**	**(1885.72)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**						
	Proceeds from issue of share capital	-	-	-	-	1,118.25	0.00
	Share Premium	-	-	-	-	2,868.74	0.00
	Dividend & Dividend Tax Paid	-	(995.87)	(854.53)	(788.90)	(230.01)	(371.66)
	Proceeds on Borrowings	883.27	2,526.65	3,418.44	1,591.00	2,608.83	1457.77
	Repayments of Borrowings	(383.95)	(1,200.66)	(909.89)	(1,162.04)	(1,669.58)	(771.06)
	Interest & Financial Charges	(333.74)	(1,321.14)	(1,104.78)	(1,057.41)	(914.20)	(777.67)
	NET CASH FLOW FROM FINANCING ACTIVITIES (C)	**165.58**	**(991.02)**	**549.24**	**(1,417.35)**	**3,782.03**	**(462.62)**
	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**928.14**	**(387.96)**	**653.89**	**(1,247.30)**	**4,697.43**	**58.68**
	Cash & Cash Equivalents at the beginning of the year	**5,616.01**	**6,003.97**	**5350.08**	**6597.38**	**1899.95**	**1841.27**
	Cash & Cash Equivalents at the close of the year	**6544.15**	**5616.01**	**6003.97**	**5350.08**	**6597.38**	**1899.95**

- Figures for the previous year/period have been re-grouped/re-arranged wherever necessary.

REFORMATTED CONSOLIDATED STATEMENT OF ASSETS AND LIABILITIES

(Rs. in Crore)

S No	PARTICULARS	As at 30.06.2013	As at 31.03.2013	As at 31.03.2012	As at 31.03.2011	As at 31.03.2010	As at 31.03.2009
I.	**EQUITY AND LIABILITIES**						
(1)	**SHAREHOLDERS' FUNDS**						
(a)	Share Capital	12,300.74	12,300.74	12,300.74	12,300.74	12,300.74	11,182.49
(b)	Reserves and Surplus	19,252.32	18,074.25	16,343.04	14,226.31	12,805.23	8,584.05
(2)	**MINORITY INTEREST**	2,527.56	2,310.20	2,034.86	1,735.74	1,589.53	1,494.44
(3)	**NON-CURRENT LIABILITIES**						
(a)	Long Term Borrowings	19,372.18	18,805.90	17,912.62	15,623.62	15,174.52	11,756.59
(b)	Deferred Tax Liabilities	640.08	624.09	350.36	277.36	252.09	-
(c)	Other Long Term Liabilities	1,914.10	1,827.10	2,072.98	2,038.46	2,027.79	1,954.88
(d)	Long Term Provisions	769.57	729.95	1,200.50	1,066.13	731.80	809.36
(4)	**CURRENT LIABILITIES**						
(a)	Short Term Borrowings	56.00	-	180.00	-	-	1,716.67
(b)	Trade Payables	183.15	189.14	227.52	250.53	266.51	130.51
(c)	Other Current Liabilities	3,428.30	3,198.26	3,141.05	2,781.72	2,633.57	3,043.76
(d)	Short Term Provisions	4,475.59	4,276.47	4,524.99	3,872.59	2,603.45	1,777.35
	TOTAL	**64,919.59**	**62,336.10**	**60,288.66**	**54,173.20**	**50,385.23**	**42,450.10**
II.	**ASSETS**						
(1)	**NON-CURRENT ASSETS**						
(a)	Fixed Assets						
	(i) Tangible Assets	21,727.21	20,228.86	18,750.07	20,130.23	19,633.07	21,089.80
	(ii) Intangible Assets	3,545.02	3,308.45	3,432.55	2,600.41	2,668.56	2,742.53
	(iii) Capital Work In Progress	19,020.61	19,961.84	19,398.67	16,008.37	12,957.37	9,523.78
	(iv) Intangible Assets Under Development	-	-	-	-	0.31	4.36
(b)	Non Current Investments	1,209.68	1,196.33	1,405.11	1,579.86	1,589.08	1,534.74
(c)	Long Term Loans and Advances	1,220.95	1,276.22	1,461.68	1,637.53	1,602.97	1,487.66
(d)	Other Non-Current Assets	1,232.04	1,132.38	1,381.07	879.77	845.51	1,121.80
(2)	**CURRENT ASSETS**						
(a)	Current Investments	251.87	250.74	250.74	253.59	256.44	256.44
(b)	Inventories	71.02	64.22	49.60	39.21	48.34	41.52
(c)	Trade Receivables	3,402.55	2,240.05	2,247.09	570.17	1,006.10	393.57
(d)	Cash & Bank Balances	8,624.99	7,976.46	7,795.32	6,751.29	7,689.54	2,606.08
(e)	Short Term Loans and Advances	2,595.21	2,452.84	2,157.35	1,511.05	1,103.90	1,084.52
(f)	Other Current Assets	2,018.44	2,247.71	1,959.41	2,211.72	984.04	563.30
	TOTAL	**64,919.59**	**62,336.10**	**60,288.66**	**54,173.20**	**50,385.23**	**42,450.10**

REFORMATTED CONSOLIDATED STATEMENT OF PROFIT & LOSS

(Rs. in Crore)

S No	PARTICULARS	Quarter Ended 30.06.2013	Year Ended 31.03.2013	Year Ended 31.03.2012	Year Ended 31.03.2011	Year Ended 31.03.2010	Year Ended 31.03.2009
I.	**INCOME**						
i)	Revenue from Operations	2,283.65	6,402.08	7,218.09	5,183.36	5,275.40	3,412.45
ii)	Other Income	309.91	1,215.15	940.63	743.97	522.61	529.32
	TOTAL REVENUE	**2,593.56**	**7,617.23**	**8,158.72**	**5,927.33**	**5,798.01**	**3,941.77**
II.	**EXPENDITURE**						
i)	Generation, Administration and Other Expenses	369.87	1,177.61	1,143.93	713.42	445.42	528.37
ii)	Employee Benefits Expense	248.69	951.52	975.18	855.90	636.45	580.87
iii)	Finance Cost	164.34	596.21	568.73	616.37	690.22	737.96
iv)	Depreciation & Amortization Expenses	339.36	1,213.11	1,151.11	1,168.35	1,270.06	632.40
	TOTAL EXPENDITURE	**1,122.26**	**3,938.45**	**3,838.95**	**3,354.04**	**3,042.15**	**2,479.60**
	Profit before Prior Period Items, Exceptional and Extraordinary items and Tax from Continuing Operation	**1,471.30**	**3,678.78**	**4,319.77**	**2,573.29**	**2,755.86**	**1,462.17**
III.	Prior Period Items (net)	(11.57)	(4.09)	37.37	(656.25)	2.43	13.96
	Profit before Exceptional and Extraordinary Items and Tax	**1,482.87**	**3,682.87**	**4,282.40**	**3,229.54**	**2,753.43**	**1,448.21**
IV.	Exceptional Items	**-**	**(240.01)**	**(68.86)**	**(26.63)**	**-**	**(37.52)**
	Profit before Extraordinary Items and Tax	**1,482.87**	**3,922.88**	**4,351.26**	**3,256.17**	**2,753.43**	**1,485.73**
V.	Extraordinary Items	-	-	-	-	-	-
	PROFIT BEFORE TAX	**1,482.87**	**3,922.88**	**4,351.26**	**3,256.17**	**2,753.43**	**1,485.73**
VI.	**Tax Expenses**						
i)	Current Tax	302.27	738.75	866.07	635.58	452.09	171.53
ii)	Adjustments relating to earlier years	-	9.80	8.60	9.63	(105.38)	(16.88)
iii)	Deferred Tax	15.99	273.73	73.00	148.19	129.16	-
	Total Tax Expenses	**318.26**	**1,022.28**	**947.67**	**793.40**	**475.87**	**154.65**
VII.	**Profit for the year/period from continuing operations**	**1,164.61**	**2,900.60**	**3,403.59**	**2,462.77**	**2,277.56**	**1,331.08**
	Profit from discontinuing operations	-	-	-	-	-	-
	Tax expense of discontinuing operations	-	-	-	-	-	-
VIII.	**Profit from discontinuing operations after tax**	-	-	-	-	-	-
	PROFIT FOR THE YEAR/PERIOD (Before adjustment of Minority Interest)	**1,164.61**	**2,900.60**	**3,403.59**	**2,462.77**	**2,277.56**	**1,331.08**
IX.	**Share of Profit/Loss transferred to Minority Interest**	217.36	283.19	318.01	146.61	102.00	146.20
X.	**PROFIT FOR THE YEAR/PERIOD (After adjustment of Minority Interest)**	**947.25**	**2,617.41**	**3,085.58**	**2,316.16**	**2,175.56**	**1,184.88**
	EARNING PER SHARE (IN `)						
	- Basic	**0.77**	**2.13**	**2.51**	**1.88**	**1.84**	**1.06**
	- Diluted	**0.77**	**2.13**	**2.51**	**1.88**	**1.84**	**1.06**

REFORMATTED CONSOLIDATED STATEMENT OF CASH FLOW

(Rs. in Crores)

S No	PARTICULARS	QUARTER ENDED 30.06.2013	YEAR ENDED 31.03.2013	YEAR ENDED 31.03.2012	YEAR ENDED 31.03.2011	YEAR ENDED 31.03.2010	YEAR ENDED 31.03.2009
A.	**CASH FLOW FROM OPERATING ACTIVITIES**						
	Net Profit before tax and extraordinary items	**1482.87**	**3922.88**	**4351.26**	**3257.23**	**2753.43**	**1485.76**
	ADD :						
	Depreciation (including Prior Period)	339.31	1,224.70	1,176.51	1,068.46	1,280.43	653.65
	Advance against Depreciation written back		-	19.03	-	-	-
	Interest Paid	164.34	596.21	569.77	623.87	690.52	737.97
	Fixed Assets written off	-	0.14	0.29	0.06	-	-
	Stores w/off	-	0.03	0.09	0.38	-	-
	Provisions	6.80	0.18	93.42	34.88	92.02	161.78
	Bad debts/ claims written off	-	6.13	-	0.02	-	-
	(Profit)/ Loss on Sale of Assets/ Projects	-	0.40	(76.45)	(27.36)	(4.06)	(37.70)
	Tariff Adjustment	4.77	56.60	34.60	-	-	122.24
	Exchange rate variation	2.31	8.54	264.42	242.19	-	106.10
		517.53	**1892.93**	**2081.68**	**1942.50**	**2058.91**	**1744.04**
	LESS :						
	Advance against Depreciation written back	12.54	49.34	47.16	32.25	(115.30)	-
	Provisions & Liabilities no longer required written back	1.75	192.87	68.04	55.02	-	-
	Deferred ERV	-	(92.34)	212.73	203.83	-	-
	Dividend Income	-	1.96	1.98	1.57	1.60	1.33
	Interest Income	225.27	894.12	777.86	651.90	419.89	-
		277.97	**846.99**	**973.91**	**997.93**	**1752.72**	**1742.71**
	Cash flow from operating activities before working capital adjustments	**1760.84**	**4769.87**	**5325.17**	**4255.16**	**4506.15**	**3228.47**
	Working Capital Changes						
	(Increase)/Decrease in Inventories	(6.96)	(15.81)	(12.23)	2.92	(9.44)	(0.66)
	(Increase)/Decrease in Trade Receivables	(1,150.15)	(23.20)	(1,899.28)	(942.32)	(238.59)	418.81
	(Increase)/Decrease in Other Assets, Loans & Advances	280.84	(414.03)	651.41	(40.15)	(1,640.23)	(693.11)
	Increase/(Decrease) in Trade & Other Payables	233.62	(697.63)	218.01	1,086.94	1,488.27	1,055.85
	Cash flow from operating activities before taxes	**1118.19**	**3619.20**	**4283.08**	**4362.55**	**4106.16**	**4009.36**
	Less : Taxes	127.43	773.55	904.63	605.99	420.49	162.11
	NET CASH FLOW FROM OPERATING ACTIVITIES (A)	**990.76**	**2845.65**	**3378.45**	**3756.56**	**3685.67**	**3847.25**

S No	PARTICULARS	QUARTER ENDED 30.06.2013	YEAR ENDED 31.03.2013	YEAR ENDED 31.03.2012	YEAR ENDED 31.03.2011	YEAR ENDED 31.03.2010	YEAR ENDED 31.03.2009
B.	**CASH FLOW FROM INVESTING ACTIVITIES**						
	Purchase of Fixed Assets & expenditure on construction projects (including expenditure during construction)	(908.67)	(2,398.94)	(3,297.88)	(3,465.87)	(1,944.51)	(2,288.55)
	Loss/(Profit) on sale/transfer of Assets	0.02	0.01	0.01	27.36	0.24	2.31
	Decrease/(Increase) in Investment	-	172.81	206.06	12.06	(99.58)	255.61
	Interest Income	227.29	894.58	777.86	652.41	419.89	-
	Dividend Income	-	1.97	1.98	1.57	1.86	1.33
	NET CASH FLOW FROM INVESTING ACTIVITIES (B)	**(681.36)**	**(1,329.57)**	**(2,311.97)**	**(2,772.47)**	**(1,622.10)**	**(2,029.30)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**						
	Proceeds from issue of share capital	-	62.50	-	-	1,178.25	-
	Share Premium	-	-	-	-	2,868.74	-
	Share application money pending allotment	-	2.07	(24.24)	10.00	-	-
	Dividend & Dividend Tax Paid	-	(1,034.22)	(900.15)	(802.82)	(260.31)	(436.92)
	Proceeds on Borrowings	939.27	2,526.65	3,433.44	1,639.75	4,269.94	3,334.77
	Repayments of Borrowings	(457.09)	(1,408.80)	(1,206.16)	(1,491.74)	(3,865.64)	(3,440.41)
	Funds received from GOMP towards SSP & Irrigation component	246.61	39.28	12.31	29.23	16.72	11.38
	Interest & Financial Charges	(382.02)	(1,531.97)	(1,337.65)	(1,306.75)	(1,188.60)	(1,026.56)
	NET CASH FLOW FROM FINANCING ACTIVITIES (C)	**346.77**	**(1,344.49)**	**(22.45)**	**(1,922.33)**	**3,019.10**	**(1,557.74)**
	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**656.17**	**171.59**	**1044.03**	**(938.24)**	**5082.67**	**260.21**
	Cash & Cash Equivalents at the beginning of the year	**7976.46**	**7795.32**	**6751.29**	**7689.53**	**2606.08**	**2345.87**
	Adjustment to Cash & Cash Equivalent at the beginning of the year	**(7.64)**	**9.55**	**-**	**-**	**0.78**	**-**
	Adjusted Cash & Cash Equivalent at the beginning of the year	**7968.82**	**7804.87**	**6751.29**	**7689.53**	**2606.86**	**2345.87**
	Cash & Cash Equivalents at the close of the year	**8624.99**	**7976.46**	**7795.32**	**6751.29**	**7689.53**	**2606.08**

Figures for the previous year/period have been re-grouped/re-arranged wherever necessary.

GENERAL INFORMATION

Our Company was incorporated on November 7, 1975 under the Companies Act as a private limited company under the name 'National Hydro Electric Power Corporation Private Limited'. The word 'private' was subsequently deleted from the name of the Company on September 18, 1976. Our Company was converted to a public limited company w.e.f. April 2, 1986. Pursuant to a shareholders resolution dated March 13, 2008, the name of our Company was changed to its present name 'NHPC Limited' and a fresh certificate of incorporation consequent upon change of name was issued by the RoC, National Capital Territory of Delhi and Haryana, on March 28, 2008.

Registered Office and Corporate Office

NHPC Ltd.
NHPC Office Complex,
Sector - 33, Faridabad - 121 003,
Haryana, India
Tel: +91 (129) 227 8421/ 422/ 423
Fax: +91 (129) 2277941

Registration

Details	Registration/Identification number
Registration Number	032564
Corporate Identification Number	L40101HR1975GOI032564

For information on changes in our Registered Office, see "***History and Certain Corporate Matters***" on page 97 of this Prospectus.

Address of the Registrar of Companies

The Company is registered at the office of:

The Registrar of Companies
National Capital Territory of Delhi and Haryana
4th Floor, IFCI Tower
61, Nehru Place
New Delhi 110 019
Tel: +91 (11) 2623 5704
Fax: +91 (11) 2623 5702

Company Secretary and Compliance Officer

Vijay Gupta
NHPC Office Complex,
1st Floor, Sector - 33,
Faridabad,
Haryana - 121 003, India
Tel: +91 129 227 8421
Fax: +91 129 227 8018
E-mail: companysecretary@nhpc.nic.in,

Chief Financial Officer

A.B.L. Srivastava,
Director (Finance),
NHPC Office Complex,
Sector - 33, Faridabad, PIN - 121 003,
Haryana, India
Tel: +91 129 227 8021
Fax: +91 129 227 8025
Email: dir-fin@nhpc.nic.in

Investors may contact the Registrar to the Issue or the Compliance Officer in case of any pre-Issue or post-Issue related problems such as non-receipt of Allotment Advice, bond certificate (for Applicants who have applied for Allotment in physical form), demat credit or refund orders.

All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, Application Form number, address of the Applicant, number of Bonds applied for, Series of Bonds applied for, amount paid on application, Depository Participant and the Collection Centre of the Members of the Syndicate where the Application was submitted.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to either (a) the relevant Designated Branch of the SCSB where the Application Form was submitted by the ASBA Applicant, or (b) the concerned Member of the Syndicate and the relevant Designated Branch of the SCSB in the event of an Application submitted by an ASBA Applicant at any of the Syndicate ASBA centres, giving full details such as name, address of Applicant, Application Form number, series/option applied for number of Bonds applied for, amount blocked on Application.

All grievances arising out of Applications for the Bonds made through the Online Stock Exchange Mechanism or through Trading Members may be addressed directly to the relevant Stock Exchange.

Lead Managers

A. K. Capital Services Limited
30-39 Free Press House, Free Press Journal Marg, 215, Nariman Point
Mumbai 400 021, Maharashtra, India
Tel: +91 (22) 6754 6500/ 66349300
Fax: +91 (22) 6610 0594
Email: nhpctfbonds13@akgroup.co.in
Investor Grievance Email: investor.grievance@akgroup.co.in
Website: www.akcapindia.com
Contact Person: Mr. Mandeep Singh/ Mr. Lokesh Singhi
Compliance Officer: Mr. Vikas Agarwal
SEBI Registration No.: INM000010411

Axis Capital Limited
1st floor, Axis House, C-2 Wadia International Centre P.B. Marg, Worli, Mumbai 400 025
Tel: +91 (22) 4325 2525;
Fax: +91 (22) 4325 3000
E-mail: nhpctaxfree@axiscap.in
Investor Grievance Email: complaints@axiscap.in
Website: www.axiscapital.co.in
Contact Person: Mr. Akash Aggarwal
Compliance Officer: Mr. M. Natarajan
SEBI Registration No.: INM000012029

Consortium Members

In addition to the Lead Managers, the following is also consortium member for the marketing of the Issuer:

A.K. Stockmart Private Limited
30-39, Free Press House,
Free Press Journal House,
215, Nariman Point, Mumbai-400 021
Tel: +91 (22) 6634 9300
Fax: +91 (22) 6754 4666
Email: ankit@akgroup.co.in
Investor Grievance Email: stockmart@akgroup.co.in
Website: www.akcapindia.com
Contact person: Mr. Ankit Gupta
Compliance Officer: Mr. Ankit Gupta
SEBI Registration No.: INB231269532/ INB011269538

Bond Trustee

IDBI Trusteeship Services Limited
Asian Building, Ground Floor
17. R. Kamani Marg Ballard Estate
Mumbai Maharashtra – 400 001
Tel: +91 22 40807000

Facsimile: +91 22 66311776
Email: itsl@idbitrustee.com
Website: www.idbitrustee.com
Investor Grievance Email: response@idbitrustee.com
Contact Person: Sarita Iyer
Compliance Officer: Sarita Iyer
SEBI Registration No.: IND000000460

IDBI Trusteeship Services Limited has by its letter dated September 27, 2013 given its consent for its appointment as Bond Trustee to the Issue and for its name to be included in this Prospectus and in all the subsequent periodical communications sent to the holders of the Bonds issued, pursuant to this Issue and pursuant to Regulation 4(4) of the Debt Regulations.

Registrar to the Issue

KARVY Computershare Private Limited
Address: Plot No. 17 to 24, Vithal Rao Nagar,
Madhapur, Hyderabad - 500081
Tel.: +91 (40) 44655000
Fax.: +91 (40) 23431551
Investor Grievance Id: nhpcbonds@karvy.com
E-mail: einward.ris@karvy.com
Website: http:\\karisma.karvy.com
Contact Person: Mr. Murali Krishna
SEBI Registration: INR000000221

Statutory Auditors

M/s S. N. Nanda & Co., New Delhi, Chartered Accountants, C-43, Pamposh Enclave, New Delhi Tel. No.: +91 (11) 26227853/ 26227854 Fax.: +91 (11) 26227853 Email: snnco@snnco.net Website: www.snnco.net Registration number: 000685N Contact Person: CA. S. N. Nanda	M/s Gupta Gupta & Associates, Chartered Accountants 142, Sector 3, Trikuta Nagar Jammu, Jammu & Kashmir Tel. No.: +91 (0191) 2472121, Fax.: +91 (0191) 2472212 Email: ggajmu@yahoo.com Registration number: 001728N Contact Person: CA. R.K. Gupta and Ekta Jain
M/s Singhi & Co., Chartered Accountants, Emerald House, 4th Floor, 1-B, Old Post Office Street, Kolkata ,West Bengal Tel. No.: +91 (033) 22484573/ 22484577 Fax.: +91 (033) 22033503 Email: Kolkata@singhico.com Website: www.bakertillysinghi.com Registration number: 302049E Contact Person: CA. P.K. Singhi	M/s Tiwari & Associates, Chartered Accountants, T-8, Green Park Extension, New Delhi – 110 016 Tel. No.: +91 (11) 26166225 Fax.: +91 (11) 26198237 Email: sandeepsandill@gmail.com Registration number: 002870N Contact Person: CA. Sandeep Sandill

The aforesaid firms were appointed as the joint Statutory Auditors by the Comptroller and Auditor General of India through a letter dated July 29, 2013 for the FY 2013-14.

Escrow Collection Banks/ Bankers to the Issue

ICICI Bank Limited Capital Market Division 1st Floor, 122, Mistry Bhavan, Dinshaw Vachha Road, Backbay Reclamation Churchgate,	**IndusInd Bank Limited** Cash Management Services, Solitaire Park, No. 1001, Building No. 10, Ground Floor, Guru Hargovindji Marg, Andheri (East),

Mumbai - 400020 **Tel:** +91 (22) 22859905 **Fax:** +91 (22) 22611138 Email: anil.gadoo@icicibank.com Website: www.icicibank.com Registration number: INBIOOOOOO04 **Contact Person:** Mr. Anil Gadoo	Mumbai - 100093 Tel: +91 (22) 226773901 to 3917 Fax: +91 (22) 67723998 Email: sanjay.vasarkar@indusind.com Website: www.indusind.com Registration number: INBI00000002 Contact Person: Mr. Sanjay Vasarkar
HDFC Bank Limited FIG – OPS Department, Lodha, I Think Techno Campus, O-3, Level, Next to Kanjurmarg Railway Station, Kanjurmarg (East), Mumbai - 400042 Tel: +91 (22) 30752928 Fax: +91 (22) 25799801 Email:uday.dixit@hdfcbank.com, figdelhi@hdfcbank.com, anchal.garg@hdfcbank.com, ashish.ujjawal@hdfcbank.com Website: www.hdfcbank.com Registration number: INBI00000063 Contact Person: Mr. Udhay Dixit/ Sidharth Jadhav	**YES Bank Limited** Indiabulls Finance Cente, Tower 2, 8th Floor, Senapati Bapat Marg, Elphinstone (W), Mumbai- 400013 Tel: +91 (22) 33477110 Fax: +91 (22) 24974875 Email: dlbtiservices@yesbank.com Website: www.yesbank.in Registration number: INBI00000935 Contact Person: Mr. Paresh Kulkarni
Axis Bank Limited Ballabhgarh, Plot No. 40, SCO, Sector 7, Ballabhgarh, Faridabad – 121 Tel: +91 (0129) 2216404 Fax: +91 (0129) 2211916 Email: ballabhgarh.operationshead@axisbank.com, ballabhgarh.branchhead@axisbank.com, ashish.dhall@asixbank.com, amit.mishra@axisbank.com Website: www.axisbank.com Registration number: INBI00000017 Contact Person: Mr. Amit Mishra/ Mr. Ashish Dhall	**IDBI Bank Limited** Unit No.2, Corporate Park, Sion Trombay Road, Chembur, Mumbai – 400071 Tel: +91 (22) 66908402 Fax: +91 (22) 25286173 Email: ipoteam@idbi.co.in Website: www.idbibank.com Registration number: INBI00000076 Contact Person: Mr. V. Jayanathan, Head – CMS Operations
Kotak Mahindra Bank Kotak Infiniti, 6th Floor, Building No. 21, Infinity Park, Off Western Express Highway, General, AK Vaidya Marg, Malad (E), Mumbai – 400097 Tel: +91 (22) 66056959 Fax: +91 (22) 66466540 Email: prashant.sawant@kotak.com Website: www.kotak.com Registration number: INBI00000927 Contact Person: Mr. Prashant Sawant	**State Bank of India** Videocon Heritage (Killick House), Ground Floor, Charanjit Rai Marg, Mumbai - 400001 Tel: +91 (22) 22094932/ 22094927 Fax: +91 (22) 22094921/ 22094922 Email: nib.11777@sbi.co.in, sbi11777@yahoo.co.in Website: www.statebankofindia.com Registration number: INBI00000038 Contact Person: Mr. Anil Sawant

Refund Banks

YES Bank Limited
Indiabulls Finance Cente,
Tower 2, 8th Floor, Senapati Bapat Marg,
Elphinstone (W), Mumbai- 400013
Tel: +91 (22) 33477110
Fax: +91 (22) 24974875
Email: dlbtiservices@yesbank.com
Website: www.yesbank.in
Registration number: INBI00000935
Contact Person: Mr. Paresh Kulkarni

Self Certified Syndicate Banks

The list of Designated Branches that have been notified by SEBI to act as SCSBs for ASBA process is provided on http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries or at such other website as may be prescribed by SEBI from time to time. For more information on the Designated Branches collecting ASBA Applications, see the above mentioned web-link.

Syndicate SCSB Branches

In relation to ASBA Applications submitted to the Lead Managers, Consortium Members, sub-brokers or the Trading Members of the Stock Exchange(s) only in the specified cities (Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bengaluru, Hyderabad, Pune, Vadodara and Surat), the list of branches of the SCSBs at the Specified Cities named by the respective SCSBs to receive deposits of ASBA Applications from such Lead Managers, Consortium Members, sub-brokers or the Trading Members of the Stock Exchange(s) is provided on http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries or at such other website as may be prescribed by SEBI from time to time. For more information on such branches collecting ASBA Applications from Members of the Syndicate or the Trading Members of the Stock Exchange(s) only in the Specified Cities, see the above mentioned web-link.

Bankers to the Company

Axis Bank Address: Axis Bank Limited, 148, Stateman House, Barakhamba Road, New Delhi - 110001 Tel.: +91 9582800391, 9818333691 Fax.: +91 (11) 43506565 E-mail: ballabhgarg.barchhead@axisbank.com, ashish.dhall@axisbank.com, amit.mishra@axisbank.com Website: www.axisbank.com Contact Person: Mr. Amit Mishra, Mr. Asish Dhall	**Bank of India** Address: PTI Building, 4, Sansad Marg, New Delhi – 110001 Tel.: +91 (11) 23717344/ 28844067 Fax.: +91 (11) 23357310 E-mail: parliamentstreet.newdelhi@bankofindia.co.in Website: www.bankofindia.com Contact Person: Mr. S.C. Malkoti
HDFC Bank Limited Address: HDFC Bank Limited, FIG – OPS Department, Lodha – I Think Techno Campus, O – 3, level, Kanjurmarg (East), Mumbai – 400042 Tel.: +91 (22) 30752928 Fax.: +91 (22) 25799801 E-mail: uday.dixit@hdfcbank.com Website: www.hdfcbank.com Contact Person: Mr. Uday Dixit	**ICICI Bank Limited** Address: ICICI Tower, NBCC Place, Bhishma Pitamah Marg, Pragati Vihar, New Delhi - 110003 Tel.: +91 (11) 30278567 Fax.: +91 (11) 24365231 E-mail: arun.aggarwal@icicibank.com Website: www.icicibank.com Contact Person: Mr. Arun Aggarwal
IndusInd Bank Limited Address: IndusInd Bank Limited, Cash Management Services, Solitaire Park, No. 1001, Building No. 10, Ground Floor, Guru Hargovindji Marg, Andheri (East), Mumbai - 400093 Tel.: +91 (22) 67723901 to 3917	**The Jammu & Kashmir Bank Limited** Address: G-40, Connaught Place, New Delhi - 110001 Tel.: +91 (11) 23352102/03 Fax.: +91 (11) 41627506 E-mail: circus@jkbmail.com

Fax.: +91 (22) 67723998 E-mail: sanjay.vasarkar@IndusInd.com Website: www.indusind.com Contact Person: Mr. Sanjay Vasarkar	Website: www.jkbank.net Contact Person: Mr. Jitender Sharma, AVP
Indian Overseas Bank Address: NHPC Complex, Sector 33, Faridabad, Haryana - 121003 Tel.: +91 (0129) 2254012 E-mail: nhpcbr@delsco.iobnet.co.in Website: www.iob.in Contact Person: Mr. Sujay Gopal Rao	**State Bank of India** Address: Vediocon Heritage (Killick House), Ground Floor, Charanjit Rai Marg, Mumbai - 400001 Tel.: +91 (22) 22094932/22094927 Fax.: +91 (22) 22094921/22094922 E-mail: nib.11777@sbi.co.in Website: www.statebankofindia.com Contact Person: Mr. Anil Sawant

Legal Advisor to the Issue

Dhir & Dhir Associates
D-55, Defence Colony, New Delhi – 110 024
Tel.: +91 (11) 42410000
Fax: +91 (11) 42410091
E-mail: nhpctaxfreebonds@dhirassociates.com
Contact Person: Girish Rawat
Website: www.dhirassociates.com

Credit Rating Agencies

ICRA Limited
Building No. 8
2nd floor, Tower A
DLF Cyber City, Phase II
Gurgaon 122 002
Tel: +91 (124) 4545 310
Fax: +91 (124) 4050 424
Email: vivek@icraindia.com
Investor Grievance Email: investors@icraindia.com
Contact Person: Mr. Vivek Mathur
Website: www.icra.in
SEBI Registration Number: IN/CRA/003/1999

India Ratings and Research Private Limited
Wockhardt Towers, 4th Floor, West Wing,
Bandra Kurla Complex, Bandra East, Mumbai – 400051
Tel: +91 22 4000 1700
Fascimile: +91 22 4000 1701
Email:shrikant.dev@indiaratings.co.in
Investor Grievance E-mail Id:
investor.services@indiaratings.co.in
Contact Person: Mr.kant Dev, Compliance Officer
Website:www.indiaratings.co.in
SEBI Registration No.: IN/CRA/002/1999

Credit Analysis and Research Limited
3rd Floor, B-47, Inner Circle, Connaught Place,
Near Plaza Cinema, New Delhi – 110 001
Tel: +91 (11) 45333232
Facsimile: +91 (11) 45333228
Email: sudhir.kumar@carerating.com
jasmeen.kaur@carerating.com
Contact Person: Mr. Sudhir Kumar
Website: www.careratings.com
SEBI Registration No.: IN/CRA/004/1999

Credit Rating and Rationale

ICRA Limited has, vide its letter no. D/RAT/2013-14/N1/1 dated September 27, 2013 assigned a credit rating of "[ICRA] AAA" to the Bonds. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.

India Rating & Research Private Limited has, vide its letter dated October 1, 2013 assigned a credit rating of IND 'AAA' to the Bonds. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.

Credit Analysis & Research Limited has, vide its letter dated September 27, 2013 assigned a credit rating of 'CARE AAA' to the Bonds. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.

For the rationale for these ratings, see "***Annexure B – Credit Rating***" of this Prospectus.

Expert Opinion

Except the letters dated September 23, 2013 and September 27, 2013 issued by IRRPL and CARE, respectively, in respect of the credit rating of the Issue, and the Auditor's Report dated September 28, 2013 and Statement of Tax Benefits dated September 28, 2013 issued by M/s S. N Nanda & Co., M/s Singhi & Co., M/s Gupta Gupta & Associates and M/s Tiwari & Associates, Chartered Accountants, Statutory Auditors of the Company, the Company has not obtained any expert opinions.

Minimum Subscription

In terms of the SEBI Debt Regulations, an issuer undertaking a public issue of debt securities may disclose the minimum amount of subscription that it proposes to raise through the issue in the offer document. The Company has decided not to stipulate minimum subscription for this Issue.

Underwriting

The Issue is not underwritten.

Issue Programme

ISSUE PROGRAMME	
ISSUE OPENING DATE	**ISSUE CLOSING DATE***
October [●], 2013	November [●], 2013

** The Issue shall remain open for subscription from 10.00 a.m. to 5.00 p.m.(Indian Standard Time) during the period indicated above with an option for early closure or extension, as may be decided by the Board of Directors or the Functional Authority. In the event of such early closure or extension of the subscription list of the Issue, the Company shall ensure that public notice of such early closure/extension is published on or before such early date of closure or the Issue Closing Date, as applicable, through advertisement(s) in atleast one leading national daily newspaper. For more information, see "**Issue Procedure**" on page 185 of this Prospectus.*

Applications Forms for the Issue will be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) or such extended time as may be permitted by the Stock Exchange, during the Issue Period as mentioned above on all days between Monday and Friday (both inclusive barring public holiday), (i) by the Members of the Syndicate or the Trading Members of the Stock Exchange(s), as the case maybe, at the centers mentioned in Application Form through the non-ASBA mode or, (ii) in case of ASBA Applications, (a) directly by the Designated Branches of the SCSBs or (b) by the centers of the Members of the Syndicate or the Trading Members of the Stock Exchange, as the case may be, only at the Specified Cities. On the Issue Closing Date the Application Forms will be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded until 5.00 p.m. or such extended time as may be permitted by the Stock Exchange.

Due to limitation of time available for uploading the Applications on the Issue Closing Date, Applicants are advised to submit their Application Forms one day prior to the Issue Closing Date and not later than 3.00 p.m (Indian Standard Time) on the Issue Closing Date. Applicants are cautioned that in the event if a large number of Applications are received on the Issue Closing Date, there may be some Applications which may not uploaded due to lack of sufficient time for uploading. Any such Applications which are not uploaded will not be considered for allocation under the Issue. Application Forms will only be accepted on Working Days during the Issue Period. Neither our Company, nor the Members of the Syndicate or Trading Members of the Stock Exchange(s) shall be liable for any failure in uploading the Applications due to failure in any software/ hardware systems or otherwise.

CAPITAL STRUCTURE

1. Our share capital as on September 30, 2013 and as at the date of this Prospectus is set forth below:

	Aggregate value at face value (*Rs. in crore*)
Authorised share capital	
15,00,00,00,000 Equity Shares of Rs. 10 each	15,000.00
Issued, subscribed and paid up share capital	
12300742773 Equity Shares of Rs. 10 each, fully paid up (out of above 6,29,52960 Shares of Rs. 10 each have been allotted for consideration other than cash to GoI on February 28, 1978 and August 6, 1980)	12,300.74
Securities premium account (before the Issue)	2,868.74

2. There have been no changes in our authorised share capital in the last five years.

3. Change in Equity Share Capital History of the Company as on last quarter end, for the last five years:

Date of Allotment	No. of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	Consideration (Cash, Other than cash, etc)	Nature of Allotment	Cumulative		
						No. of Equity Shares	Equity Share Capital (Rs. in crore)	Equity Share Premium (Rs. in crore)
March 13, 2008	88,30,930	10	10	Cash	Promoter	11,18,24,93,430	11,182.49	Nil
August 26, 2009	1,11,82,49,343	10	36	Cash	IPO	12,30,07,42,773	12,300.74	2,868.74*

** Adjustment of Share issue expenses of Rs 38.71 crore as per the provisions of Section 78 of the Companies Act.*

Our Company has not made any issue of Equity Shares during the preceding one year from the date of this Prospectus.

4. Details of Equity Shares held by the Promoter as on September 30, 2013:

S No	Name of shareholder	No. of Equity Shares held	No. of Equity Shares held in dematerialized form	Percentage of issued Equity Share capital	No. of Equity Shares pledged	Percentage of Equity Shares pledged
1.	President of India	10,62,33,68,758	10,62,33,68,758	86.36	0	Nil

5. Except as set forth below, none of our Directors hold any Equity Shares as on September 30, 2013:

S No	Name of shareholder	No. of Equity Shares held	No. of Equity Shares held in dematerialized form	Percentage of issued Equity Share capital
1.	A.B.L Srivastava	49,875	49,875	Negligible
2.	D.P Bhargava	20,000	20,000	Negligible
3.	J.K Sharma	4,550	4,550	Negligible
4.	R.S Mina	42,000	42,000	Negligible

6. Shareholding pattern of the Company and list of Equity shareholders

The table below represents the shareholding pattern of our Company as per clause 35 of the Listing Agreement, as on September 30, 2013:

CATEGORY CODE	CATEGORY OF SHAREHOLDER	NO OF SHAREHOLDERS	TOTAL NUMBER OF SHARES	NO OF SHARES HELD IN DEMATERIALIZED FORM	TOTAL SHAREHOLDING AS A % OF TOTAL NO OF SHARES		SHARES PLEDGE OR OTHERWISE ENCUMBERED	
					AS a PERCENTAGE of (A+B)	As a PERCENTAGE of (A+B+C)	NUMBER OF SHARES	AS a PERCENTAGE
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)=(VIII)/(IV)*100
(A)	**PROMOTER AND PROMOTER GROUP**							
(1)	INDIAN							
(a)	Individual /HUF	0	0	0	0.00	0.00	0	0.00
(b)	Central Government/State Government(s)	1	10623368758	10623368758	86.36	86.36	0	0.00
(c)	Bodies Corporate	0	0	0	0.00	0.00	0	0.00
(d)	Financial Institutions / Banks	0	0	0	0.00	0.00	0	0.00
(e)	Others	0	0	0	0.00	0.00	0	0.00
	Sub-Total A(1) :	**1**	**10623368758**	**10623368758**	**86.36**	**86.36**	**0**	**0.00**
(2)	FOREIGN							
(a)	Individuals (NRIs/Foreign Individuals)	0	0	0	0.00	0.00	0	0.00
(b)	Bodies Corporate	0	0	0	0.00	0.00	0	0.00
(c)	Institutions	0	0	0	0.00	0.00	0	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0.00	0	0.00
(e)	Others	0	0	0	0.00	0.00	0	0.00
	Sub-Total A(2) :	**0**	**0**	**0**	**0.00**	**0.00**	**0**	**0.00**
	Total A=A(1)+A(2)	**1**	**10623368758**	**10623368758**	**86.36**	**86.36**	**0**	**0.00**
(B)	**PUBLIC SHAREHOLDING**							
(1)	INSTITUTIONS							
					AS a PERCENTAGE of (A+B)	**As a PERCENTAGE of (A+B+C)**	**NUMBER OF SHARES**	**AS a PERCENTAGE**
(a)	Mutual Funds /UTI	19	18629847	18629847	0.15	0.15		
(b)	Financial Institutions /Banks	56	99809909	99809884	0.81	0.81		

(c)	Central Government / State Government(s)	0	0	0	0.00	0.00		
(d)	Venture Capital Funds	0	0	0	0.00	0.00		
(e)	Insurance Companies	31	282193458	282193458	2.29	2.29		
(f)	Foreign Institutional Investors	102	300043399	300043399	2.44	2.44		
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0.00		
(h)	Qualified Foreign Investor	0	0	0	0.00	0.00		
(i)	Others	0	0	0	0.00	0.00		
	Sub-Total B(1) :	**208**	**700676613**	**700676588**	**5.70**	**5.70**		
(2)	NON-INSTITUTIONS							
(a)	Bodies Corporate	3673	155442712	155442712	1.26	1.26		
(b)	Individuals							
	(i) Individuals holding nominal share capital upto Rs.1 lakh	1048997	623748360	623560279	5.07	5.07		
	(ii) Individuals holding nominal share capital in excess of Rs.1 lakh	5345	175965614	175899134	1.43	1.43		
(c)	Others							
	TRUSTS	68	2480762	2480762	0.02	0.02		
	OVERSEAS CORPORATE BODIES	2	8462	8462	0.00	0.00		
	NON RESIDENT INDIANS	5419	16109177	16101602	0.13	0.13		
	CLEARING MEMBERS	454	2942315	2942315	0.02	0.02		
(d)	Qualified Foreign Investor	0	0	0	0.00	0.00		
	Sub-Total B(2) :	**1063958**	**976697402**	**976435266**	**7.94**	**7.94**		
	Total B=B(1)+B(2) :	**1064166**	**1677374015**	**1677111854**	**13.64**	**13.64**		
	Total (A+B) :	**1064167**	**12300742773**	**12300480612**	**100.00**	**100.00**		
(C)	Shares held by custodians, against which Depository Receipts have been issued							
(1)	Promoter and Promoter Group							
(2)	Public	0	0	0	0.00	0.00		
	GRAND TOTAL (A+B+C) :	**1064167**	**12300742773**	**12300480612**	**100.00**	**0.00**	**0**	**0.00**

7. The following is the list of top ten Equity shareholders of the Company, as on September 30, 2013 and as at the date of this Prospectus.

S No	Name of Shareholder	No. of Equity Shares held (of face value Rs. 10 each)	Percentage of issued Equity Share capital	No. of Equity Shares held in dematerialized form
1.	President of India	10,62,33,68,758	86.36%	10,62,33,68,758
2.	Life Insurance Corporation of India	23,69,47,133	1.93%	23,69,47,133
3.	Fidelity Investment Trust Fidelity Series Emerging Markets Fund	4,84,54,306	0.39%	4,84,54,306
4.	JPMorgan Funds-Asia Pacific Income Fund	3,66,16,002	0.30%	3,66,16,002
5.	Vangaurd Emerging Markets Stock Index Fund ASERIE	3,59,42,694	0.29%	3,59,42,694
6.	UCO Bank	3,31,54,836	0.27%	3,31,54,836
7.	ICICI Prudental Life Insurance Company Ltd	2,32,94,531	0.19%	2,32,94,531
8.	Government Pension Fund Global	2,22,90,279	0.18%	2,22,90,279
9	Corporation Bank	1,66,39,014	0.14%	1,66,39,014
10.	Small Industries Development Bank of India	1,39,07,798	0.11%	1,39,07,798
	TOTAL	**11,09,06,15,351**	**90.16%**	**11,09,06,15,351**

8. The List of Top 10 holders of secured non-convertible debentures, for each ISIN, as on September 30, 2013, see the section titled "***Annexure D-List of Top Ten Bondholders***" of this Prospectus.

9. Debt - equity ratio as on June 30, 2013

(Rs. in crore)

	Unconsolidated		Consolidated	
Particulars	**Pre Issue***	**Post Issue****	**Pre Issue***	**Post Issue****
Debt				
Long term Debt	18013.62	19013.62	19372.18	20372.18
Short Term Debt	-	-	56.00	56.00
Current maturities of Long term Debt	1223.49	1223.49	1504.75	1504.75
A	19237.11	20237.11	20932.93	21932.93
Equity				
Share Capital	12300.74	12300.74	12300.74	12300.74
Reserve and Surplus	16259.66	16259.66	19252.32	19252.32
Share Application Money (Pending Allotment)	-	-	-	-
B	28560.4	28560.4	31553.06	31553.06
Debt Equity Ratio (A/B)	0.67	0.71	0.66	0.70

**Pre-Issue standalone and consolidated figures are as on June 30, 2013*
****Post Issue standalone and consolidated figures are based on the assumption that there is no change in Total Shareholders' funds and in Total Debt subsequent to June 30, 2013 (other than the Bonds which are assumed to have been fully subscribed to the extent of Rs. 1,000 crore). For further information, see "**Material Developments**" on page 145 of this Prospectus.*

10. No Equity Shares of the Company are pledged or otherwise encumbered by the Promoters.

11. The Company has not issued any securities for consideration other than cash, whether in whole or part, since its incorporation except that the Company has allotted 6,29,529 Shares and 1 Share of Rs. 1000 each to the GoI for consideration other than cash on February 28, 1978 and August 6, 1980, respectively.

12. The Company has not issued any debt securities at a premium or at a discount or in pursuance of an option, since incorporation.

13. The Company has not issued any Equity Shares or debt securities on account of any acquisition, amalgamation, reorganisation or reconstruction in the last one year.

14. Our Company has not undertaken any acquisition or amalgamation in the last one year prior to filing of this Prospectus.

15. Our Company has not undergone any reorganisation or reconstruction in the last one year prior to filing of this Prospectus.

16. For information on outstanding borrowings of the Company as at September 30, 2013, see "***Description of Certain Indebtedness***" on page 126 of this Prospectus.

OBJECTS OF THE ISSUE

Issue Proceeds

This is a public issue by the Company, of the tax free secured redeemable non-convertible bonds in the nature of debenture of face value of Rs. 1,000 each, having tax benefits under section 10(15)(iv)(h) of the Income Tax Act, proposed to be issued by the Company pursuant to the Prospectus, for an amount upto aggregating up to up to Rs. 500 crore with an option to retain oversubscription up to Rs. 500 crore for issuance of additional bonds aggregating to a total of up to Rs. 1,000 crore*, for Fiscal 2014.

** In terms of the CBDT Notification, our Company is allowed to raise tax free bonds upto a maximum amount of Rs. 1,000 crore in the Fiscal 2014, out of which our Company is required to raise a minimum of 70% i.e. Rs. 700 crore through public issue. Further, our Company may at its discretion, raise upto a maximum of Rs. 300 crore through private placement route, wherein suitable amount shall be earmarked for sovereign wealth funds, pension and gratuity funds. In case our Company decides to raise funds through private placement route, the amount of oversubscription that may be retained through public issue shall stand reduced accordingly. Our Company shall ensure that the tax free bonds issued through public issue and private placement route shall together not exceed Rs. 1,000 crore during the Fiscal 2014.*

The Bonds will be issued in accordance with the terms and conditions set out in Prospectus. The Issue is being made under the SEBI Debt Regulations and pursuant to Notification No. 61/2013.F.No.178/37/2013-(ITA.1) dated August 8, 2013, issued by the Central Board of Direct Taxes, Department of Revenue, MoF, GoI, by virtue of powers conferred on it under section 10(15)(iv)(h) of the Income Tax Act.

Utilisation of Issue Proceeds

The funds raised through this issue will be utilized for *inter-alia* meeting the debt requirement for ongoing construction projects including recoupment of expenditure already incurred.

The main objects clause of our Memorandum of Association enables us to undertake the activities for which the funds are being raised by us in the Issue. Further, we confirm that the activities we have been carrying out until now are in accordance with the objects clause of our Memorandum of Association.

In accordance with SEBI Debt Regulations, the Company is required not to utilise the proceeds of the Issue for providing loans to or acquisitions of shares of any person who is a part of the same group as the Company or who is under the same management as the Company or any Subsidiary or Associate Company of the Company. The Company is a public sector enterprise and, as such, we do not have any identifiable 'group' companies or 'companies under the same management'. Further, the Issue proceeds shall not be utilized towards full or part consideration for the purchase or any acquisition, including by way of a lease, of any property.

We shall utilise the Issue proceeds only on execution of documents for creation of security as stated in this Prospectus under "***Terms of the Issue***" on page 169 of this Prospectus and on the listing of the Bonds.

Project Cost and Means of Financing

The proceeds of Issue will be utilised as mentioned above and not for any specified project.

Interim use of Proceeds

The Board, in accordance with policies formulated from time to time and subject to guidelines issued by GoI, will have flexibility in deploying the proceeds of the Issue. Pending utilisation of the Issue proceeds for the purposes described above, the Company intends to temporarily invest funds in high quality interest bearing liquid instruments including money market mutual funds, deposits with banks or temporarily deploy the funds in investment grade interest bearing securities or inter-corporate loans as may be approved by the Board. Such investment would be in accordance with the investment policies approved by the Board of Directors or any committee thereof from time to time.

Monitoring of Utilization of Funds

In terms of the SEBI Debt Regulations, there is no requirement for appointment of a monitoring agency in relation to the use of proceeds of the Issue. The Board shall monitor the utilisation of the proceeds of the Issue. The Company will disclose in our financial information for the relevant fiscal commencing from Fiscal 2014, the utilization of the proceeds of the Issue under a separate head along with any details in relation to all such proceeds of the Issue that have not been utilized thereby also indicating investments, if any, of such unutilized proceeds of the Issue.

Issue Expenses

The following are the estimated Issue expenses, proposed to be met from the Issue proceeds:

Particulars	**Indicative Expenditure Amount*** (Rs. **in crore)**	**Percentage of Issue amount (in %)**
Fees payable to Intermediaries		
To the Legal Counsel	0.12	0.012%
To the Auditors	0.15	0.015%
To the Stock Exchanges	0.06	0.006%
To the Credit Rating Agencies	0.06	0.006%
To the Registrar to the Issue	0.05	0.005%
To the Lead Managers	0.00	0.000%
To the Bond Trustee	0.03	0.003%
To the SCSBs	0.00	0.000%
Printing & Stationary	0.59	0.059%
For advertising and marketing	0.05	0.005%
Brokerage and Selling Commission	4.69	0.469%
Other Miscellaneous Expenses	0.05	0.005%
Total	5.84	0.584%

* The above mentioned amounts are excluding service tax

The Company shall pay processing fees to the SCSBs for ASBA forms procured by Lead Managers/ Consortium Members/ Sub-brokers/Trading Members and submitted to SCSBs for blocking the application amount of the Applicant, at the rate of Rs. 15 per Application Form procured, as finalised by the Company. However, it is clarified that in case of ASBA Application Forms procured directly by the SCSBs, the relevant SCSBs shall not be entitled to any ASBA processing fee.

For more information, see "***Terms of the Issue - Utilisation of Issue Proceeds***" and "***Issue Procedure - Monitoring & Reporting of Utilisation of Issue Proceeds***" on pages 181 and 182 of this Prospectus.

STATEMENT OF TAX BENEFITS

Under the current tax laws, the following possible tax benefits, inter alia, will be available to the Bondholder. This is not a complete analysis or listing of all potential tax consequences of the subscription, ownership and disposal of the Bond, under the current tax laws presently in force in India. The benefits are given as per the prevailing tax laws and may vary from time to time in accordance with amendments to the laws or enactments thereto. The Bondholder is advised to consider in his own case the tax implications in respect of subscription to the Bond after consulting his tax advisor as alternate views are possible interpretation of provisions where under the contents of his statement of tax benefit is formulated may be considered differently by Income Tax Authority, Government, Tribunals or Court. We are not liable to the Bondholder in any manner for placing reliance upon the contents of this statement of tax benefits.

A. INCOME TAX

1. Interest from Bond do not form part of Total Income.

a) In exercise of power conferred by item (h) of sub clause (iv) of clause (15) of Section 10 of the Income Tax Act, 1961 (43 of 1961) the Central Government vide Notification NO. 61/2013.F.No.178/37/2013-(ITA.1) dated 8th August, 2013 authorizes NHPC Limited to issue through a Public/Private Issue, during the Financial year 2013-14, tax free, secured, redeemable, non-convertible bonds for the aggregate amount not exceeding Rs. 1,000 crore subject to the conditions as prescribed in the said notification.

(i) It shall be mandatory for the subscribers of such bonds to furnish their permanent account number to the issuer

(ii) There shall be ceiling on the coupon rates based on the reference Government security (G-Sec) Rate:

(iii) The reference G-sec rate shall be the average of the base yield of G-sec for equivalent maturity reported by Fixed Income Money Market and Derivative Association of India(FIMMDA) on the daily basis (working day) prevailing for two weeks ending on the Friday immediately preceding the filing of the final Prospectus with the Exchange or Registrar of Companies(ROC) in case of public issue and the issue opening date in case of private placements.

(iv) The ceiling coupon rate for AAA rated issuers shall be the reference G-sec rate less 55 basis points in case of Retail Individual Investor and reference G-sec less 80 basis points in case of other investor segments, like Qualified Institutional Buyers(QIB's), Corporates and High Networth Individuals.

(v) The higher rate of interest, applicable to retail investors, shall not be available in case the bonds are transferred by Retail investors to non retail investors.

b) Section 10(15)(iv)(h) to be read with Section 14A(1) of the IT Act, 1961 provides that in computing the total income of a previous year of any person, interest payable by any public sector company in respect of such bonds or debentures and subject to such conditions, including the condition that the holder of such bonds or debentures registers his name and the holding with that company, as the Central Government may, by notification in the Official Gazette, specify in this behalf shall not be included;

Further, as per Section 14 A(1), no deduction shall be allowed in respect of expenditure incurred by the assessee in relation to said interest as it does not form part of Total Income.

Section 2(36A) of the IT Act defines "Public Sector Company" as any corporation established by or under any Central, State or Provincial Act or a Government Company as defined in Section 617 of the Companies Act, 1956 (1 of 1956).

c) Accordingly, pursuant to the aforesaid notification to be read with Section 14A(1) of The Income Tax Act, 1961, interest from bond will be exempt from income tax, net of related expenditure incurred to earn this interest income.

d) Since the interest Income on these bonds is exempt, no Tax Deduction at Source is required. However interest on application money would be liable for TDS as well as would be subject to tax as per present tax laws.

2. CAPITAL GAIN

a) Under Section 2 (29A) of the I.T. Act, read with section 2 (42A) of the I.T. Act, a listed Bond is treated as a Long Term Capital Asset if the same is held for more than 12 months immediately preceding the date of its transfer.

Under Section 112 of the I.T. Act, capital gains arising on the transfer of Long Term Capital Assets being listed securities are subject to tax at the rate of 20% of Capital Gains calculated after reducing indexed cost of acquisition or 10% of capital gains without indexation of the cost of acquisition. The capital gains will be computed by deducting expenditure incurred in connection with such transfer and cost of acquisition/indexed cost of acquisition of the bonds from the sale consideration.

However as per third proviso to Section 48 of Income tax act, 1961 benefits of indexation of cost of acquisition under second proviso of Section 48 of Income tax Act, 1961 is not available in case of bonds and debenture, except capital indexed bonds. Thus, Long Term Capital Gain Tax can be considered at a rate of 10% on listed bonds without indexation.

Securities Transaction Tax ("STT") is a tax being levied on all transactions in specified securities done on the stock exchanges at rates prescribed by the Central Government from time to time. However, STT is not applicable on transactions in the Bonds.

In case of an individual or HUF, being a resident, where the total income as reduced by the long term capital gains is below the maximum amount not chargeable to tax i.e. Rs.2,00,000 resident individual/HUF, Rs.250,000 in case of resident senior citizens of 60 or more years of age (on any day of the previous year) and Rs.500,000 in case of resident super senior citizens of 80 years or more of age (on any day of the previous year), the long term capital gains shall be reduced by the amount by which the total income as so reduced falls short of the maximum amount which is not chargeable to income-tax and at the option of assesse the tax on the balance of such long-term capital gains shall be computed at the rate of ten per cent in accordance with and the proviso to sub-section (1) of section 112 of the I.T. Act read with CBDT Circular 721 dated September 13, 1995or 20% with indexation of cost , as the case may be.

A 2% education cess and 1% secondary and higher education cess on the total income tax (including surcharge for corporate only) is payable by all categories of tax payers.

b) Short-term capital gains on the transfer of listed bonds, where bonds are held for a period of not more than 12 months would be taxed at the normal rates of tax in accordance with and subject to the provision of the I.T. Act.

The provisions related to minimum amount not chargeable to tax, surcharge and education cess described at para(a) above would also apply to such short-term capital gains.

c) Under Section 54 EC of the I.T. Act and subject to the conditions and to the extent specified therein, long term capital gains arising to the bondholders on transfer of their bonds in the company shall not be chargeable to tax to the extent such capital gains are invested in certain notified bonds within six months from the date of transfer. If only part of the capital gain is so invested, the exemption shall be proportionately reduced. However, if the said notified bonds are transferred or converted into money within a period of three years from their date of acquisition, the amount of capital gains exempted earlier would become chargeable to tax as long term capital gains in the year in which the bonds are transferred or converted into money. Where the benefit of Section 54 EC of the I.T. Act has been availed on investments in the notified bonds, a deduction from the income with reference to such cost shall not be allowed under Section 80 C of the I.T. Act.

For purpose of availing exemption from tax on Capital Gains, the investment made in the notified bonds by an assessee in any financial year cannot exceed Rs. 50.00 lakh.

d) As per the provisions of Section 54F of the Income Tax Act, 1961 and subject to conditions specified therein, any long-term capital gains (not being residential house) arising to Bondholder who is an individual or Hindu Undivided Family, are exempt from capital gains tax if the entire net sales considerations is utilized, within a period of one year before, or two years after the date of transfer, in purchase of a new residential house, or for construction of residential house within three years from the date of transfer. If part of such net sales consideration is invested within the prescribed period in a residential house, then such gains would be chargeable to tax on a proportionate basis.

Provided that nothing contained above shall apply where the said Bondholder own more than one residential house other than the new asset, on the date of transfer of such original asset or purchase any residential house, other than the new asset, within a period of one year after the date of transfer of such original asset or construct any residential house, other than the new asset, within a period of three years after the date of transfer of such original asset and the income from such residential house other than the one residential house owned on the date of transfer of such original asset, is chargeable under the head Income from House Property. If the residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such residential house is transferred. Similarly, if the Bondholder purchases within a period of two years or constructs within a period of three years after the date of transfer of capital asset, another residential house (other than the new residential house referred above), then the original exemption will be taxed as capital gains in the year in which such residential house is purchased or constructed..

e) Under Section 195 of Income Tax Act, Income Tax shall be deducted from sum payable to Non-Residents on long term capital gain and short term capital gain arising on sale and purchase of bonds at the rate specified in the Finance Act of the relevant year or the rate or rates of the income tax specified in an agreement entered into by the Central Government under section 90, or an agreement notified by the Central Government under section 90A, as the case may be.

f) The income by way of short term capital gains or long term capital gains (not covered under Section 10(38) of the Act) realized by Foreign Financial Institutions on sale of security in the Company would be taxed at the following rates as per Section 115AD of the I.T. Act, 1961.

- Short term capital gains- 30% (plus applicable surcharge and education cess)
- Long term capital gains- 10% without cost of indexation (plus applicable surcharge and education cess)

As per section 90(2) of the Act, the provision of the Act would not prevail over the provision of the tax treaty applicable to the non-resident to the extent such tax treaty provisions are more beneficial to the non resident. Thus, a non resident can opt to be governed by the beneficial provisions of an application tax treaty.

g) However under section 196D, No deduction of tax shall be made from any income, by way of capital gain arising from the transfer of securities referred to in Section 115AD, payable to a Foreign Institutional Investors,

3. Bonds held as Stock in Trade

In case the Bonds are held as stock in trade, the income on transfer of bonds would be taxed as business income or loss in accordance with and subject to the provisions of the I.T. Act.

4. Taxation on gift

As per section 56(2)(vii) (c) of the I.T. Act, 1961 in case where individual or Hindu undivided Family receives bond from any person on or after 1st October, 2009 -

A. without any consideration, aggregate fair market value of which exceeds fifty thousand rupees, then the whole of the aggregate fair market value of such bonds/debentures or;

B. for a consideration which is less than the aggregate fair market value of the Bond by an amount exceeding fifty thousand rupees, then the aggregate fair market value of such property as exceeds such consideration; shall be taxable as the income of the recipient.

Provided further that this clause shall not apply to any sum of money or any property received-

a) from any relative as defined in Explanation to this Section; or

b) on the occasion of the marriage of the individual; or

c) under a will or by way of inheritance; or

d) in contemplation of death of the payer or donor, as the case may be; or

e) from any local authority as defined in the Explanation to clause (20) of section 10; or

f) from any fund or foundation or university or other educational institution or hospital or other medical institution or any trusts or institution referred to in clause (23C) of section 10; or

g) from any trusts or institution registered under section 12AA.

B. WEALTH TAX

Wealth-tax is not levied on investment in bond under section 2(ea) of the Wealth-tax Act, 1957.

C. PROPOSALS MADE IN DIRECT TAX CODE

The Hon'ble Finance Minister has presented the Direct Tax Code Bill, 2010 ("DTC Bill") on August 30, 2010. The DTC Bill is likely to be presented before the Indian Parliament in future. Accordingly, it is currently unclear what effect the Direct Tax Code would have on the investors.

For S. N. Nanda & Co. Chartered Accountants (FR No. 000685N) CA S. N. Nanda - Partner M.No. 005909	For Singhi & Co. Chartered Accountants (FR No. 302049E) CA P. K. Singhi - Partner M. No. 050773
For Gupta Gupta & Associates Chartered Accountants (FR No. 001728N) CA Exta Jain – Partner M.No. 512940	For Tiwari & Associates Chartered Accountants (FR No. 002870N) CA Sandeep Sandill – Partner M.No. 085747

Place: Delhi
Dated: September 28, 2013

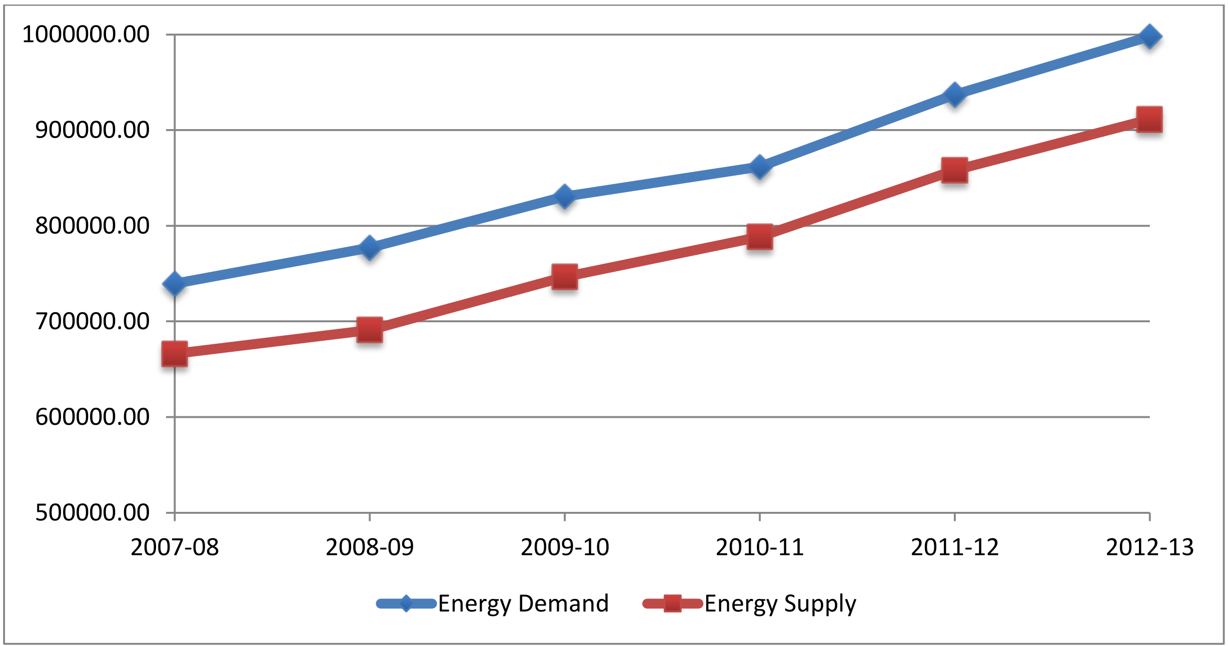
SECTION IV- ABOUT THE COMPANY
INDUSTRY OVERVIEW

*The information in this section has been extracted from the websites of and publicly available documents from various sources, including the MoP, the CEA and the Planning Commission of India. The data may have been re-classified by us for the purpose of presentation. Neither we nor any other person connected with the Issue has independently verified the information provided in this chapter. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured. Further, Industry and Government publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry and Government sources and publications may also base their information on estimates, forecasts and assumptions which may prove to be incorrect. Accordingly, investment decisions should not be based on such information. Unless otherwise indicated, the data presented excludes captive capacity and generation. The term "units" as used herein refers to kilowatt hours ("**kWh**").*

Overview

The power industry in India has historically been characterised by energy shortages with demand for electricity far exceeding the supply. The continued growth of the Indian economy has accelerated the need for further investments in the power sector. The GoI has identified the power sector as a focus sector to sustain industrial growth. According to a CEA report titled Growth of Electricity Sector in India From 1947-2013, July 2013, in Fiscal 2013, demand for electricity exceeded supply by 8.7% (compared to 8.46% in Fiscal2012). The total energy shortage during this period was 86,905 Gwh. Similarly, India's peak demand deficit during this period was 8.98% or 12,159 MW.

The following graph shows the gap between demand for and supply of energy in India from Fiscal 2008 to Fiscal 2013:



Source: CEA, Growth of Electricity Sector in India from 1947-2013, July 2013

It is anticipated that by the year 2014, India's peak demand will be 144,225 MW with total energy requirements of 1,048,533 million units. (Source: CEA Load Generation Balance Report 2013-2014.

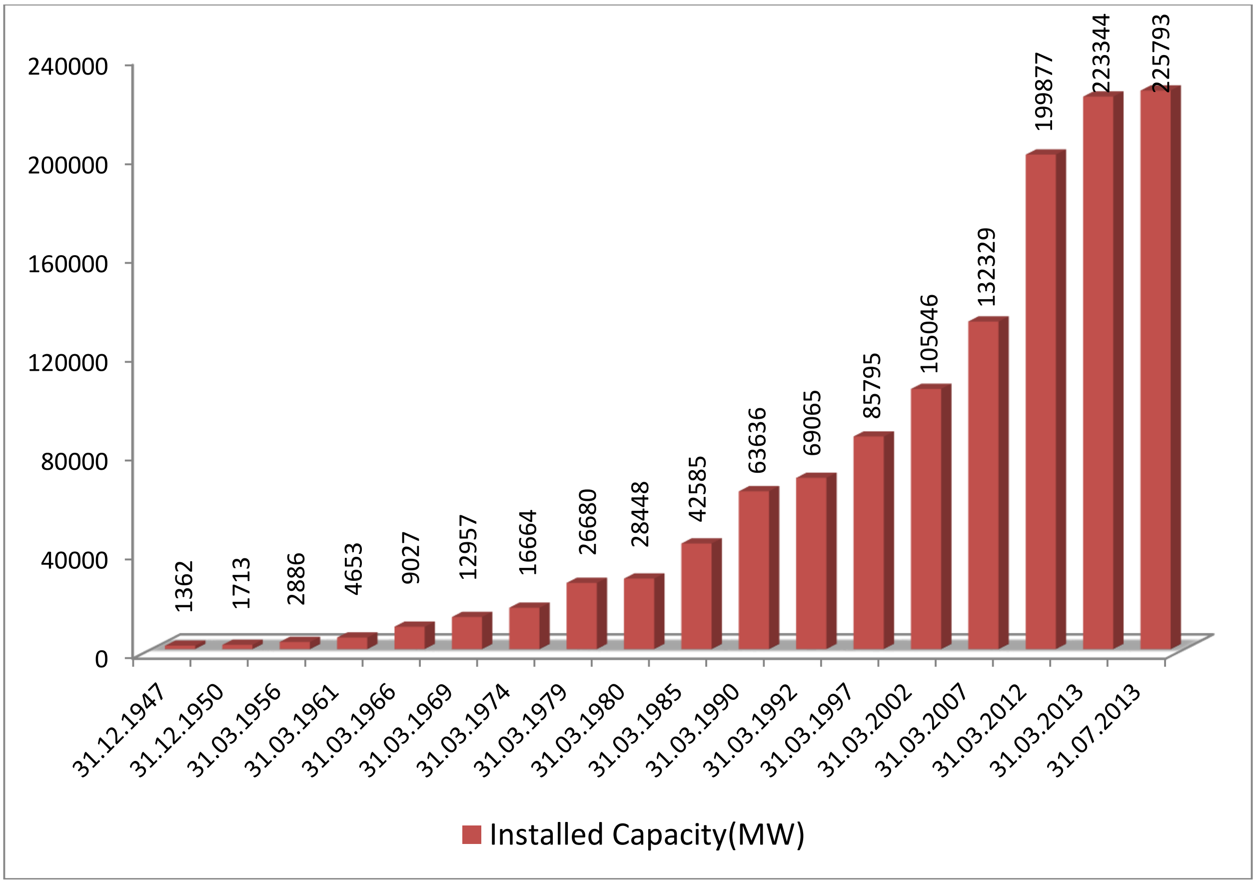
Indian Electricity Demand

Demand for energy grows in tandem with the growth of the economy. This can be seen from the following table, which shows the growth in real Gross Domestic Product ("**GDP**") from FY08 to FY13 and the growth in demand for energy in the same period.

	Real GDP growth	Growth in demand for energy
FY08	9.32	9.32%
FY09	6.72	6.72%
FY10	8.59	8.59%
FY11	9.32	9.32%
FY12	6.21	6.21%
FY13	4.96	4.96%

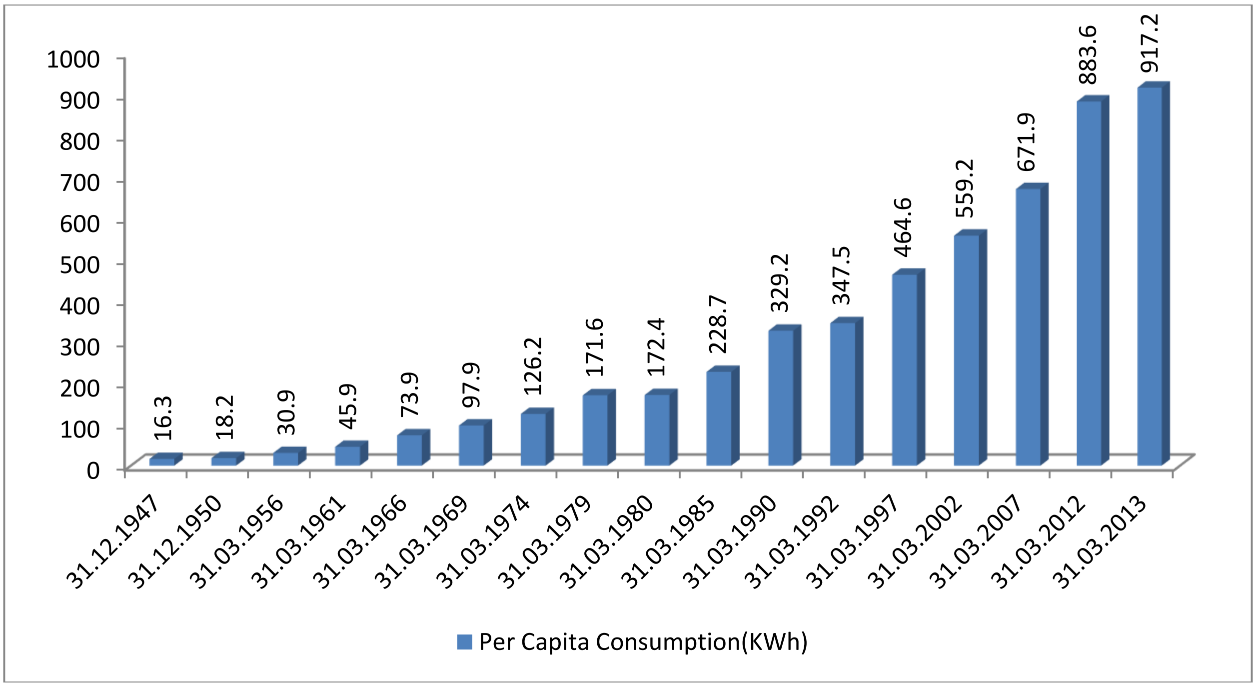
Source: CEA, Growth of Electricity Sector in India from 1947-2013, July 2013 and Annual and Quarterly Estimates of GDP at Current Prices, Base Year 2004-2005, MOSPI

Since independence, there has been a sizeable growth in the power sector as at the time of independence the generating capacity in the country was only 1,362 MW which has since increased to 225,793 MW as on July 31,2013 (*Source: Monthly Review of the Power Sector, (Executive Summary) CEA, July 2013*). The following graph presents the growth of installed capacity generation in India since independence:



Source: Monthly Review of the Power Sector Reports, (Executive Summary), CEA, July 2013 and CEA, Growth of Electricity Sector in India from 1947-2013, July 2013

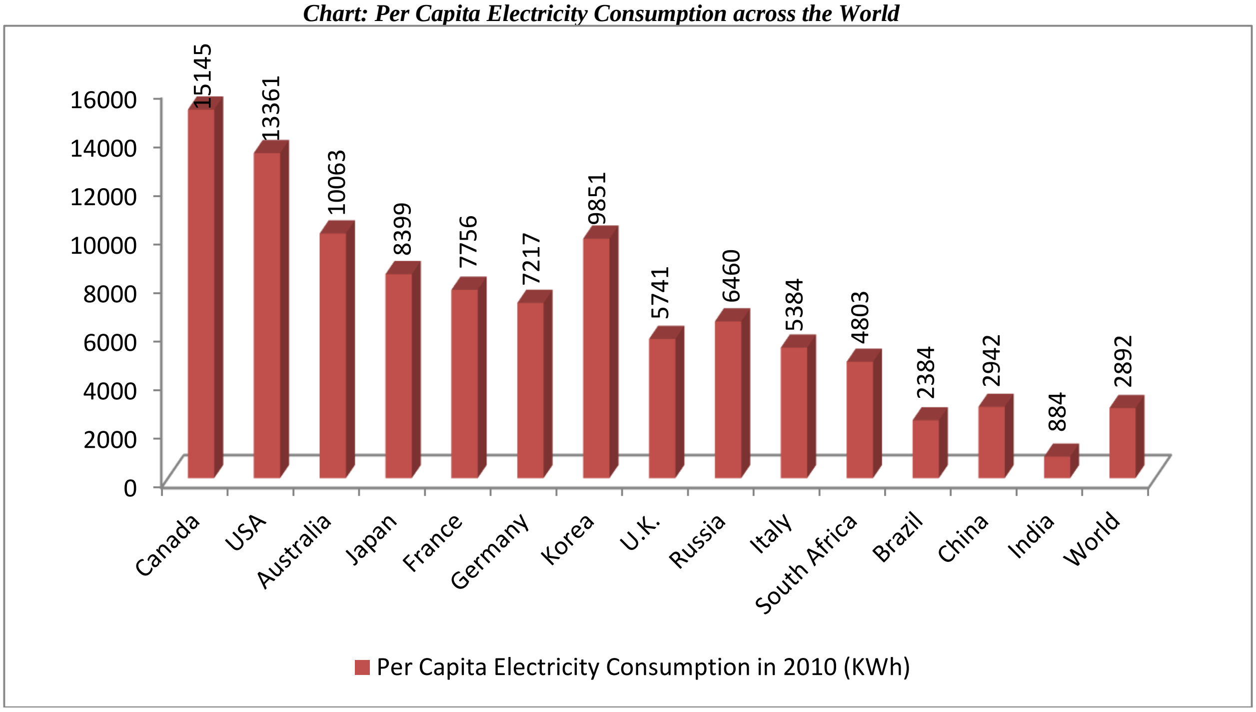
Despite the rapid increase in population over this period of time, the per capita consumption has increased from a mere 16.2 kWh/Year in Fiscal 1947 to 671.9 kWh/Year in Fiscal 2011 and to 883.6 kWh/Year in Fiscal 2012, and is expected to be 917.2 kWh/Year by Fiscal 2013. The following graph depicts the per capita consumption of electricity in India since Fiscal 1947:



Source: CEA, Growth of Electricity Sector in India from 1947-2013, July 2013

The per capita consumption in India is low compared to the rest of the world. The following chart prepared on the basis of data available from CEA Report titled 'Growth of Electricity Sector in India from 1947-2013', July 2013 compares *per capita* electricity consumption in various developed and developing countries.

Chart: Per Capita Electricity Consumption across the World



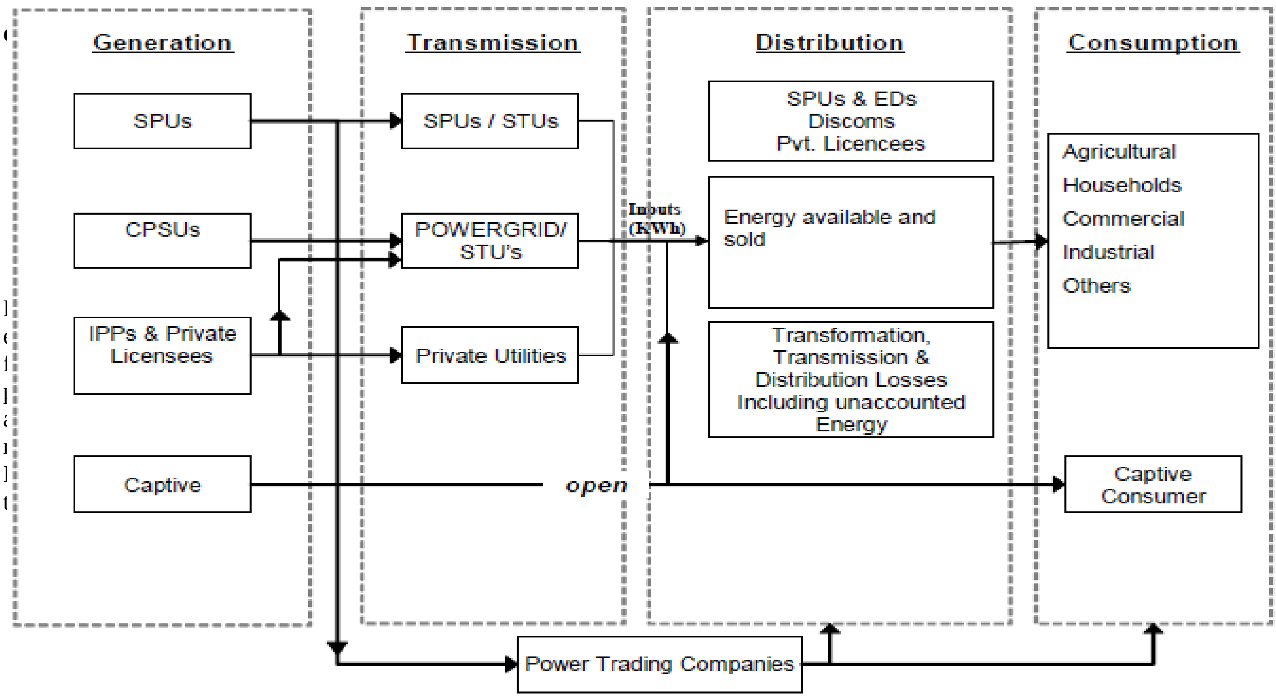
Source: CEA, Growth of Electricity Sector in India from 1947-2013, July 2013

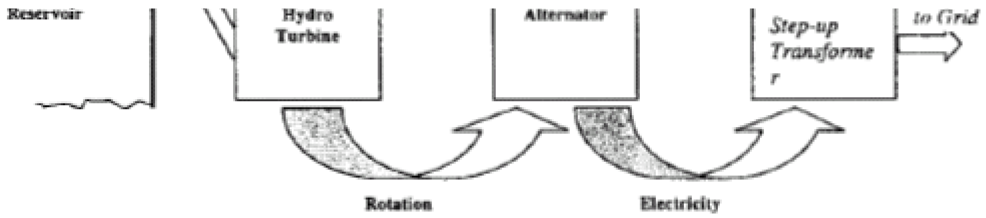
According to the CEA *Monthly Review of the Power Sector*, as of July 31, 2013 India had an installed generation capacity of approximately 225,793 MW. Thermal power plants powered by coal, gas, naphtha or oil accounted for approximately 68.14% hydroelectric power stations accounted for approximately 17.54% nuclear power plants accounted for approximately 2.12% and renewable energy sources accounted for approximately 12.20% of the total power capacity.

Despite the fact that according to the Hydro Power Policy 2008, India is the sixth largest country in terms of power generation, the overall electricity shortages in India continue to be a major concern. The peaking shortages were about 8.89% for Fiscal 2013, on an all India basis. According to the CEA report titled 'Growth of Electricity Sector in India from 1947-2013', July 2013, the energy shortages in Fiscals 2010, 2011 and 2012 were 12.27%, 9.84% and 10.63% of peak demand requirements, respectively.

Structure of the Indian power sector

The following diagram depicts the structure of the Indian power industry for generation, transmission and distribution and consumption:





- Water reservoir: Hydropower plants utilise a water reservoir, which provides the energy (i.e. moving water) to rotate the hydro turbine.

- Hydropower turbines: The water flow drives the turbines, making the rotors of the turbine rotate at high speeds.

- Alternators: Alternators are coupled to the turbines and rotate with the rotors of the turbine. The alternators convert the energy generated by the rotation of the turbines' rotors into electricity.

In order to evaluate the potential energy from a site three aspects are considered:

- The Head: This is the height the water falls through the hydropower installation. The gross head is the difference between the upstream water level, where the water would enter a pipeline, and the downstream level, where the water leaves the installation. The net head is usually taken as the head across the turbine only and is the gross head less the losses due to pipeline friction, intake screen losses and other such reductions in energy.

- Available Flow: This is the flow that can be directed through the turbine, which may not be the entire flow of the river since some water is usually left in the water course for environmental reasons or navigational purposes.

- Duration of the Flow: The flow in most rivers varies with time. Hence a flow duration curve is required to estimate the amount of time that an installation can run during the year. Average flow is generally given when discussing flow duration.

The principal classifications for the various types of hydroelectric development are:

- Run-of-the-river **("RoR")** schemes: In this type of scheme, electricity is generated from the water flow of a river or other moving water source. This type of project generally has no reservoir to store water inflow from the catchment area. Storage ponds can be constructed to divert water in a run-of-the-river scheme. However these storage ponds do not have an impact on the flow of the water source. Storage ponds on run-of-the-river schemes ("**pondage schemes**") are used to mitigate the impact of short-term variations in the water flow.

- Storage schemes: These schemes include a reservoir where seasonal surplus of water in excess of demand is stored for generating electricity in seasons of lower flows when demand exceeds inflow. In a storage scheme there is much greater flexibility for modulation of inflows. It can have annual or even carry-over capacity from one year to the next.

- Tidal Plant schemes: In a tidal plant scheme, power is generated by virtue of the daily differences in tidal levels. The tidal range, or amplitude, is given by the difference between the high tide level and the subsequent low tide level. The tidal range is not constant even at one site but fluctuates to a smaller or larger extent around a local mean value depending on geographical position.

- Pumped Storage schemes: In these schemes, water generates power during peak demand, while the same water is pumped back in the reservoir during lean demand period. A pumped storage plant operates on the principle that the same machines are used for generation of power during peak hours when power is given to the network and for pumping back water into the reservoir during off peak hours, utilising power from the system. The provision is based on economics of operation and the availability of enough spare capacity in the grid to operate the machines as pumps in the low load period.

Hydropower Potential in India

According to the Hydro Power Policy 2008, India has enormous potential for hydroelectric generation, assessed by CEA to be about 84,000 MW at 60% load factor, which translates to 148,701 MW in terms of installed capacity. In addition to the above, 6,782 MW of installed capacity has been assessed from small, mini and micro hydroelectric schemes (i.e., schemes of capacity up to 25 MW). Further according to the India Investment Centre, 56 potential pumped storage sites, with an aggregate installed capacity of 94,000 MW, have also been identified.

The estimated hydropower potential and probable installed capacities of the major Indian river systems are given below:

Basin/River	Potential at 60% Load Factor	Probable Installed Capacity (MW)
Indus	19,988	33,832
Ganga	10,715	20,711
Central Indian Rivers	2,740	4,152
West-Flowing Rivers	6,149	9,430
East-Flowing Rivers	9,532	14,511
Brahmaputra	34,920	66,065
Total	**84,044**	**148,701**

Source: Hydro Power Policy, MoP, 2008

The installed hydropower generating capacity including pumped storage schemes in the country is 39,623 MW (as on July 31, 2013). This capacity does not include small hydropower capacity of 1,168 MW in respect of hydropower plants having installed generating capacity up to 25 MW. These small scale hydropower generators have been classified as Renewable Energy Sources **("RES")** (along with wind energy and biomass energy generation) in Fiscal 2013.

As of July 31, 2013 the total installed capacity in the country was 225,793 MW and hydropower accounts for 39,623 MW (17.55%) as shown below:

Table: Share of Hydropower in Total Power Generation in India, as of July 31, 2013

Type of Station	Installed Capacity	Percentage Share
Hydro Power	39623	17.55
Thermal	153,848	68.14
Nuclear	4780	2.12
R.E.S	27542	12.20
Total	**225793**	**100.00**

Source: Monthly Review of the Power Sector Reports, (Executive Summary), CEA, July 2013.

Plan Wise Growth and Share of Hydropower

To meet the growing demand and shortages encountered in various regions, the generation capacity needs to be doubled over the next 10 years, so as to meet peak energy and total energy demands. The GoI adopts a system of successive Five Year Plans that set out targets for economic development in various sectors, including the power sector. Each successive Five Year Plan has increased targets for additional capacity for power generation.

Despite the benefits of hydroelectric projects, hydropower's share of the Indian market for power has steadily declined. At the end of First Five Year Plan (1951-56), hydropower constituted 37% of the total installed capacity in the power sector, and rose to more than 45% by 1963. Until the late 1970s, hydropower continued to represent more than 40% of India's power supply, which is considered to be the ideal hydro-thermal generation mix for meeting demand in an efficient manner. However, in the 1980s, hydropower's share began declining sharply and in Fiscal 2009 hydropower constituted only about 25% of the overall installed capacity of the country. The table below illustrates the trend from the First Five Year Plan starting in 1951 to the ongoing 12th Five Year Plan.

Table: Plan wise growth of Hydropower in the total installed capacity

				Installed Capacity at the end of Plan (MW)
Plan Period	**Hydropower Capacity Addition During the Plan (MW)**	**Hydropower Installed Capacity**	**Total Installed Capacity Including Other R.E.S.**	**Hydropower Share as % of Total Installed Capacity**
1st Plan (1951-56)	380.19	1,061.44	2,886.14	36.78
2nd Plan (1956-61)	977.18	1,916.66	4,653.05	41.19
3rd Plan (1961-66)	2,207.08	4,123.74	9,027.02	45.68
3 Annual plans (1966-69)	1,783.17	5,906.91	12,957.27	45.58
4th Plan (1969-74)	1,058.39	6,965.30	16,663.56	41.80
5th Plan (1974-79)	3,867.77	10,833.07	26,680.06	40.60
Annual Plan (1979-80)	550.90	11,383.97	28,447.83	40.01
6th Plan (1980-85)	3,076.05	14,460.02	42,584.72	33.96
7th Plan (1985-90)	3,828.41	18,307.63	63,636.34	28.77
2 Annual Plans (1990-92)	881.50	19,194.62	69,065.39	27.79
8th Plan (1992-97)	2,427.65	21,644.80	85,019.31	25.46
9th Plan (1997-02)	4,538.25	26,261.23	103,410.04	25.40
10th Plan (2002-07)	7,886.00	34,653.77	132,329.21	26.19
11th Plan (2007-12)	4336.00	38,990.00	1,99,877.00	19.51
12th Plan(2012-17)*	501.00	39,491.00	2,23,344.00	17.68

** at the end of First Year of 12th Plan (March 31, 2013).*

Sources: Hydro Power Policy, MoP, 2008 and CEA, Growth of Electricity Sector in India from 1947-2013, July 2013

As a result of the decreasing share of hydropower, thermal generation, which should ideally be used only for base load operations, is also being used to meet peak requirements. This leads to sub-optimal utilisation of economic and non-renewable resources.

The actual capacity additions across various plans have been detailed in the following table:

Table: Plan wise Hydropower Capacity Targets and Achievements

	Target in MW (original)	During capacity addition MW (original)	% of the original achieved
4th Plan (1969-74)	3,518.00	1,058.39	30.08
5th Plan (1974-79)	4,654.00	3,867.77	83.11
Annual Plan (1979-80)	548.00	550.90	100.53
6th Plan (1985-90)	4,768.00	3,076.05	64.51
7th Plan (1985-90)	5,541.25	3,828.41	69.09
Annual Plan (1990-91)	1,006.50	445.50	44.26
Annual Plan (1991-92)	754.30	436.00	57.80
8th Plan (1992-97)	9,282.15	2,427.65	26.15
9th Plan (1997-02)	9,817.70	4,538.25	46.23
10th Plan (2002-07)	14,393.20	7,886.00	54.79
11^{th} Plan (2007-12)	16,553.00	4,336.00	26.19
12^{th} Plan (2012-13)(at the end of 1^{st} Year)	10,897.00	501.00	4.59

Source: Hydro Power Policy, MoP, 2008 and CEA, Growth of Electricity Sector in India from 1947-2013, July 2013

To meet the energy requirements of 10,48,533 Million units and a peak load of 1,44,225 MW with a 5% spinning reserve, a total capacity addition of about 88,537 MW is required during the 12^{th} Plan, according to the CEA reports of which 2,512 MW have already been commissioned as on July 31, 2013 with hydropower contributing 11.02% of the commissioned units. However, a capacity addition of 88,537.00 MW comprising 26,182.00 MW in central sector, 15,530.00 MW in the state sector and 46,825.00 MW in the private sector has been proposed during the 12^{th} Plan. Out of this, a capacity of 10,897.00 MW is proposed to be added from hydropower projects comprising 6,004.00 MW in central sector, 1,698.00 MW in state sector and 3,285.00 MW in the private sector. The details of the capacity addition, sector-wise, are as under:

Type/Sector	Central	State	Private	Total
Thermal	14,878.00	13,922.00	43,540.00	72,340.00
Hydro	6,004.00	1,608.00	3,285.00	10,897.00
Nuclear	5,300.00	0.00	0.00	5,300.00
Total	26,182.00	15,530.00	46,825.00	88,537.00

Source: Monthly Review of the Power Sector Reports, (Executive Summary), CEA, July 2013

The proposed hydropower capacity addition during the 12^{th} plan is 10,897.00 MW. Out of this, 633.00 MW capacity has already been commissioned as on July, 2013.

The CEA, in consultation with the States, Department of Space, MoEF, Central Water Commission, and Geological Survey of India, initiated a ranking study of all hydroelectric sites with a view to identifying the appropriate sequence in which basin projects should be taken up. The objective of the study is to promote the optimal utilisation of potential hydroelectric projects over the next few decades.

Three-stage process for setting up hydropower projects

The GoI recently introduced a three-stage process for the development of new hydroelectric projects in the central sector. The new stage-driven process aims to reduce the time and cost overruns of hydroelectric projects, which have largely taken place as a result of hasty investigation of potential project sites and unavailability of proper infrastructure in terms of access roads and land. The three stages of the new process are as follows:

Stage I: Survey and investigation of project site, and preparation of pre-feasibility report;

Stage II: Detailed investigation, preparation of a DPR and pre-construction activity including land acquisition; and

Stage III: Execution of the project after investment decision through PIB/CCEA.

The MoP has been authorised to sanction the expenditure of Rs. 10.00 crore on the survey and investigation of project sites and the preparation of feasibility reports (Stage-I activities) for new hydroelectric projects.

Expenditures of up to Rs. 50.00 crore may be incurred on the preparation of a DPR, pre-construction activities and land acquisition (Stage-II activities). Such expenditures are subject to review and approval by a Committee of PIB based on the site clearance from the MoEF and after the commercial viability of the project has been established. Proposals involving expenditures above Rs. 50.00 crore would require the approval of PIB/CCEA.

Revised Environment Impact Assessment rules

The MoEF issued a revised Environment Impact Assessment **("EIA")** Notification dated September 14, 2006, in an effort to speed up the process of getting environmental clearance in respect of hydroelectric projects. Under the revised notification, the MoEF grants the final environmental clearance after considering the environmental proposal, the EIA report and the public hearing report. For details, see ***"Regulations and Policies"*** on page 146 of this Prospectus.

Updated CERC regulations

Tariffs for each of our stations are determined by the CERC and may be revised during the term of the respective PPAs, depending on changes in tariff regulations issued by CERC.

The CERC has been entrusted with a variety of functions under the Electricity Act, 2003. One of the functions of the Commission is to specify the terms and conditions of tariff under section 61 read with section 178 of the Act for determination of tariff of the generating companies and transmission licensees who are covered under the jurisdiction of the Commission. In exercise of the said powers, the Commission has specified the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 (**hereinafter "2009 Tariff Regulations")** vide notification No. L-7/145(160)/2008-CERC dated January 19, 2009 which came into effect from April 1, 2009 and would remain in force till March 31, 2014. To keep pace with the requirements of the power sector, the Commission issued two amendments to the 2009 Tariff Regulations in the year 2011. A need was felt to go for the third amendment to the 2009 Tariff Regulations. Accordingly, the CERC further amended the 2009 Tariff Regulations vide notification No.–L- 7/145(160)/2012—CERC dated December 31, 2012. The tariff structure prescribed by the CERC comprises a number of elements, including AFC, incentives and unscheduled interchange charges.

The AFC comprises energy charges and capacity charges and is determined by factors like return on equity, depreciation, interest on loan, interest on working capital and operation and maintenance expenses. From April 1, 2009, our tariffs have been based on the CERC's tariff regulations applicable for the period 2009 to 2014.

Provisions for Mega Power Projects

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 power sector by providing Fiscal benefits to mega projects and thereby lowering the cost of power.

Hydro Power Policy 2008

The Hydro Power Policy of 2008 lays emphasis on increasing private investment in the development of hydroelectric projects. The policy aims at attracting private funds by encouraging joint ventures with private developers and the use of IPP model besides promoting power trading and speeding up the availability of statutory clearances. For details, see ***"Regulations and Policies"*** on page 146 of this Prospectus.

Import Policy for Enhancing Hydropower Utilisation

India faces acute peak power shortages. To bridge this demand-supply gap, the GoI is considering a power import policy to regulate power imports from neighbouring countries. According to estimates at the BIMSTEC workshop in October 2006, Bhutan, Nepal and Myanmar have a combined hydropower potential of about 140,000 MW, of which around 3,000 MW has been exploited as of December 31, 2007. India has provided financial and technological assistance to Nepal and Bhutan in the past and various hydroelectric projects have been completed in collaboration with India.

Apart from these measures, the GoI has introduced several initiatives through the Electricity Act, 2003, the National Water Policy, 2012 , the National Electricity Policy, 2005, and the National Rehabilitation and Resettlement Policy, 2007, which seek to encourage hydropower development. For details, see ***"Regulations and Policies"*** on page 146 of this Prospectus.

BUSINESS

In this section, unless the context otherwise requires, a reference to "the Company" is a reference to NHPC Limited and unless the context otherwise requires, a reference to "we", "us" and "our" refers to NHPC Limited and its Subsidiaries, joint ventures and Associate Company, as applicable in the relevant fiscal period, on a consolidated basis. Unless stated otherwise, the financial data in this section is as per our standalone financial information.

Overview

We are a Mini Ratna hydroelectric power generating company. We are dedicated to the planning, development and implementation of an integrated and efficient network of hydroelectric power projects in India. We execute all aspects of the development of hydroelectric projects, from concept to commissioning. In addition, we seek to expand our installed capacity and diversify our generation mix by undertaking projects for generation of power through thermal, solar and wind energy.

We have developed and constructed 17 hydroelectric power stations and our current total installed capacity is 5,702 MW. Our current total generating capacity is 5,676.2 MW, which takes into account a downgrade of the capacity rating of Tanakpur power station by the CEA. This total installed capacity and total generating capacity includes two power stations with the combined capacity of 1520 MW, constructed and operated through our subsidiary NHDC Limited. Our power stations and hydroelectric projects are located predominantly in the North and North East of India, in the states of J & K , Himachal Pradesh, Uttrakhand, Arunachal Pradesh, Assam, Manipur, Sikkim and West Bengal. Our Company and our subsidiary, NHDC generated 18923 MUs and 4,160.50 MUs of electricity and sold 16397 MUs and 4140.98 MUs of electricity, respectively, in Fiscal 2013.

We are presently engaged in the construction of 7 additional hydroelectric projects, which are expected to increase our total installed capacity by 4095 MW. We are awaiting government sanction for a further five projects with an anticipated capacity of 5,115 MW. In addition, we are awaiting government sanction for certain joint venture projects with an anticipated capacity of 3,686 MW. Survey and investigation works are being carried out to prepare project proposal reports for three additional projects, totalling 1,350 MW of anticipated capacity.

We selectively form alliances with state governments to undertake project development. Pursuant to an MoU with the government of Madhya Pradesh, we incorporated our subsidiary, NHDC Limited on August 1, 2000 to take advantage of the hydroelectric potential of the Narmada river basin. In addition, in September, 2007 we signed an MoU with the government of Manipur to establish a joint venture to develop the Loktak Downstream hydroelectric project and subsequently incorporated our subsidiary, Loktak Downstream Hydroelectric Corporation Limited on October 23, 2009. In June, 2007 we entered into an MoA with the government of Arunachal Pradesh to implement the Dibang project on an own- and -operate basis. Further, on October 10, 2008 we signed a MoU with the JKSPDC, the government of Jammu & Kashmir and PTC to implement the Pakal Dul, Kiru and Kwar hydroelectric projects in the Chenab river basin with an anticipated aggregate installed capacity of 2,120 MW, and subsequently incorporated Chenab Valley Power Projects Private Limited ("CVPPPL") on June 13, 2011 as a joint venture between our Company, Jammu & Kashmir State Power Development Corporation ("JKSPDC") & PTC India Ltd. Further, Implementation agreement has been signed on January 23, 2013 between NHPC & government of Uttrakhand for Dhauliganga intermediate & Gauriganga-IIIA. For further information, see "***History and Certain Corporate Matters***" on page 97 of this Prospectus.

We have 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 and maintenance of the project. We have also been engaged as a project developer for certain projects, where our scope of work is 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 consolidated reformatted financial statements, in Fiscals 2011, 2012 and 2013 and in quarter ended June 30, 2013, we generated total income of Rs. 5927.33 crore, Rs. 8158.72. crore, Rs. 7617.23 crore and Rs. 2593.56 crore, respectively, and net profit of Rs. 2316.16 crore, Rs. 3085.58 crore, Rs. 2617.41 crore and Rs. 947.25 crore respectively. In Fiscal 2013, our average selling price of electricity was Rs. 3.06 per unit. In Fiscal 2013, we derived Rs. 6078.87 crore or 79.80% of our consolidated total income from the sale of energy to SEBs and their successor entities, pursuant to long term power purchase agreements.

As at June 30, 2013, the Company's debt-equity ratio was 67.35%, on an standalone basis.

For the quarter ended June 30, 2013, Fiscal 2013, 2012 and 2011, our profit after interest before tax aggregated to Rs. 926.56 crore, Rs. 3,202.13 crore, Rs. 3,517.04 crore and Rs. 2,877.41 crore, respectively, and our profit after tax aggregated to Rs. 719.26 crore, Rs. 2,348.22 crore, Rs. 2,771.77 crore and Rs. 2,166.67 crore, respectively, on an standalone basis.

Our operational efficiency has been reflected through high average Plant Availability Factor ("**PAF**") for our power stations. The average PAF for our company for Fiscal 2011, 2012 and 2013 and for quarter ended June 30, 2013, were 85.20%, 83.30%, 85.30% and 93.21% respectively. These PAFs are higher than the cumulative PAF levels, which is required under CERC regulations and our higher efficiency parameters, which pursuant to the tariff policy in place for Fiscal 2010-2014 entitled us to certain incentive payments.

We have obtained BS OHSAS 18001:2007, ISO 9001:2000, ISO 14001:2004 and PAS 99: 2006 certifications from the BSI Management Systems, all of which are valid until July 25, 2014. In recognition of our performance and our consistent achievement of targets as negotiated under the MoUs that we enter into with the GoI on an annual basis, the GoI has rated our performance as "Very Good" from Fiscal 2009 through to Fiscal 2012. Also, in recognition of our performance, we were designated as a Mini-Ratna Category-I public sector undertaking in April, 2008. As a Mini-Ratna Category-I entity, we have greater autonomy to undertake new projects.

Key Operational and Financial Parameters on an standalone basis

(Rs. in crores)

S. No	Particulars	June 30, 2013	Fiscal 2013	Fiscal 2012	Fiscal 2011
1	Networth	28560.40	27840.50	26353.53	24580.68
2	Total Debt Of which: - Non-current maturities of Long Term Borrowing - Short Term Borrowing - Current Maturities of Long Term Borrowings	 18013.62 - 1223.49	 17417.52 - 1209.78	 16272.80 180.00 1188.34	 13702.53 - 866.73
3	Net Fixed Assets	19586.28	18039.96	16368.32	17100.89
4	Non Current Assets	42968.44	42332.72	40827.75	38215.55
5	Cash and Cash Equivalents	6544.15	5616.01	6003.97	5350.08
6	Current Investments	251.87	250.74	250.74	253.59
7	Current Assets	13484.57	12172.28	11932.01	9364.64
8	Current Liabilities	6843.00	6358.68	6790.14	6145.20
9	Net Sales*	1600.51	5049.13	5509.65	4046.59
10	EBITDA	1318.63	4556.80	4749.00	4162.99
11	EBIT	1042.62	3587.51	3855.14	3244.44
12	Interest	116.06	385.38	338.10	367.03
13	PAT	719.26	2348.22	2771.77	2166.670
14	Dividend amounts	-	738.05	861.06	738.04
15	Current Ratio	1.97	1.91	1.76	1.52
16	Interest Coverage ratio	12.15	13.22	15.26	12.37
17	Gross debt/ equity ratio	0.67	0.67	0.67	0.59
18	Debt Service Coverage ratio	4.08	4.31	5.11	3.01

** Sales are net after tariff adjustment and advance against depreciation*

Key Operational and Financial Parameters on an consolidated basis

(Rs. in crore)

S. No	Particulars	June 30 2013	Fiscal 2013	Fiscal 2012	Fiscal 2011
1.	Networth	31553.06	30374.99	28643.78	26527.05
2.	Total Debt Of which: - Non-current maturities of Long Term Borrowing - Short Term Borrowing - Current Maturities of Long Term Borrowings	 19372.18 56.00 1504.75	 18805.90 - 1534.35	 17912.62 180.00 1469.60	 15623.62 - 1148.00
3.	Net Fixed Assets	25272.23	23537.31	22182.62	22730.64
4.	Non Current Assets	47955.51	47104.08	45829.15	42836.17
5.	Cash and Cash Equivalents	8624.99	7976.46	7795.32	6751.29
6.	Current Investments	251.87	250.74	250.74	253.59
7.	Current Assets	16964.08	15232.02	14459.51	11337.03
8.	Current Liabilities	8143.04	7663.87	8073.56	6904.84
9.	Net Sales*	2168.01	6129.04	6775.29	4965.00
10.	EBITDA	1986.57	5732.20	6071.10	5040.89
11.	EBIT	1647.21	4519.09	4919.99	3872.54
12.	Interest	164.34	596.21	568.73	616.37
13.	PAT	947.25	2617.41	3085.58	2316.16
14.	Dividend amounts	-	738.05	861.06	738.04
15.	Current Ratio	2.08	1.99	1.79	1.64
16.	Interest Coverage ratio	12.67	10.30	11.17	7.64
17.	Gross debt/ equity ratio	0.66	0.67	0.68	0.63
18.	Debt Service Coverage ratio	4.47	3.88	4.21	2.37

** Sales are net after tariff adjustment and advance against depreciation*

Our Competitive Strengths

We believe that the following are our primary competitive strengths:

Established track record in implementing hydroelectric projects

We have managed the development and implementation of 17 hydroelectric projects including two through our subsidiary NHDC Limited. We have completed projects that are located in geo-technically sensitive Himalayan terrain and in inhospitable areas that are often difficult to access. We completed the Chamera- II in Himachal Pradesh power stations and Indira Sagar & Omkareshwar projects in Madhya Pradesh and these were commissioned ahead of schedule. We have worked with GoI, various state government, foreign governments and international companies to complete its projects.

Long term power purchase agreements with our customers

As of March 31, 2013, the entire output from our installed capacity has been contracted for through long term PPAs. At the time of making investment decisions on new capacity or expansion of existing capacity we typically have commitments for the purchase of the output.

In Fiscal 2013, we derived Rs. 6078.87 crore or 79.80% of our consolidated total income from the sale of energy to SEBs and their successor entities pursuant to long term power purchase agreements. These billings to state entities are currently secured through letters of credit generally entered into pursuant to tripartite agreements among the GOI, the RBI and respective state governments. In addition, we can secure payment by regulating the power supply to the defaulting governments. In addition, we can secure payment by regulating the power supply to the defaulting entity or recovering payments directly from GoI central Plan assistance funds that are given to the concerned state governments. In addition all our PPAs signed recently have included additional clause for 'Payment Security Mechanism', which requires that after the expiry period of the Tripartite Agreement, an alternative payment security arrangement in the form of Escrow Arrangement as a back to amount of the LC shall be provided. Under this arrangement an Escrow Account in favour of NHPC shall be established through which the incremental receivables of bulk power customer shall be routed as per the terms of Escrow Agreement.

Strong operating performance

We measure our efficiency by reference to its average Plant Availability Factor (PAF) and generation targets achieved. In Fiscal 2013, our Company generated a total of 18923 MUs of electricity and NHPC's cumulative PAF was 85.30% which is higher than the cumulative PAF levels required under CERC regulations and our higher efficiency parameters which pursuant to the tariff policy in place for Fiscal 2010-2014 entitled us to certain incentive payments. We monitor, renovate and modernise our power stations which increases the efficiency of our plants and equipments. We believe that our ongoing monitoring and maintenance techniques offer us a competitive advantage in an industry where the liability and maintenance costs are a significant determinant of profitability.

Competent and committed workforce

We have a competent and committed workforce. They have experience in our industry and many of our senior executives have been with NHPC for a significant portion of their careers. We believe that the skill, industry knowledge and operating experience of our senior executives provide us with a significant competitive advantage to expand in our existing markets and to successfully enter into new geographic markets. We invest significant resources in employee training and development on regular basis. In addition, our uniform operational systems, processes and staff training procedures enable us to replicate our high operating standards across all projects and stations.

Strong in-house design and engineering team

We have a dedicated in-house team for project design and our engineering capabilities range from concept stage to commissioning of hydroelectric projects. This team is supported by international and domestic project consultants. NHPC's engineers have experience with a variety of specialized analysis design and CAD software applications.

Our Strategy

Our corporate vision is to become "A world class diversified & transnational organization for sustainable development of power through conventional and non-conventional sources"

Expand our installed capacity through Joint Ventures and MoUs

We seek to expand our installed capacity by tapping into new geographic markets where there is significant demand for capacity expansion through hydroelectric generation. Presently we are engaged in the construction of 7 hydroelectric projects in the states of J &K, Himachal Pradesh, Arunachal Pradesh, Assam and West Bengal which is expected to increase our total installed capacity by 4,095 MW. We are awaiting government sanction for a further five projects with an anticipated capacity of 5,115 MW. In addition we are awaiting government sanction for certain joint venture projects with an anticipated capacity of 3,686 MW. Survey and investigation works are being carried out to prepare project proposal reports for three additional projects totalling 1,350 MW of anticipated capacity.

We selectively form alliances with state governments to undertake project development. Pursuant to an MoU with the government of Madhya Pradesh, we incorporated our subsidiary, NHDC Limited on August 1, 2000 to take advantage of the hydroelectric potential of the Narmada river basin. In addition, in September, 2007, we signed an MoU with the government of Manipur to establish a joint venture to develop the Loktak Downstream hydroelectric project and subsequently incorporated our subsidiary, Loktak Downstream Hydroelectric Corporation Limited on October 23, 2009, and in June, 2007, we entered into an MoA with the government of Arunachal Pradesh to implement the Dibang project on an own- and -operate basis. Further, on October 10, 2008 we signed a MoU with the JKSPDC, the government of J &K and PTC to implement the Pakal Dul, Kiru and Kwar hydroelectric projects in the Chenab river basin with an anticipated aggregate installed capacity of 2,120 MW, and subsequently incorporated CVPPPL on June 13, 2011 as a joint venture between our Company, JKSPDC & PTC India Ltd. Further, Implementation agreement has been signed on January 23, 2013 between NHPC & government of Uttrakhand for Dhauliganga intermediate & Gauriganga-IIIA.

In addition, we seek to expand our installed capacity and diversify our generation mix by undertaking projects for generation of power through thermal, solar and wind energy. NHPC through its subsidiary i.e. NHDC has undertaken thermal power projects in Madhya Pradesh and is engaged in preparation of DPR of 1,320 MW Reva thermal project in Madhya Pradesh. NHPC will endeavour to construct and commission one thermal power station in Chhattisgarh. Further NHPC is exploring the possibilities for coal linkage for establishing thermal power plants of 1,320 MW in Chhattisgarh. NHPC endeavours to explore opportunities to achieve a capacity of 150 MW through solar and wind energy. NHPC has signed an MoU with UPNEDA, government of Uttar Pradesh to develop grid connected 50 MW solar power project. The power purchase agreements for the project are yet to be signed. It is proposed to commission the plant in 12th five year plan (2012-2017) itself. NHPC is also exploring opportunities for implementation of second grid connected 50 MW solar power project.

Promote and develop our consulting and advisory services

We aim to continue to deliver advisory services to clients and government entities in India and abroad. Our consultancy services are registered with the World Bank, the Asian Development Bank, the African Development Bank, the Kuwait Fund for Arab Economic Development and the Central Water Commission. Historically we have undertaken international projects and consultancy assignments on an agency basis often on the request of the GoI. However going forward we intend to promote our consultancy services and take advantage of opportunities emerging from changes in the industry due to the enactment of the Electricity Act, 2003, the Hydro Power Policy 2008 and other regulatory developments.

Continue to expand our international activities

We executed the Kurichhu hydropower project in Bhutan and the Devighat hydropower project in Nepal on a contract agency basis. In addition we prepared and submitted a DPR to the Department of Energy Royal Government of Bhutan for a 720 MW Mangdechhu and 770 MW Chamkharchhu-I Hydropower project in Bhutan. NHPC has also submitted the PFR for hydropower project in Kuri Gongri basin in Bhutan. At present NHPC is providing design and engineering consultancy services to Mangdechhu Hydropower Project Authority for implementation of Mangdechhu HE Project in Bhutan. Further NHPC has been assigned for additional investigation and updation of DPR in respect of Tanmathi (1200 MW) and Shwezaye (642 MW) in Myanmar. NHPC is also providing management contract services to Ministry of Water and Energy of the Federal Democratic Republic of Ethiopia in association with Power Grid Corporation of India and BSES Rajdhani Power Limited.

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.

Maintain our focus in environment and CSR & Sustainability

We have undertaken a number of Environment and CSR & Sustainability initiatives and intend to expand our involvement in these areas. We aim to conduct our business operations in a manner that promotes social responsibility sustainable development and respect towards the environment. We also believe that we support initiatives to advance the economic cultural and social interests of the communities of the areas in which we operate and contribute to their further development.

Invest in technology to modernise our operations and improve our project operating performance

We intend to reduce our operating costs and improve our project-operating performance by investing in technologically advanced equipment and methods and by devoting resources to modernise our power stations. We have introduced specialised enterprise resource planning software which is expected to expedite information sharing and efficiency within the organisation. In respect of our power stations we believe that our focus on modernising and maintaining our stations will increase their useful life improve their efficiency and operating performance and reduce the need for future capital expenditure. In addition we intend to adopt front line technologies to reduce cost and time of construction of our hydroelectric projects. For example we have implemented a technology for the real-time on-line monitoring of generation equipment which allows early diagnosis of any developing faults.

Our Operations by Segment

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

Total income by business segment (Standalone)

(Rs. in crore)

Power Stations	June 30 2013	Fiscal 2013	Fiscal 2012	Fiscal 2011
Sales (Net)	1,600.51	5,049.13	5,509.65	4,046.59
Revenue from Contracts Project Management and Consultancy Works	18.99	116.27	145.04	178.66
Other Operating Income	0.10	141.24	264.79	20.40
Total	**1619.60**	**5306.64**	**5919.48**	**4245.65**

Our Hydropower Generation Business

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

Our Project Development Process

The GoI and the state government identify the geographic areas where additional electricity is needed by determining existing and projected installed capacity and projected demand for electricity. Factors such as economic growth, population growth and industrial expansion are used to determine projected demand. To gauge the expected supply of electricity the capacities of the existing power stations and the projects under construction or development are studied. If the GoI and the respective state government agree that a hydroelectric project is necessary and that we are the most appropriate organisation to develop the hydroelectric project we then enter into an MoU or agreement with the concerned state government where the hydroelectric project is proposed to be located. We then begin the process of obtaining the necessary authorisations for the hydroelectric project from the concerned authorities. We are required to fulfill a three-stage clearance process for hydroelectric projects as introduced by the GoI in June, 2001. This process consists of:

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

The Stage-I estimate is initially reviewed by the CEA and approved by the MoP. Environmental clearance for the pre-construction activities and approval of the terms of reference for undertaking the EIA studies is then obtained from the MoEF. Survey and investigation activities are subsequently carried out in order to prepare a pre-feasibility report which sets out essential geological, hydrological, meteorological and topographical observations. The report contains technical details justification of the scheme and preliminary financial details of the project. The CEA then reviews the report and makes a determination about the commercial viability of the project.

Stage-II: Preparation of Detailed Project Report and Infrastructure Development Works

Following the approval of the Stage-I estimate by the MoP and the commercial viability clearance from the CEA we carry out extensive survey and investigation works in order to prepare a DPR. The DPR is examined in detail by various agencies including the Geological Survey of India the Central Water Commission the Ministry of Water Resources and the Ministry of Defence. During this stage EIA reports are also prepared and submitted to the requisite state government to enable them to conduct a public hearing and consult with local communities to negotiate a suitable rehabilitation and resettlement package if required. At this stage the environmental impact report and forest land requirement report are also submitted to the MoEF for clearance. The CEA reviews the DPR and the various clearances obtained from the abovementioned agencies and if satisfied the CEA concurrence is granted to the hydroelectric project.

Stage-III: Final sanction and project construction

Post the CEA approval and after obtaining a recommendation from the PIB GoI the hydroelectric project proposal is presented to the CCEA for its final sanction. It is only after receiving the sanction of the CCEA that major works related to construction of the project are awarded and construction can begin at the project site.

Completed Projects

We have set forth below the details of all our completed projects including subsidiaries

Power Station	**State**	**Installed Capacity (MW)**	**Year of Commissioning**	**Revenue Generated in Fiscal 2013 (Rs. In crore)**
Baira Siul	Himachal Pradesh	180	1981	143.36
Loktak	Manipur	105	1983	140.45
Salal	Jammu & Kashmir	690	1987/1996	665.38
Tanakpur*	Uttrakhand	120	1992	117.67
Chamera I	Himachal Pradesh	540	1994	377.71
Uri I	Jammu & Kashmir	480	1997	617.02
Rangit	Sikkim	60	1999	142.72
Chamera II	Himachal Pradesh	300	2004	379.89
Dhauliganga I	Uttrakhand	280	2005	314.63
Dulhasti	Jammu & Kashmir	390	2007	1131.81
Teesta V	Sikkim	510	2008	495.98
Sewa-II	Jammu & Kashmir	120	2010	203.13
Chamera-III	Himachal Pradesh	231	2012	247.29
Chutak	Jammu & Kashmir	44	2013	21.85
Teesta Low Dam - III	West Bengal	132	2013	-
Sub Total		**4182**		**4998.89**
Completed Projects with NHDC				
Indira Sagar	Madhya Pradesh	1000	2005	703.88
Omkareshwar	Madhya Pradesh	520	2007	391.56
Sub Total		**1520**		**1095.44**
Total		**5702**		**6094.33**

**Derated to 94.2MW from September 1996*

Baira Siul Power Station (3x60 MW) Himachal Pradesh

Our Baira Siul power station is located in Chamba district Himachal Pradesh. The project is an RoR scheme with small pondage that utilises the combined flow of the three tributaries of the Ravi river – Baira, Siul and Bhaledh. Commercial generation started in April, 1982. The installed capacity of the power station is 180 MW (3x60 MW) and the annual design energy generation from the power station in a 90% dependable year is 779.28 MUs.

Loktak Power Station (3x35 MW) Manipur

Our Loktak power station is located on Loktak lake south of Imphal in the state of Manipur. The project was commissioned in April, 1983 and commercial generation started in June, 1983. It is a storage scheme with an installed generating capacity 105 MW of power. The annual design energy generation from the power station in a 90% dependable year is 448 MUs.

Salal Power Station (6x115 MW) Jammu & Kashmir

Our Salal power station is located on the River Chenab in Reasi district J & K . The project was commissioned in two stages (Salal I and Salal II). Salal I was commissioned in November, 1987 and started commercial generation in the same month. . The Salal II project was commissioned in 1996. The project is an RoR scheme with total installed capacity of 690 MW (6x115 MW). The annual design energy generation from the power station is 3082 MUs in a 90% dependable year.

Tanakpur Power Station (3x40 MW) Uttrakhand

Our Tanakpur power station is located on River Sarda in Udham Singh Nagar district Uttrakhand. The project was completed in March, 1992 and started commercial production in April, 1993. The power station is an RoR scheme with total installed capacity of 120 MW (3x40 MW). The power station has been derated to 94.2 MW (3x31.4 MW) pursuant to the CEA's notification dated September, 20 1996 due to a change in the layout of tailrace channel. The annual design energy generation from the power station in a 90% dependable year is 452.19 MUs.

Chamera 1 Power Station (3x180 MW) Himachal Pradesh

Our Chamera I power station is located on River Ravi in the Chamba district Himachal Pradesh. The project was commissioned in April, 1994 and started commercial production in May, 1994. This is an RoR scheme with pondage for peaking during the dry season which has total installed capacity of 540 MW (3x180 MW). The annual design energy generation from the power station in a 90% dependable year is 1664.55 MUs.

Uri I Power Station (4x120 MW) Jammu & Kashmir

Our Uri I power station is located in Baramulla district J & K . The project was commissioned in January, 1997 and the power station started commercial production in June, 1997. It is an RoR scheme that utilises the tail waters of the existing Lower Jhelum hydroelectric project for power generation. The total installed capacity of the power station is 480 MW (4x120 MW) and the annual design energy generation in a 90% dependable year is 2587.38 MUs.

Rangit Power Station (3x20 MW) Sikkim

Our Rangit power station is located on the River Rangit in Sikkim. The project was completed in December, 1999 and commercial generation started in February, 2000. This is an RoR scheme with pondage with a total installed capacity of 60 MW (3x20 MW). The annual design energy generation in a 90% dependable year is 338.61 MUs.

Chamera II Power Station (3x100 MW) Himachal Pradesh

Our Chamera II power station was constructed on the River Ravi and is located in the Chamba district Himachal Pradesh. The project was commissioned in March, 2004. It is an RoR scheme with pondage which has total installed capacity of 300 MW (3x100 MW). It is an upstream development of Chamera Stage I (540 MW) commissioned by us in April, 1994. The annual design energy generation in a 90% dependable year is 1499.89 MUs.

Dhauliganga I Power Station (4x70 MW) Uttrakhand

Our Dhauliganga I power station was constructed on the River Dhauliganga a tributary of the Sharda River in the Pithoragarh district of Uttrakhand. The project was commissioned in October 2005. The power station is an RoR scheme with pondage which has total installed capacity of 280 MW (4x70 MW). The annual design energy generation in a 90% dependable year is 1134.7 MUs. The power house was flooded in June, 2013, due to flash flood that occurred in Uttrakhand and its restoration process is likely to be restored by March, 2014.

Dulhasti Power Station (3x130 MW) Jammu & Kashmir

Our Dulhasti power station is situated in the state of J & K . It has a capacity of 390 MW. The project was completed in 2007 and started production in March, 2007. The project is an RoR scheme with pondage on the River Chandrabhaga a tributary of the River Chenab. The annual design energy generation in a 90% dependable year is 1,907 MUs of power. Commercial production from this station began on April 7, 2007.

Teesta V Power Station (3x170 MW) Sikkim

The Teesta V power station is one of six hydropower schemes in a cascade on the River Teesta in the East Sikkim district. The project is an RoR scheme with pondage project with diurnal storage for peaking during the dry season. The project was completed in 2008 and started commercial production in March, 2008 of one unit and remaining two units in April, 2008. The annual design energy generation in a 90% dependable year is 2,573 MUs of power.

Sewa II Power Station (3x40 MW) Jammu & Kashmir

The Sewa II Power Station is on the river Sewa in district Kathua in J&K. The project is RoR scheme with pondage project. The project was completed in 2010 and started commercial production in July, 2010. The annual design energy generation in a 90% dependable year is 533.52 MUs.

Chamera III Powert Station (3x77 MW) Himachal Pradesh

Our Chamera III Power Station is constructed on the river ravi and is located in the Chamba district Himachal Pradesh. The project started commercial production in July, 2012. The project is RoR scheme with pondage project. It is an upsteam development of Chamera Stage II (300) commissioned by us in March, 2004.The annual design energy generation in a 90% dependable year is 1,104 MUs.

Chutak Power Station (4x11 MW) Jammu & Kashmir

The Chutak Power Station is on the river Suru in district Kargil in J&K. The project is an RoR scheme. The three units of project started commercial operation in November, 2012 and one unit in February, 2013. The annual design energy generation in a 90% dependable year is 212.93 MUs.

Teesta Low Dam III Power Station (4x33 MW) West Bengal

The project is located on the river Teesta in the district of Darjeeling in the State of West Bengal. The project is RoR Scheme with pondage project. The project was completed in 2013 and started commercial production of its three units in March, 2013 and remaining one unit in May, 2013. The annual design energy generation in a 90% dependable year is 594.07 MUs.

Indira Sagar Power Station (8x125 MW) Madhya Pradesh

Indira Sagar power station under our joint venture with the Madhya Pradesh government is situated on the River Narmada. This power station has an installed capacity of 1,000 MW and annually generates 2698 MUs in stage I 1850 MUs in stage II and 1515 MUs in stage III. Our Indira Sagar project includes the largest reservoir in India having a gross storage capacity of 12.22 Bm^3. The project has eight turbines of 125 MW each with an installed power generation capacity of 1,000 MW of electricity.

Omkareshwar Power Station (8x65 MW) Madhya Pradesh

The Omkareshwar power station under our joint venture with the Madhya Pradesh government has an installed capacity of 520 MW (8 x 65 MW) and is situated 60 km downstream from our Indira Sagar Project on the River Narmada in the Khandwa district of Madhya Pradesh. This project has a designed annual energy generation of 1166 MUs in its initial stage. Commercial production from this station began in November, 2007.

Automation of Power Stations

Presently the operations of all the power stations are either semi or fully automated. Our Uri I, Chamera II, Dhauliganga I, Dulhasti, Chamera III, Teesta V and TLDP III power stations are equipped with advanced distributed control systems alongwith SCADA systems.

Projects under construction

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

Hydroelectric Projects	State	Proposed Installed Capacity (MW)	Likely Schedule of Commissioning
Uri II^	Jammu & Kashmir	240	October 2013
TLDP IV	West Bengal	160	November 2014
Nimoo Bazgo	Jammu & Kashmir	45	October 2013*
Parbati III	Himachal Pradesh	520	March 2014

Hydroelectric Projects	State	Proposed Installed Capacity (MW)	Likely Schedule of Commissioning
Parbati II	Himachal Pradesh	800	July 2018
Subansiri Lower	Assam/Arunachal Pradesh	2000	March 2018**
Kishanganga	Jammu & Kashmir	330	November 2016***
Total		**4095**	

^ Out of four Units of Uri-II HE Project, Unit - I and Unit – III of 60 MW each have beeb comissioned successfully at rated load of 60 MW on September 25, 2013 and September 27, 2013, respectively. Unit II and Unit IV of 60 MW each are under implementation.
** All units have been commissioned at partial load, commercial operation of the same is still not declared due to non availability of full load.*
***March, 2018 commissioning schedule of Subansiri Lower HE Project is based on the assumption that ongoing agitation shall be withdrawn and works shall restart from December, 2013. Delay in resumption of construction activities shall severely affect commissioning schedule further.*
**** All efforts are being taken up to commission the project by January, 2016.*

Note: Unforeseen happening like natural calamities, adverse law and order situation, local strike/ agitation as previously observed in Kashmir valley, gorkha jan mukhti morcha in West Bengal, Assam/ issue of employment in NHPC in Himachal Pradesh and Jammu& Kashmir may have adverse impact on above completion schedule.

Uri II Hydroelectric project (240 MW) J&K

Uri II hydroelectric project is located in the Uri Tehsil of the Baramulla district. This project is estimated to generate 1123.00 MUs of energy in a 90% dependable year. Project works got disrupted severely due to heavy rains and bandh/strike called by local resident/PAFs (Project affected families). Major civil works and HM works stand completed and spinning of all units have been completed. Two units were commissioned i.e. Unit - I and Unit – III of Uri-II HE Project successfully at rated load of 60 MW on September 25, 2013 and September 27, 2013, respectively, and the remaining units are now anticipated for commissioning during October, 2013.The approved budget for the project is approximately Rs. 65.00 crore for Fiscal 2014.

Teesta Low Dam IV Hydroelectric project (160 MW) West Bengal

Teesta Low Dam IV hydroelectric project is a run of the river scheme located in Darjeeling district in the state of West Bengal. The annual energy generation from this project is estimated to be 720 MUs in a 90% dependable year. All construction activities suffered badly time to time due to agitation called by "Gorkha Janmukti Morcha (GJMM) and flash floods. Further project's works are getting affected severely due to cash flow problem of HCC and ongoing GJMM strike. Now the project is anticipated to be commissioned November, 2014. The approved budget for the project is Rs. 183.49 crore for Fiscal 2014.

Nimoo Bazgo Hydroelectric project (45 MW) Jammu & Kashmir

Nimoo Bazgo project is a Run of the river scheme to harness the hydropower potential of River Indus in the Leh district of J&K. The project is anticipated to generate 239 MUs in a 90% dependable year. All units have been commissioned at partial load due to non availability of full load and now project is likely to be commissioned at full load by October, 2013.The approved budget for the project is approximately Rs. 30.00 crore for Fiscal 2014.

Parbati III Hydroelectric project (520 MW) Himachal Pradesh

Parbati-III hydroelectric project is located in the Kullu district in the state of Himachal Pradesh. It is a run of the river scheme. The project is estimated to generate 1963.29 MUs of energy in a 90% dependable year. The delay in the commissioning of the Parbati II project will result in reduction in the generation capacity of Parbati III project of energy as the project is dependent upon the tailrace discharge from Parbati-II project. Project work got affected badly due to bandh/strike called by locals / project affected families. All Major Civil works related to commissioning stands completed and two units have been spinned. The project is now expected to be completed by March, 2014 with commissioning of two units by October, 2013. The approved budget for the project is approximately Rs. 180.00 crore for Fiscal 2014.

Parbati II Hydroelectric project (800 MW) Himachal Pradesh

The Parbati-II hydroelectric project is a run of the river scheme on the River Parbati. The project is estimated to generate 3108.66 MUs of energy in a 90% dependable year. TBM face of HRT is most critical as works remained suspended due to burial of TBM due to adverse geological condition encountered in 2006. Though the TBM face of HRT resumed in June, 2010 but due to contractual complexities the Contract with M/s HJV was terminated on March 9, 2012. Now contract for HRT (TBM face) work has been awarded. However award of balance work of HRT (DBM) and other associated work are in progress and project is likely to be completed by July, 2018. The approved budget for the project is approximately Rs. 735.00 crore for Fiscal 2014.

Subansiri Lower Hydroelectric project (2000 MW) Assam/Arunachal Pradesh

Subansiri Lower Hydroelectric Project is the biggest hydroelectric project under construction in India. It is a run of the river scheme on the Subansiri River located near north Lakhimpur on the border of Assam and Arunachal Pradesh. The annual energy generation from this project is estimated to be 7421.00 MUs in a 90% dependable year 43% Dam Concreting 41% Power House Concreting and 45% Head Race Tunnel lining stands completed. Construction activities of the project have been stopped with effect from December 16, 2011 due to agitation by various pressure groups. NHPC is making consistent efforts to re-start the construction works. Dam Design Review Panel (DDRP) constituted by Ministry of Power (MoP) has submitted their recommendations which have been accepted by the Competent Authority. Quantity and schedule for additional works recommended by DDRP is under finalization. Works were severely affected earlier also due to power house back hill slope failure intermittent law & order problem strike/agitation called by various local groups. Project completion schedule of March, 2018 is based on assumption that works shall be resumed from December, 2013. The approved budget for the project is approximately Rs. 935.00 crore for Fiscal 2014.

Kishanganga Hydroelectric project (330MW) Jammu & Kashmir

The Kishanganga hydroelectric project estimated to generate 1350 MUs of energy in a 90% dependable year is located on Kishanganga River. Project Works suffers time to time due to local agitation and Bandh/curfew. Further final decision of International court of Justice likely by 2013 end may have impact on progress of project. However river diversion has been completed and so far 18844 m excavation of HRT by TBM & DBM has been completed out of total 23241 m length of HRT. Surge shaft excavation has been completed and more than 90% excavation of power house cavern and Dam – spillway completed. The project is anticipated to be commissioned by November 16 however efforts are being made to commission by January, 2016.The approved budget for the project is approximately Rs.801.10 crore for Fiscal 2014.

Projects Awaiting Clearances

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

Projects	State	Proposed Installed Capacity (MW)
Kotli Bhel Stage IA	Uttrakhand	195
Teesta-IV	Sikkim	520
Dibang	Arunachal Pradesh	3000
Tawang I	Arunachal Pradesh	600
Tawang II	Arunachal Pradesh	800
Total		**5115**
Joint Venture Projects		
Loktak Downstream	Manipur	66
Pakal Dul *	Jammu & Kashmir	1000
Kiru*	Jammu & Kashmir	600
Kwar*	Jammu & Kashmir	520
Tipaimukh	Manipur	1500
Total		**3686**
Grand Total		**8801**

* These projects are being executed under CVPPPL

In addition to the above mentioned projects awaiting clearance two projects namely Kotlibhel Stage I B (320 MW) and Kotlibhel Stage II (530 MW) in Uttrakhand were previously cleared. CEA had concurred these schemes and PIB had also recommended the projects in 2007. However Environmental Clearance of Kotli Bhel- IB has been withdrawn by MoEF. In this context, NHPC has filed a civil Appeal before Hon'ble Supreme Court. Further MoEF has also declined permission for diversion of Forest land for construction of KB-IB and KB-II HE Project. NHPC has been taking up the issue of reconsideration of Forest clearance of these projects with MoEF/MoP/State.

The current status of these projects is detailed below:

Kotli Bhel Stage IA Hydroelectric Project (195 MW) Uttrakhand

We have entered into an agreement with the state government of Uttrakhand for the implementation of the Kotli Bhel Stage IA hydroelectric project. The TEC for this project was granted on October 3, 2006 by the CEA. We received the required environmental clearances from the MoEF in respect of this project in May, 2007 and forest clearance stage-I in October, 2011 from MoEF. Clearance from CEA on the updated cost estimate and memorandum of changes has been accorded vide letter dated July 2, 2013. The final recommendation of PIB is awaited in this regard. The approved budget for the project is approximately Rs. 106.00 crore for Fiscal 2014.

Dibang Hydroelectric Project (3000 MW) Arunachal Pradesh

The Company entered into an MoA on June 24, 2007 to execute this project on an own and operate basis which supersedes the MoA signed earlier on September 21, 2006 with the state government of Arunachal Pradesh for the implementation of this project as a joint venture partnership. The TEC for this project was granted on January 23, 2008 by the CEA. The PIB recommended the project for investment sanction on January 28, 2008 and we are awaiting CCEA clearance. Public hearing meetings have successfully been conducted by APSPCB for Lower Dibang Valley and Dibang Valley Districts at Roing (for Lower Dibang Valley) and at New Anaya (for Dibang Valley) respectively. NHPC submitted environmental clearance proposal to MoEF in May, 2013. FAC of MoEF for Dibang multipurpose Project (3000 MW) Arunachal Pradesh has recommended for rejection of forest clearance proposal for the project. However, we have requested MoEF to review the decision of FAC. The approved budget for the project is approximately Rs. 30.00 crore for Fiscal 2014.

Teesta IV Hydroelectric Project (520 MW) Sikkim

We entered into an agreement for the implementation of the project with the state government of Sikkim on March 1, 2006. The concurrence for this project was granted on May 13, 2010 by the CEA. The proposal was considered by EAC in its meetings and EAC has recommended environmental clearance to the project. Formal clearance letter is awaited. MoEF has accorded Forest Clearance (Stage-I) on February 26, 2013. The approved budget for the project is approximately Rs. 20.00 crore for Fiscal 2014.

Tawang I Hydroelectric Project (600 MW) Arunachal Pradesh

We entered into an agreement for the implementation of this project with the state government of Arunachal Pradesh on September 21, 2006 for Tawang I that was revised on June 24, 2007. CEA has accorded concurrence to Tawang-I on October 10, 2011. MoEF has accorded environment clearance to Tawang I vide letter dated June 10, 2011 and the forest clearance is under process. The approved budget for the Tawang I hydroelectric projects is approximately Rs. 25.00 crore for Fiscal 2014.

Tawang II Hydroelectric Project (800 MW) Arunachal Pradesh

We entered into an agreement for the implementation of this project with the state government of Arunachal Pradesh on September 21, 2006 for Tawang II that was revised on June 24, 2007. CEA has accorded Concurrence to Tawang-II on September 22, 2011. MoEF has accorded environment clearance to Tawang I vide letter dated June 10, 2011. Formal Forest clearance and the forest clearance stage – I letter is awaited. The approved budget for the Tawang II hydroelectric projects is approximately Rs. 25.00 crore for Fiscal 2014

Loktak Downstream Hydroelectric Project (66 MW) Manipur

The Loktak Downstream hydroelectric project is being implemented through a joint venture with the state government of Manipur. CEA accorded concurrence to the project on November 15, 2006. The proposal for the project was recommended by PIB in its meeting held on November 23, 2006 for consideration of CCEA. However the proposal for the project would require resubmission for consideration of PIB after receipt of all statutory clearances and transfer of in favour of joint venture. Environmental clearance has been accorded by MoEF on January 16, 2013. The in-principle forest clearance has been accorded by MoEF on March 03, 2011. The DPR including the cost estimate is being updated. The approved budget for the project is approximately Rs.1.00 crore for Fiscal 2014.

Pakal Dul Hydroelectric project (1,000 MW) Jammu& Kashmir

The TEA approval for this project was granted on October 03, 2006 by the CEA. Draft PIB material for formal approval of JVC and equity participation by NHPC in JVC was submitted to MoP on June 14, 2012. MoF vide letter dated May 9, 2013 had issued the recommendation of the PIB.

Reformulate submission/proposal incorporating recommendation of the PIB has been submitted by NHPC to MOP on July 19, 2013. Subsequently, NHPC vide letter dated August 29, 2013 submitted the updated cost amounting to Rs. 8,988.05 crore to CEA for vetting. The concurrence for the same is awaited from CEA.

MoEF vide letter dated February 29, 2008 has accorded the environmental clearance. Forest clearance for 311.042 ha of forest land (falling outside KHANP) has been accorded by J&K state government vide letter dated June 16, 2005. Pakal Dul HE Project involves diversion of 386.186 ha of forest land falling under Kishtwar High Altitude National Park (KHANP). All statutory clearances including MoEF clearances have been transferred to joint venture company.

Kiru hydroelectric projects (600 MW) Jammu & Kashmir

Site clearance Stage- I & Stage-II of this project has been accorded by MoEF on April 19, 2006. Updated DPR of Kiru HEP for installed capacity of 660 MW has been submitted to CEA by CVPPPL on August 8, 2012. EIA & EMP reports have been finalized and submitted to J&KSPCB. Forest Proposal resubmitted by CVPPPL on February 22, 2013. FAC of J&K discussed the forest proposal on August 22, 2013 wherein it agreed to the forest proposal of the project..

Kwar hydroelectric projects (520 MW) Jammu & Kashmir

Site clearance Stage- I for this project accorded by MoEF on dated February 28, 2005. Updated DPR of Kwar HEP for installed capacities of 520 MW has been submitted to CEA by CVPPPL on July 25, 2012. EIA and EMP reports have been finalized and submitted to J&KSPCB for conducting public hearing. Forest proposal has been resubmitted by CVPPPL on February 22, 2013 and the same is under process for forest clearance.

Tipaimukh HE Project (1500 MW) Manipur

MoU and Promoters Agreement between NHPC Limited SJVNL (*erstwhile known as Satluj Jal Vidyut Nigam Limited*) and government of Manipur was signed on April 28, 2010 and October 22, 2011 respectively with equity participation of 69% 26% and 5% by NHPC, SJVNL and government of Manipur, respectively. However subsequently it was decided by MoP to induct NEEPCO as the Joint Venture partner in lieu of SJVNL with 26% share. CEA accorded concurrence to the project on July 2, 2003. Environment clearance accorded by MoEF vide letter dated October 24, 2008 in favour of NEEPCO. The same is required to be transferred in favour of the JVC after its formulation. The Forest Advisory Committee has not recommended the forest proposal of the project.

Projects under Survey and Investigation

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

Project	State	Proposed Installed Capacity (MW)
Bursar	Jammu & Kashmir	1020
Dhauliganga Intermediate	Uttrakhand	210
Gauriganga-IIIA	Uttrakhand	120
Total		**1350**

Four projects (Lachen: 210MW Chungarchal: 240MW Garba Tawaghat: 630 MW & Kharmoli Lumti Tulli: 55MW) aggregating 1135MW are held up due to environmental problems and may be taken up for DPR preparation once the related issues are solved.

Bursar Hydroelectric Project (1020 MW) J&K

The MoP entered into an MoU with the government of J&K on July 20, 2000 wherein the government of J&K transferred this project to our Company for its implementation. MoEF has accorded clearance/approval to the proposal for pre-construction activities and approval of TORs of Bursar HEP for two Alternatives i.e. Alternative-I (Pakal Site) of 1200 MW & Alternative-II (Hanzal Site) of 1500 MW on October 05, 2012. In the meeting to review progress of Bursar HE Project held on January 17, 2013 under the Chairmanship of Secretary (WR) in MoWR it was discussed that the dam for Bursar project will be taken up at Pakal Site and no funding of MoWR will be required. A team comprising the officials of design of NHPC visited the project during the period from May 07, 2013 to May 11, 2013. Initial preparatory work logistic arrangement for exploration plan etc has been initiated. The approved budget for the project is approximately Rs. 30.00 crore for Fiscal 2014.

Dhauliganga-Intermediate (210 MW) and Goriganga-III A (120 MW) Uttrakhand

Implementation agreement has been executed between government of Uttrakhand and NHPC Limited on January 23, 2013. Form-I for clearance for pre-construction activities & approval of TOR was submitted to MoEF and these projects are yet to be discussed in the EAC meetings.

Joint Ventures

The following are the details of the various projects undertaken by way of joint ventures:

Projects	State	Capacity (MW)	Our stake in Joint Venture	Status
Indira Sagar	Madhya Pradesh	1000	51%	Commissioned in 2005
Omkareshwar	Madhya Pradesh	520	51%	Commissioned in 2007
Loktak Downstream	Manipur	66	74%	DPR is under updation
Pakal Dul, Kiru and Kwar Hydroelectric projects in the Chenab River Basin	Jammu & Kashmir	2120	49%	Awaiting clearances

Our Subsidiary, NHDC Limited was incorporated on August 1, 2000 pursuant to an MoU with the government of Madhya Pradesh. NHDC is involved in two other hydroelectric projects namely the Indira Sagar project (1,000 MW) and Omkareshwar project (520 MW) in the state of Madhya Pradesh.

Further the government of Madhya Pradesh has given its consent by way of letter no. CE(P)/NVDA/Malwa/2009/80 dated February 28, 2009 permitting NHDC to establish a thermal power project with a capacity of approximately 1,000 MW at Khandwa in the state of Madhya Pradesh pursuant to which NHDC has signed a MoU with the Government of Madhya Pradesh on June 29, 2009 for setting up a thermal power plant. The generation capacity of the thermal power plant is estimated at (2x660) MW. The government of Madhya Pradesh has also agreed to buy power from this project. The PPA has been executed with MP Power Management Company Limited.

Joint Venture with the government of Manipur

In September, 2007 we entered into a MoU with the Manipur state government for the implementation of the Loktak Downstream hydroelectric project on a joint venture basis. We signed the Promoters Agreement with the government of Manipur in September, 2008. The Government of Manipur ratified and approved the Memorandum of Association and Articles of Association for the formation of a JVC in March, 2009. The **"Loktak Downstream Hydroelectric Corporation Limited"** has also been incorporated on October 23, 2009.

MoU was signed between NHPC Limited, SJVNL (erstwhile known as Satluj Jal Vidyut Nigam Limited) and the government of Manipur on April 28, 2010 with equity participation of 69% 26% and 5% by NHPC, SJVNL and the government of Manipur respectively for development of **Tipaimukh HE Project**. Promoters Agreement was signed on October 22, 2011. However subsequently it was decided by MoP to induct NEEPCO as the Joint Venture partner in lieu of SJVNL with 26% share. Revised Promoters Agreement is under finalization.

MoU with the government of Jammu & Kashmir

We signed a MoU on October 10, 2008 with the JKSPDC the government of J&K and PTC to develop Pakal Dul and other hydroelectric projects in Chenab river basin with aggregate installed capacity of approximately 2120 MW. Accordingly a joint venture company**" Chenab Valley Power Projects (Private) Limited"** has been incorporated and registered with Registrar of Companies at Jammu on June 13, 2011. The Company has commenced its business.

Contracts Project Management and Consultancy Works Business

We believe that our industry leadership as well as quality credentials 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 consultancy services are registered with the World Bank, the Asian Development Bank the African Development Bank and the Kuwait Fund for Arab Economic Development. ,

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.

According to our consolidated reformatted financial statements, the contribution of our contracts project management and consultancy works business to our total income was Rs. 178.66 crore, Rs. 145.04 crore, Rs. 116.27 crore and Rs. 18.98 crore for Fiscals 2011, 2012, 2013 and for quarter ending June 30, 2013 respectively.

Consulting/Advisory Services for Hydropower Projects

The scope of our consulting and advisory services is to provide assistance in planning design and engineering survey and analysis report writing and other affiliated services corresponding to our client's specific needs. These generally include:

- Identification, selection and determining the feasibility of development sites;
- Topographic hydro graphic and quantity surveying of development sites;
- Planning design and engineering;
- Environmental impact assessment and environmental management;
- Drafting project reports and obtaining regulatory clearances;
- Managing the tendering process from preparation and pre-qualification through the invitation and evaluation of bids to post-award contract management;
- Planning and management of construction operation and maintenance; and
- Testing quality control and assurance.

Wind Energy Proposals

Our Board of Director's in its meeting held on December 12, 2012 had accorded approval for setting up a grid interactive wind power project of capacity upto 50 MW in India. The Board had also accorded its approval for hiring of consultancy services for setting up NHPC's wind power project.

A Memorandum of Understanding (MoU) has been signed with C-WET Chennai on August 30, 2013 for the purpose of "Technical Consultancy Services in the development of Wind Energy Projects by NHPC Limited".

Further NHPC is in talks with Government of Kerala for development of Wind Energy projects on ownership basis and also exploring options of setting up wind energy projects.

Sale of Energy

Tariffs

Tariffs for each of our hydropower stations for the period April 1, 2009 to March 31, 2014 are determined by the CERC as per CERC (Terms and Conditions of tariff) Regulations 2009 issued vide CERC notification no. L-7/145(160)/2008-CERC dated January 19, 2009 and its amendments from time to time.

Tariffs are determined by reference to AFC which comprise primary energy charges and capacity charges and the components of AFC are return on equity depreciation interest on loan interest on working capital and operation and maintenance expenses. Recovery of capacity charges is dependent on the achieved plant

availability and machinery factor during the year in reference to NAPAF which has been prescribed by CERC for each project based on the nature of the project.
We are entitled to receive incentives for achieving a plant availability factor greater than NAPAF as well as for generating energy in excess of the design energy level of the plant.

Power Purchase Agreements

The GoI allocates the output of each of our stations among the station's bulk power customers. Each of our power stations has PPAs with its bulk power customers. In Fiscal 2013, we derived Rs. 6078.87 crore or 79.80% of our reformatted consolidated total income from the sale of energy to SEBs and their successor entities pursuant to long-term power purchase agreements. 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 letters issued by the GoI from time to time as required by the tariff policy issued from MoP. The PPA is valid until it is extended renewed or replaced by another agreement on such terms and for such further period of time as the parties agree.

As part of our investment approval procedures we typically require PPAs to be in place for all new projects before approval is given for investment. Due to the current imbalance between demand and supply in the Indian power sector and the competitive rates at which we are able to supply power, generally we do not currently foresee difficulties with renewing the PPAs when they expire.

In terms of the allocation of power issued by MoP, GOI, we are required to provide 13% (including 1% local area development fund), after issue of hydro power policy, 2008 of the generated energy to the host state free of cost. The charges for such free energy are recovered from the other bulk power customers of the project as per CERC Regulations/ GoI direction issued from time to time.

Significant features of PPAs include:

- The term of the PPA is generally for five years (now in some cases it have been changed to life of the project i.e. 35 years) from the date of the commercial operation of the last unit or balance normative life of power station whichever is earlier) 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.

- We are required to sell the entire power available for sale generated by our power stations to the bulk power customers. Power available for sale is determined after deducting the power to be provided free of cost to the host state and auxiliary consumption of the plant.

- The allocation of power from our power stations to our bulk power customers is according to the allocation of power approved by the MoP. The quantum of energy sold to our bulk power customers out of the energy available for sale and the basis for billing in relation thereto is as indicated in the periodic regional energy account issued by the respective Regional Power Committee ("**RPC**"). The bulk power customers make the necessary arrangements separately with the concerned agencies in respect of the transmission of the power and payment of transmission charges and we are not responsible for transmission.

- The tariffs we charge and the conditions for the supply of energy as well as the surcharge levy and rebates are determined according to the tariff notifications issued by the CERC or policies of GoI from time to time. However NHPC has also a separate rebate scheme which has been opted by some of the bulk power customer. 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.

- Metering arrangements including installation, testing, maintenance, collection, transportation and processing of data required for energy exchange is governed by the notifications issued by the CERC from time to time and as per the relevant provisions of the Indian Electricity Grid Code as amended from time to time.

- Save and except the orders/ directions/ regulations issued by CERC or GOI from time to time, the parties to a PPA are not liable for any claim for loss or damage arising out of failure to carry out the terms of such PPA to the extent that such failure is due to events such as riot, strike, lock out, fire, explosion, flood, drought, earthquake, war or other forces accidents or *force majeure* events. Any party claiming the benefits of this provision holds the burden of proving that the event occurred and damage was suffered.

- The disputes arising under PPA which are falling under the provisions of the Electricity Act, 2003 shall be dealt in accordance with the said Act. All other disputes which are not covered under the provisions of the Electricity Act, 2003 shall be referred to arbitration. The appointment of arbitrator and arbitration proceedings shall be governed by the Arbitration and Conciliation Act, 1996.

- After the expiry period of the Tripartite Agreement the provisions of an alternative payment security arrangement in the form of Default Escrow Arrangement as a back up to amount of the LC has been included in PPA.

Research and Development

Research and development is a key element to our continued success in engineering and construction. Our research and development activities are focused on anticipating our future needs and those of our agency clients and making us more competitive. We also seek to implement the latest technological advances and developments at our project sites.

Our research and development activities are concentrated primarily on studies for elongation of operating life of underwater components such as turbines by mitigating silt erosion. We have conducted field trials of coatings for underwater parts and have also joined with the National Metallurgical Laboratory Jamshedpur as lead agency for the development of alternative silt resistant material. We have also successfully introduced a hydro suction sedimentation exclusion system for the Salal reservoir and the Tanakpur power channel. We have also established a Computational Fluid Dynamics laboratory for design and analysis of hydro power systems and components.

We have researched on the "Tunneling in water charged zone areas under high hydro static pressure" the outcome of the research may help NHPC to work out a methology for speedy and safe tunneling in water charged areas under high hydro static pressure.

Clean Development Mechanism

We are in the process of securing benefits from our hydropower projects under the clean development mechanism ("CDM") scheme pursuant to the United Nations Framework Convention on Climate Change of 1994. Under this scheme an industrialised country that wishes to get credits from a CDM project must obtain the consent of the developing country hosting the project to claim such credit and confirm that the project will contribute to sustainable development. Then using methodologies approved by the CDM Executive Board the applicant must make the case that the carbon project would not have happened absent such benefits and must establish a baseline estimating the future emissions in the absence of the registered project. The case is then validated by a third party agency called a Designated Operational Entity to ensure the project results in real measurable and long-term emission reductions.
Hydropower projects registered by the CDM Executive Board are eligible to earn certified emission reduction ("CER") credits. CER credits can be sold to industrialised countries that are required to meet their green house gas emission reduction targets under the terms of the Kyoto Protocol Treaty of 2005.

Nimoo Bazgo (3X15 MW) and Chutak (4X11 MW) Projects located in J&K state have been registered by the CDM Executive Board of the United Nations Framework Convention on Climate Change (UNFCCC). The Nimoo Bazgo and Chutak projects shall annually reduce emissions of approximately 187893 metric tonne CO_2 equivalent and 1,66,831 metric tonne CO_2 equivalent. However CDM Registration of these projects is being revised under the new isolated grid methodology which may be suitably fit in these projects to incorporate the change in connectivity of these projects from National Grid to Local Isolated Grid.

NHPC's Teesta-V Power Station has been successfully validated under the Voluntary Emission Reduction Scheme. Verification of the generation for the period from April, 2008 to September, 2009 and for the period of October, 2009 to May 2012 has been completed. Approximately 2.00 crore VER is expected to be issued within a period of 10 years. Crediting period shall be renewed for another 10 years. NHPC has sold lakh VERs and realized a revenue of Rs. 2.75 crore.

We are pursuing CDM registration for additional projects and are investigating other carbon trading initiatives such as voluntary emission reduction for our projects. However, as on date, the Kyoto Protocol Treaty has not been renewed and the estimated revenue may vary in future.

IT and Communications

We make use of information and communication technologies for the execution and management of our projects and power stations. We consider information technology to be a strategic tool for us to improve our overall productivity and efficiency. The highlights of our information technology strategy which is aligned with our business strategy include:

- assisting in accelerated implementation of construction projects to minimise cost and time overruns;
- assisting in operation and maintenance of power stations to ensure high machine availability and maximum energy generation;
- assisting in effective management of resources; and
- facilitating decision-making process by providing improved quality of information.

We have successfully implemented an Enterprises Resource Planning (ERP) software solution to help in managing optimum utilization of generating assets accelerated development of construction projects thereby improving quality productivity and profitability of the organization.
We believe that this system will provide following benefits:

- integrated management of all key activities for construction of projects.
- a mechanism for stringent monitoring and management of time and cost of construction projects.
- increased generation of energy from power stations which translates to more revenue.
- allow us to reduce inventory levels.
- quicker decision making due to online availability of up-to-date information (operational physical and financial);
- automated workflow and improved document management and more agility to respond to future market changes.
- adopting best business practices in different functional areas.

Software

Our electromechanical design division has developed a suite of software Jal Vidyut for in-house use in connection with power potential assessment preliminary power house sizing and speed and pressure rise computations. DPRs for several projects have been successfully submitted to the CEA for TEC using data computed by the software. This suite of software was developed in an effort to standardise engineering practice in our organisation. We intend to continue to refine this software to increase its utility to our engineering team.

We have implemented a geographic information system for capturing storing analysing and managing data and associated attributes which are spatially referenced to our projects. This allows us to develop three dimensional geotechnical models for our hydropower projects.

Insurance

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

- Cargo insurance;
- Contractor’s all-risk insurance;
- Erection all-risks insurance;
- Worker’s compensation insurance;
- Employers’ liability (as per the Public Liability Insurance Act 1991); and
- Third-party liability insurance.

We insure the risks associated with damage and consequent losses of revenue due to fire, storm, cyclone, flood, earthquake, landslide and terrorist activities and business interruption losses to our power stations once they have been commissioned and are operating. We have obtained “Mega Risk Insurance Policy” “Comprehensive Package Insurance for CPM Equipments” & “Third Party Insurance” Policies in respect of all O&M Power Station with effect from July 7, 2011.

Human Resources

Our Company had 10,269 employees as of June 30, 2013. Out of this 5,193 employees were engaged in operation and maintenance areas of our business. We believe that a well-trained and experienced team of employees is crucial to our continued growth and success. In this regard we are committed to recruiting and retaining the best talent in the industry providing them the best training and development facilities and remunerating our employees at levels that will encourage them to perform to their best capability.

In view of future challenges and developments we have conducted a cultural and work environmental survey of our organisation and as a result we have undertaken numerous initiatives to adjust our human resources efforts to our business strategy including introducing comprehensive feedback systems productivity enhancement schemes and performance management systems. We have introduced a gender equity initiative and a competency mapping system for our key personnel a process which identifies the core strengths of and areas that can be improved upon by our employees. We have comprehensive staff welfare schemes in place including employee health and social security schemes.

Employee Training and Development

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

As part of our commitment to training we have set up training centers at four power stations namely Tanakpur power station (Uttrakhand), Chamera-I power station (Himachal Pradesh), Salal power station (Jammu & Kashmir) and Uri-I power station (J&K). These centers allow for on-site training and simulators.

In connection with our commitment to build business management competency in middle management level executives we encourage postgraduate study and maintain a number of programs with various institutes and universities in India.

Unions

The majority of our workers are affiliated with worker unions. We believe that we have harmonious relationships with our worker unions. Most of our generating stations have unions that are registered under the Trade Union Act, 1926. Most of these unions are affiliated with one of the following - All India NHPC Employees’ & Workers’ Council, All India Workers’ & Employees’ Federation ,NHPC Karamchari Mahasangh and NHPC Employees’ Front. We have previously had instances of sporadic and localised protests. These have not led to any substantial generation loss. Wage negotiations with our unions is ongoing process and a new wage agreement has been entered into with respect to unionized employees.

Credit Rating

The Company’s long-term secured bonds enjoy credit rating ‘CARE AAA’, “[ICRA] AAA”, IND ‘AAA’ from CARE, ICRA and IRRPL, respectively.

These ratings have factored in considerations such as GoI’s ownership the role being played by us in development and financing of crucial infrastructure projects and GoI’s guarantee of our borrowings in the past as well as our audited financial results and projected financial figures.

Environmental Compliance

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 man and environment.

- environmental impact assessment studies;
- catchment area treatment to arrest soil erosion;

- compensatory afforestation to replace forest areas lost to project construction;
- green belt development and reservoir rim treatment;
- landscaping and restoration of dumping quarrying and construction areas;
- solid waste management;
- wildlife conservation;
- fishery management and conservation;
- land acquisition resettlement and rehabilitation for the project-affected people in accordance with the Land Acquisition Act, 1894 the National Resettlement and Rehabilitation Policy 2007 and our Resettlement and Rehabilitation Policy, 2007;
- post-construction environmental and social impact evaluation; and
- disaster management.

Corporate Social Responsibility and Rehabilitation and Resettlement

We are committed to our Corporate Social Responsibility ("CSR") efforts and strive to demonstrate environmentally as well as ethically conscious behavior. We seek to incorporate best practices in corporate governance employee welfare and environmental commitment and have taken various initiatives towards community development. In our endeavor to align our business operations with social values we have sanctioned a budget for various large-scale community empowerment and capacity building initiatives to be undertaken in and around our power stations and construction sites pursuant to provisions made in the DPRs.

Our resettlement and rehabilitation program aims to improve the economic status of people displaced or otherwise affected adversely by our projects. We are committed to safeguarding the interests of PAPs through implementation of our Resettlement and Rehabilitation Policy, 2007 ("R&R Policy") which is based on the National Rehabilitation and Resettlement Policy, 2007 ("NRRP") of the GoI.

Our R&R Policy aims to provide PAPs with an adequate rehabilitation package beyond monetary compensation. This includes active and transparent participation of PAPs in deciding their compensation packages compensation for those who do not have a legal or recognised right over the land on which they depend for subsistence continuity in livelihood options after resettlement quantification of costs and benefits that will accrue to society (as to the desirability and justifiability of each project) expeditious implementation of the rehabilitation process and special care for vulnerable sections of society.

Each resettlement and rehabilitation program is developed on a project-by-project basis based on specific local requirements and guided by socio-economic surveys. We have created an institutional framework to implement our R&R Policy. However the government of the state in which the project is located is ultimately responsible for disbursing compensation to PAPs and implementing the R&R Plan. Where our Company is unable to extend direct employment to PAPs various local capacity development and community empowerment programmes are undertaken for the benefit of PAPs. We endeavour to involve local communities and non-governmental organisations in our community empowerment and capacity building initiatives including at the planning implementation and maintenance stage.

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

- construction widening and maintenance of roads and bridges;
- creation and renovation of various infrastructure facilities
- voluntary afforestation
- development of irrigational facilities water supply and drainage facilities;
- creation of Botanical parks and biodiversity conservatories like Orchidarium /Arboretum;
- rural electrification works;
- organisation of educational career guidance and vocational training programs awareness programmes on horticultural and agricultural practices healthcare programs and promotion of sports and culture;
- organisation of health check-up camps vaccination and immunisation works free distribution of medicines; and
- during natural calamities our Company has assisted in reconstruction of affected villages

However our Company NHDC and some of their directors are involved in significant litigation in relation to the resettlement and rehabilitation of PAPs. See "***Risk Factors***" and "***Outstanding Litigation***" on pages 14 and 135 of this Prospectus respectively.

Intellectual Property

Our logo and name are not presently registered as trade or service marks in any jurisdiction.

HISTORY AND CERTAIN CORPORATE MATTERS

Our Company was incorporated on November 7, 1975 under the Companies Act as a private limited company under the name 'National Hydro Electric Power Corporation Private Limited'. The word 'private' was subsequently deleted from the name of our Company on September 18, 1976. Our Company was converted to a public limited company w.e.f. April 2, 1986. Pursuant to a shareholders resolution dated March 13, 2008 the name of our Company was changed to its present name 'NHPC Limited' and a fresh certificate of incorporation consequent upon change of name was issued by the RoC National Capital Territory of Delhi and Haryana on March 28, 2008.

Changes in our Registered Office

The table below encapsulates changes in registered office of our Company.

Date of resolution	Change in the address of our Registered Office
August 13 1976	CSMR Building Near IIT Hostel Hauz Khas New Delhi India
December 29 1976	'Manjusha' 57 Nehru Place New Delhi India
November 9 1982	'Hemkunt Tower' 98 Nehru Place New Delhi India
June 17 1994*	'NHPC Office Complex' Sector - 33 Faridabad Haryana India

**Pursuant to a special resolution passed at an extraordinary general meeting of shareholders on June 17, 1994 and the order of the Company Law Board Northern Region dated January 25, 1995 (Company petition number 322/17/94-CLB) and the certificate issued by the RoC the registered office of our Company was shifted from New Delhi to the state of Haryana.*

Our Main Objects

Our main objects as contained in our Memorandum of Association are:

Particulars	Clause	
Development of Power	1.(a)[1]	To plan promote and organise an integrated and efficient development of power in all its aspects through Conventional and Non-Conventional Sources in India and Abroad [**][2] including planning investigation research design and preparation of preliminary feasibility and definite project reports construction generation operation and maintenance of power stations and projects transmission distribution trading and sale of power generated at Stations in accordance with the national economic policy and objectives laid down by the Central Government from time to time and release of water and other needs to the State Government as per the agreed parameters.
	[**][2]	[**][2]
	(b)[3]	To undertake where necessary the construction of inter-state transmission lines and ancillary works for timely and coordinated inter-state exchange of power.
Co-ordination and Control	2.	To coordinate the activities of its subsidiaries to determine their economic and financial objectives/targets and to review control guide and direct their performance with a view to secure optimum utilisation of all resources placed at their disposal.
Agent of Public Sector-Financial Institutions	3.[4]	To act as an agent of Government/Public Sector financial institutions to exercise all the rights and powers exercisable at any meeting of any Company engaged in the planning investigation research design and preparation of preliminary feasibility and definite project reports construction generation operation maintenance of Power Stations and Projects transmission distribution trading and sale of power in respect of any shares held by the Government Public financial institutions nationalised banks nationalised insurance companies with a view to secure the most effective utilisation of the financial investments and loans in such companies and the most efficient development of the concerned industries.
Manufacturing Trading and other business	4.[4]	To carry on the business of purchasing selling importing exporting producing trading manufacturing or otherwise dealing in all aspects of planning investigation research design and preparation of preliminary feasibility and definite project reports construction generation operation and maintenance of power stations and projects transmission distribution and sale of power development including forward backward or horizontal integration ancillary and other allied industries and for that purpose to install operate and manage all necessary plants establishments and works.

[(1)] Amended vide Special Resolution through postal ballot passed on March 19, 2009.
[(2)] Deleted vide Special Resolution through Postal Ballot passed on June 07, 2012.
[(3)] Renumbered vide Special Resolution through postal ballot passed on June 07, 2012.
[(4)] Amended vide Special Resolution through Postal Ballot dated June 20, 2007 passed on July 17, 2007.

The main objects clause and the objects incidental or ancillary to the main objects of our Memorandum of Association enable us to undertake our existing activities and the activities for which the funds are being raised through the Issue.

Previous Public Issue

Our Company had made an IPO of 167,73,74,015 Equity Shares for cash at a price of Rs. 36 per Equity Share (including a premium of Rs. 26 per Equity Share) aggregating to Rs. 6,038.55 crore through a prospectus dated August 20, 2009. The said IPO comprised a fresh issue of 111,82,49,343 Equity Shares and an offer for sale of 55,91,24,672 Equity Shares by our Promoter. Further the said IPO comprised a net issue of 163,54,39,665 Equity Shares to the public and a reservation of 419,34,350 Equity Shares for subscription by certain eligible employees.

The IPO opened on August 07, 2009 and closed on August 12, 2009. Allotment of Equity Shares and dispatch of refunds pursuant to the IPO of our Company was made on August 26, 2009 and August 26, 2009 to August 27, 2009 respectively. Trading at NSE and BSE in equity shares allotted in IPO commenced on September 01, 2009.

None of our Subsidiaries have completed any public or rights issue in the three years preceding this Prospectus.

List of Subsidiaries and Associate Companies

Subsidiaries

The following are the Subsidiaries of our Company, as on June 30, 2013:

1. NHDC Limited
2. Loktak Downstream Hydroelectric Corporation Limited
3. Chenab Valley Power Projects Private Limited

Joint ventures

The following are the Joint Ventures of our Company, as on June 30, 2013:

1. National High Power Test Laboratory Private Limited
2. National Power Exchange Limited

Details of Subsidiaries

The significant details of our Subsidiaries are as provided below:

NHDC Limited

Pursuant to an MoU dated May 16, 2000 our Company and the government of Madhya Pradesh have incorporated a JVC called the Narmada Hydroelectric Development Corporation Limited. Narmada Hydroelectric Development Corporation Limited was incorporated on August 1, 2000 as a private limited company. It was converted into a public limited company with effect from May 23, 2003 and has its registered office at NHDC Parisar Shyamla Hills Bhopal Madhya Pradesh. The main objects of Narmada Hydroelectric Development Corporation Limited are to *inter alia* plan promote and organise an integrated and efficient development of power through all conventional non conventional/renewable energy sources in India. The name of our Subsidiary has been changed from Narmada Hydroelectric Development Corporation Limited to NHDC Limited with effect from June 24, 2009.

As on June 30, 2013, the authorised capital of the NHDC was Rs. 3000.00 crore and issued and paid-up capital of NHDC is Rs. 1962.58 crore. The equity shares of NHDC are not listed on any stock exchange.

NHDC is also covered under the definition of "Material Subsidiary" as stipulated under DPE Guidelines on Corporate Governance. Mr. G S Vedi an Independent Director on the Board of NHPC Limited was appointed on the Board of NHDC Limited with effect from January 16, 2013. Prior to his appointment Mr. A. Gopalakrishnan had been the Director on the Board of NHDC Limited up to December 3, 2012.

Shareholding Pattern as on June 30, 2013

S. No.	Name of the shareholder	Number of equity shares (of face value of Rs. 1,000 each)	Percentage
1.	NHPC Limited (Holding Company)	100,24,200	51.08%
2.	Govt. of Madhya Pradesh	96,01,600	48.92%
	Total	**19625800**	**100%**

Board of Directors

As on June 30, 2013 the board of directors of NHDC comprises of:

Sh. G. Sai Prasad	Chairman
Sh. R S Meena	Managing Director
Sh. K M Singh	Chief Executive Director
Sh. Shiv Kumar	NHPC Nominee Director
Sh. Rajeesh Vaish	NVDA Nominee Director
Sh. Sudhir Kumar Panwar	NVDA Nominee Director
Sh. G. S. Vedi	Independent Director
Sh. Gajendra Singh Patel	Director

Loktak Downstream Hydroelectric Corporation Limited

Pursuant to the MoU dated September 14, 2007 and Promoters Agreement dated September 26, 2008 our Company and the government of Manipur have incorporated a JVC called Loktak Downstream Hydroelectric Corporation Limited ("**LDHCL**") on October 23, 2009 as subsidiary of NHPC Limited (74%) and Government of Manipur (26%) having the authorized share capital of Rs. 230.00 crore. It has its registered office at NHPC Limited Liaison Office C/o Chief Engineer (Power) Manipur Electricity Department Imphal West Imphal Manipur – 795 001.

The main objects of LDHCL are to *inter alia* to plan promote and organise an integrated and efficient development of Power in all its aspects through Hydroelectric in the State of Manipur in all aspects including planning investigation research design and preparation of preliminary feasibility and definite project reports construction generation operation and maintenance of power stations and projects transmission distribution trading and sale of power generated at Stations in accordance with the national economic policy from time to time and release of water and other needs to the State Government as per the agreed parameters.

The authorised capital of the LDHCL as on June 30, 2013 was Rs. 230.00 crore and issued and paidup capital of LDHCL is Rs. 117.69 crore. The equity shares of LDHCL are not listed on any stock exchange. The Company is not a Material Subsidiary as per the Guidelines on Corporate Governance for CPSEs issued by DPE.

Shareholding Pattern as on June 30, 2013

S. No.	Name of the shareholder	Number of equity shares (of face value of Rs. 10 each)	Percentage
1.	LDHCL Limited	8,70,92,309	74.00%
2.	Government of Manipur	3,06,00,000	26.00%
	Total	**11,76,92,309**	**100%**

Board of Directors

As on June 30, 2013 the board of directors of LDHCL comprises of:

Sh. G. Sai Prasad	Chairman
Sh. Rajesh Agrawal	Director
Sh. Rajiv Kumar Gupta	Director
Sh. Kanwar Singh	Director
Sh. Vijay Kumar	Director

Chenab Valley Power Projects Private Limited

Pursuant to the MoU dated October 10, 2008 executed amongst our Company and the government of J&K JKSPDC and PTC and Promoters Agreement dated December 21, 2010 executed amongst our Company JKSPDC and PTC a JVC called CVPPPLwas incorporated on June 13, 2011 as a Joint Venture of NHPC Ltd. (49%) Jammu & Kashmir State Power Development Corporation (JKSPDC) (49%) & PTC India Ltd. (2%) having authorized share capital of Rs. 5crore for execution of Pakal Dul Kiru & Kawar H.E.Projects with installed capacity of 2220 MW in Chenab River Basin. It has its registered office at 2nd Floor JKPCC Complex Rail Head Complex Panama Chowk Jammu – 180 006 (J&K).

During the Fiscal 2013, NHPC contributed Rs. 77.55 crore towards its proportionate share in CVPPPL whereas other Joint Venture partners were yet to contribute their share which has resulted in increase in holding of NHPC in CVPPPL from 49% to 81.60%. As such CVPPPL has been considered as Subsidiary of NHPC Limited instead of Joint Venture as on March 31, 2013.

Shareholding Pattern as on June 30, 2013

S. No.	Name of the shareholder	Number of equity shares (of face value of Rs. 10 each)	Percentage
1.	NHPC Limited	10,00,00,000	81.60%
2.	JKSPDC Limited	2,24,50,000	18.32%
3.	PTC India Limited	1,00,000	0.08%
	Total	**12,25,50,000**	**100%**

Joint Ventures

National Power Exchange Limited

Pursuant to the aforementioned agreement a JVC NPEX was incorporated on December 11, 2008 under the Companies Act. The registered office of NPEX is situated at Core 7, SCOPE Complex, 7 Institutional Area Lodi Road New Delhi 110 003. NPEX is authorised by its memorandum of association to *inter alia* carry on the business of a power exchange and to facilitate promote assist regulate and manage in the public interest dealings in electrical power of all kinds. Consequent to NTPC's 'Exit Option' from NPEX conveyed vide letter dated November 29, 2012 the Board of Directors of NHPC in the 355th Board meeting held on January 5, 2013 has approved the proposal of NHPC's exit from NPEX.

As on March 31, 2013 the authorised capital of the NPEX was Rs. 50.00 crore and issued and paid-up capital of NPEX is Rs. 13.13 crore. The equity shares of NPEX are not listed on any stock exchange.

As on March 31, 2013, shareholding pattern (*shareholders holding more than 5% shares*)

S. No.	Name of the shareholder	Number of equity shares (of face value of Rs. 10 each)	Percentage
1.	NHPC Limited	21,88,325	16.67%
2.	NTPC Limited	21,88,325	16.67%
3.	Power Finance Corporation Limited (PFC)	21,87,015	16.66%
4.	Tata Consultancy Services Limited (TCS)	25,00,000	19.04%
5.	BSE Limited (BSE)	21,87,015	16.66%

S. No.	Name of the shareholder	Number of equity shares (of face value of Rs. 10 each)	Percentage
6.	IFCI Limited	7,50,300	5.72%

**As nominees of NTPC.*

National High Power Test Laboratory Private Limited

Pursuant to the aforementioned agreement a JVC NHPTL was incorporated on May 22, 2009 under the Companies Act. The registered office of NHPTL is situated at NTPC Bhavan, Core 7, SCOPE Complex, 7, Institutional Area, Lodi Road, New Delhi 110 003. NHPTL is authorised by its memorandum of association to *inter alia* plan promote organise establish construct integrate and efficient development of on-line high power test laborotary facility in India and/or abroad for testing and certification of short circuit and other testing of electrical equipments.

As on March 31, 2013 the authorised capital of the NHPTL was Rs. 120.00 crore and issued and paidup capital of NHPTL is Rs. 55.30 crore. The equity shares of NHPTL are not listed on any stock exchange.

The equity shares of NHPTL are not listed on any stock exchange. It has not been declared a sick company under the provisions of the Sick Industrial Companies (Special Provisions) Act 1985 and no winding up proceedings have been instituted against NHPTL.

Shareholding pattern as on March 31, 2013

S. No.	Name of the shareholder	Number of equity shares (of face value of Rs. 10 each)	Percentage
1.	NTPC Limited	110,60,000	20%
2.	NHPC Limited	110,60,000	20%
3.	Power Grid Corporation of India Limited	110,60,000	20%
4.	Damodar Valley Corporation	110,60,000	20%
5.	Central Power Research Institute	110,60,000	20%
	Total	**553,00,000**	**100%**

Collaborations

Except as provided in this section our Company has not entered into any collaboration with any third party.

Strategic or Financial Partners

Except as stated in this section and apart from our various arrangements with our lenders and bankers which we undertake in the ordinary course of our business our Company currently does not have any strategic or financial partners.

Details of past performance

For further details in relation to the financial performance of our Company in the previous five Fiscals including details of non-recurring items of income see the section titled *"Financial Statements"* Annexure A of this Prospectus.

Material Agreements

Other than the agreements in relation to the Issue the Company has not entered into material agreements which are not in the ordinary course of business.

MANAGEMENT

Board of Directors

NHPC is a Government Company as defined under Section 617 of the Companies Act 1956. As per 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.

Composition of the Board: Presently the Board comprises of the Chairman and Managing Director (CMD) Functional Directors, Government Nominee Directors and Independent Directors. As on date of this Prospectus there are twelve directors of which four are whole-time Directors; one Government Nominee Directors; and seven Independent Directors. Mr. G Sai Prasad a Government Nominee Director is holding additional charge of Chairman and Managing Director of NHPC Limited since July 24, 2012 in addition to his duties as Joint Secretary (Hydro) Ministry of Power.

The following table sets out details regarding the Board as at the date of this Prospectus*:

Name Designation Occupation, Nationality and DIN	**Age (years)**	**Director on the Board since:**	**Address**	**Other Directorships**
Mr. Guttapalli. Sai Prasad* Designation: Chairman and Managing Director Occupation: Service Nationality: Indian DIN: 00325308	47	December 20, 2011	H.No. B-2 Block -2 2nd Floor New Moti Bagh New Delhi	• NHDC Limited • SJVNL Limited • THDC India Limited • North Eastern Electric Power Corporation Limited • Bhakra Beas Management Board • LDHCL
Mr. A.B.L. Srivastava Designation: Director (Finance) Occupation: Service Nationality: Indian DIN: 01601682	58	February 11, 2008	C-301 Stellar Park C-58/24 Sec – 62 Guatam Budha Nagar Noida – 201301 (U.P.)	Nil
Mr. D.P. Bhargava Designation: Director (Technical) Occupation: Service Nationality: Indian DIN: 01277269	57	March 26, 2009	H.No.-176 Sector-30 Faridabad-121003	• Chenab Valley Power Projects Private Limited
Mr. J.K. Sharma Designation: Director (Project) Occupation: Service Nationality: Indian DIN: 00387785	55	April 10, 2009	H.No.-915, Sector-28, Faridabad-121002	• Chenab Valley Power Projects Private Limited
Mr. Radheshyam Mina Designation: Director (Personnel) Occupation: Service Nationality: Indian DIN: 00149956	56	April 28, 2009	Flat No.-6081/1 Sec-D-6 Vasant Kunj New Delhi-110070	• NHDC Limited
Mr. Gurdev Singh Vedi Designation: Independent Director Occupation: Service Nationality: Indian DIN: 02286126	63	November 8, 2011	A-287 Vikaspuri New Delhi-110018	• MMTC • NHDC Limited

Name Designation Occupation, Nationality and DIN	Age (years)	Director on the Board since:	Address	Other Directorships
Mr. Arun Kumar Mago Designation: Independent Director Occupation: Service Nationality: Indian DIN: 01624833	68	November 9, 2011	40 Pushpanjali Vikas Marg Extension Delhi-110092 E-7 Nizamudin West New Delhi-110013	• Yes Securities Limited
Mr. Ratnasamy Jeyaseelan Designation: Independent Director Occupation: Service Nationality: Indian DIN: 02143850	67	November 12, 2011	5Senior Doctors Residence Holy Family Hospital Okhla Road New Delhi-110025	Nil
Mr. Ashoke Kumar Dutta Designation: Independent Director Occupation: Service Nationality: Indian DIN: 00045170	66	March 30, 2012	50 Jatin Das Road Flat GB Kolkata-700029	• All India Technologies Limited • Khadims India Limited • ABC India Limited • Batchmates.Com Private Limited
Mr. Atul Kumar Garg Designation: Independent Director Occupation: Service Nationality: Indian DIN: 02281287	63	March 30, 2012	N-7 N-8 Adinath Nagar JLN Marg Opposite World Trade Park Jaipur-302015	Nil
Mr. Shantikam Hazarika Designation: Independent Director Occupation: Service Nationality: Indian DIN: 00523656	65	May 24, 2012	Hazarika's 11 Nizorapar Chandamari Guwahati-781003	• North Eastern Electric Power Corporation Limited • Assam State Electronics Development Corporation • Gauhati Stock Exchange
Mr. Gopalakrishnan Ananthanarayanan Designation: Independent Director Occupation: Service Nationality: Indian DIN: 00523656	61	March 10, 2013	Permanent Address: Anand Nivas Nedumangadu lane Thirunakkara Kottayam Kerala Present Address: 3C Skyline Topaz KaloorKadavanthra road Kochi Kerala - 682020	• Central Railside Ware House Company Limited
Mr. K.N Garg Designation: Part-time Government Director Occupation: Service Nationality: Indian DIN: 06707847	58	October 7, 2013	KJ -38, Kavi Nagar, Ghaziabad, - 201022	Nil

[*]The appointment is at the discretion of the President and shall be subject to such terms and conditions as may be deemed fit by the President from time to time in accordance with the Articles of Association of the Company.

None of the Directors are on the RBI defaulter list and/or the Export Credit Guarantee Corporation default list.

Brief Profiles

Mr. G. Sai Prasad is the Joint Secretary (Hydro) in Ministry of Power and the Chairman and Managing Director of our Company since July 24, 2012. He is a Government Nominee Director on the Board of NHPC since December 20, 2011. He is a graduate from Andhra University and has Post Graduate degrees from the Indian Institute of Technology (IIT) Delhi and Duke University USA.

He is an IAS officer of the 1991 batch. He has worked in several capacities in the state of Andhra Pradesh including stints as Sub-Collector (Paderu) Project Officer (ITDA Paderu) Municipal Commissioner (Guntur) Joint Collector (Kadapa) and Collector and District Magistrate in Kurnool and Chittoor Districts. Before joining the Ministry of Power Mr. Prasad was also the Chairman and Managing Director of Central Power Distribution Company Andhra Pradesh Limited and the Eastern Power Distribution Company of AP Limited.

Mr. A. B. L. Srivastava is the Director (Finance) of our Company since February 11, 2008. He holds a Master's degree in Business Finance and Commerce. He is also a fellow member of the Institute of Chartered Accountants of India (ICAI). He has been responsible for project finance including resource mobilization financial restructuring and fund raising for the Company. Prior to joining NHPC he was associated with REC Limited in various capacities such as project finance resource mobilization both from domestic and international sources. He was also on the board of the REC Power Distribution Company a wholly owned subsidiary of REC. He was on the board of PTC India Limited & NHDC Limited as a Nominee Director of NHPC. He was actively involved in the disinvestment programme of both REC as well as NHPC.

Mr. Srivastava was conferred by "International Project Management Association" (IPMA) as 'Certified Project Director' (CPD) IPMA Level A. The "Institute of Project Management Certification" (IPMC) is the Certification body of Project Management Associates under the regulations of IPMC and the National Competence Baseline. He is one of the recipients of the prestigious Special Achiever Award-2010 given by Institute of Chartered Accountants of India in recognition of his professional achievements. He was given the additional charge of Chairman and Managing Director NHPC from January 1, 2011 till July 23, 2012.

Mr. D.P. Bhargava is the Director (Technical) of our Company since March 26, 2009. He holds a bachelor's degree in Electrical Engineering from the University of Roorkee and has 34 years of experience in the hydro power sector. He is In-charge of various activities including design and engineering of projects operation and maintenance of power stations contract & procurement rural electrification works commercial issues Research and development Quality Assurance and Inspection Corporate Social Responsibility (CSR). He has also worked at the Nathpa Jhakri Hydro Power Station of the Satluj Jal Vidyut Nigam Limited.

Prior to joining NHPC Board he has served NHPC in various capacities including as the Executive Director (Projects). He was also the Chief Executive Director of NHDC Ltd a subsidiary of NHPC.

Mr. J.K. Sharma is the Director (Projects) of our Company since April 10, 2009. He holds a Bachelor's degree in Civil Engineering from the University of Indore and is a member of the American Society of Civil Engineers. He is also a fellow member of the Institution of Engineers (India) and Chartered Engineer. He is currently in charge of construction projects Information and Technology (IT) Construction Equipment Planning (CEP) Corporate Planning and Project Monitoring Service Group (PMSG).

He has over 33 years of experience mainly in the hydro sector both in India and abroad. Prior to joining NHPC he has served as the Director (Civil) in the Satluj Jal Vidyut Nigam Limited.

He is a recipient of the Rashtriya Gaurav Award and of the Mother Teresa Excellence Award. He is also a certified Projects Director IPMA Level- A with effect from 27th September, 2011.

Mr. Radheshyam Mina is the Director (Personnel) of our Company since April 28, 2009. He holds a bachelor's degree in Electrical Engineering from Maulana Azad College of Technology (now known as MANIT) Bhopal and an MBA degree with specialization in financial and human resource management from the Indira Gandhi National Open University (IGNOU).

In his over 30 years of experience in the power sector at technical & governance level he has handled diverse assignments like design engineering construction execution testing and commissioning of transmission lines and hydroelectric projects. He has also headed several other divisions of NHPC Limited. His present responsibilities include Human Resource Management Rajbhasha Human Resource Development Legal Corporate Communication Consultancy & JV Business Development and Thermal.

Mr. Mina is the recipient of several prestigious awards and recognitions. To mention a few he was conferred with HR Leadership Award instituted by IPE (Institute of Public Enterprise) for his outstanding contribution in HR domain through Organizational Development Leadership Innovation & Change management approach. He also received the Gold Award as HR Leader by Greentech Foundation in association with Indian Institute of Corporate Affairs, MCA, GoI.

Mr. Mina has been elected as the President of Power HR Forum constituted with aim of "Serving Indian Power Sector through Excellence in HR" and member of the Executive Board of Standing Conference of Public Enterprises (SCOPE) for the period 2013-15. He is also holding the charge of Managing Director of NHDC with effect from May 8, 2013.

He joined NHPC in 1981 and in between 1991 to 1998 he was with Power Grid Corporation of India Limited. He rejoined NHPC in 1998 and served in the various capacities of Executive Director (Consultancy and Business Development) and Executive Director of Region-III Kolkata.

Mr. Gurdev Singh Vedi is Independent Director of our Company since November 8, 2011. He holds B.Sc. and M.A. degrees with more than 40 years of experience in the banking industry in various capacities in both administrative offices and operations across the country He has headed various zonal offices of Punjab & Sind Bank in Mumbai Chandigarh Jaipur and Guwahati. He has also handled various assignments in the fields of foreign exchange personnel inspection and merchant banking in different capacities. He headed the accounts treasury and information technology and the planning and development divisions of the bank.

Mr. Vedi was appointed as an Executive Director of Canara Bank by the GoI on November 7, 2007. While working with Canara Bank he was in charge of almost all the major departments of the bank including treasury and international operations information technology recovery accounts planning and development general administration inspection and personnel.

In October, 2008 Mr. Vedi was re-appointed as Executive Director of Punjab & Sind Bank and subsequently appointed as its Chairman and Managing Director on August 26, 2009 by the Government of India.
He is also a part time Director on the Board of NHDC and MMTC.

Mr. Arun Kumar Mago is the Independent Director of our Company since November 9, 2011. He holds a Master's degree in Physics and an M. Phil. degree in Social Sciences. He also holds diplomas in Management and Public Finance from Paris and in Public Administration from Delhi.

He joined the Indian Administrative Service in 1967 and has over 37 years of administrative and management experience. He has worked in different capacities in both the central and state governments in various sectors including energy power ports urban infrastructure industries environment and forests. He has expertise in the fields of planning and implementation of policies in power ports and urban infrastructure sectors.

He has served as the Chairman of the Maharashtra State Electricity Board and the Mumbai Port Trust. He has also been the Managing Director of Maharashtra Petro Chemicals Corporation and the Commissioner of Food and Drug Administration. He was also on the Board of Yes Bank as independent director and a public Representative Director at the Inter-Connected Stock Exchange of India. He is a part time director in Yes Securities limited.

Mr. Mago retired as the Chief Secretary Government of Maharashtra in 2004.

Mr. R. Jeyaseelan is the Independent Director of our Company since November 12, 2011. He has a B.E. (Civil Engineering) degree from the University of Madras a M.Tech (Structural Engineering) degree from IIT (Madras) and a P.G. diploma (hydro power development) from the Norwegian Technical Institute Trondheim Norway. He has over 43 years of experience in various facets of Water Resources Development and Management.

Mr. Jeyaseelan joined the Central Water Engineering Services as Assistant Director in December 1969 and was also Chairman of Central Water Commission GoI for four years. He has handled several consultancy assignments for water resources development projects in India and abroad including Laos Myanmar Afghanistan

Mozambique the Sultanate of Oman Indonesia and Rwanda. He was Vice-President International Commission on Irrigation and Drainage (ICID) Chairman Water Resources Division Council BIS visiting faculty at the United Nations University in Tokyo Japan and member of Task Force on Infrastructure Development of National Commission on Centre State Relationship.

Mr. Jeyaseelan has travelled widely in 25 countries as a member of government delegations for delivering lectures and for participating in international events. He is advisor/consultant for water resources particularly dealing with civil aspects of several hydro power development projects in India and abroad. He also chairs some technical committees for APGENCO the Government of Andhra Pradesh and SSNNL, the government of Gujarat.

Mr. Ashoke Kumar Dutta is the Independent Director of our Company since March 30, 2012 and was the Dean of the Business School at IIT Kharagpur. He has lead the Indian Institute for Social Welfare & Business Management and retired as Director of Indian Institute of Management (IIM) Shillong in Meghalaya. Presently he is an Advisor to the Institute of Health Management and Research and Consulting Professor at Ocean University of China.

Mr. Dutta has over 40 years of experience and has worked for different multinational corporations Indian business houses and public sector enterprises. He has experience in various industries such as shipping and transport fast moving consumer products pharmaceuticals media and education.

He serves on many expert committees of the University Grants Commission All India Council of Technical Education and the Government of India. He is a trustee for the third term in DeSales University USA. He is also a member of the Executive Council Assam University and Board of Governors of the Institute of Engineering and Management (IEM) a member of the society at IIM Lucknow and a member of the Central Direct Taxes Advisory Council chaired by the Finance Minister.

Mr. Atul Kumar Garg is the Independent Director of our Company since March 30, 2012. He holds a Post Graduate in Political science Modern history and has also done his MBA from the University of Hull UK. He joined the Indian Administrative Service in 1976 and was allotted the Rajasthan cadre. He was associated with the government of Rajasthan in various capacities including as the Chairman and Managing Director of Rajasthan Financial Corporation Secretary to the Governor of Rajasthan and Secretary/Special Secretary to the Department of Agriculture, government of Rajasthan.

During his stint as CAD Commissioner Chambal Command Kota Mr. Garg had the distinction of winning the prestigious National Productivity Award twice.

He was also responsible for the execution of a Canadian aided irrigation drainage programme in a timely manner. This was the largest Canadian aided programme in the world.

Mr. Shantikam Hazarika is the Independent Director of our Company since May 24, 2012. He is graduate from BITS Pilani and holds a post graduate diploma from IIM Ahmedabad and is currently the Chairman of the Board of Secondary Education Assam. Among his present diverse responsibilities are being a Member of the Management Council of the Dr. B. Barooah Cancer Institute, Member of the Assam State Council/NE Council CII, Director Federation of Industries and Commerce of the North East region (FINER) and Director Assam State Electronics Development Corporation.

Mr. Hazarika is the Founder Director of the Assam Institute of Management Guwahati. He was also the Senior Executive of Oil India Limited Duliajan Assam and a Member (Finance) of the Assam State Electricity Board. Before joining the NHPC Board he was also a Member of the Assam State Pay Commission and Chairman of the Guwahati Stock Exchange Ltd. He was an Independent Director with Hindustan Copper Ltd. His other experience includes being the Director of the Assam Power Distribution Company Ltd. Premier Cryogenics Ltd and independent director in the North Eastern Electrical Power Corporation Ltd.

Mr. A. Gopalakrishnan is the Independent Director of our Company since March 10, 2013. He is a Chartered Accountant and a Senior Partner in M/s K.Ventkatachalam Aiyer and Co. headquartered in Thiruvananthapuram.

Mr. Gopalakrishnan held membership in the State Council of the Confederation of Indian Industry Kerala region and the Centre for Taxation Studies Thiruvananthapuram. He is also associated with the Education Trust as

Chief Sevak of the Chinmaya Mission Educational and Cultural Trust managing schools affiliated to CBSE Ernakulum. He is the President of Chinmaya Vidyalaya Kottayam from his inception. He was the Chairman of the Kottayam branch of the Institute of Chartered Accountants of India (1999-2000) and has been faculty for the coaching board classes for CA intermediate and final students for several years.

He was the Convenor of the Economic Affairs and Taxation Panel of CII Kerala region for 2007-08, Director of Dena Bank up to December, 2009 and Chairman of the Audit Committee of Dena Bank.

Mr. K. N. Garg, is a part time Government Director since October 7, 2013. He assumed the charge of Member (Hydro), CEA on 28th June 2013. He graduated in Mechanical Engineering from BIT Mesra, Ranchi and holds Post Graduate Diploma in Business Management. He has versatile experience of about 35 years in various disciplines of power sector and specialises in the field of hydro power engineering which include planning, assessment of hydro power potential, survey & investigations, construction monitoring, design and engineering, renovation modernisation uprating and life extension of hydroelectric projects including preparation of bidding documents, tender evaluation of main equipment of hydro power plants etc. Mr. Garg underwent training in the field of Pumped Storage Plants in Uunited Kingdom under Colombo Plan in 1992.

Mr. Garg was also involved in allocation of long term linkage of coal to thermal power stations, coordination of research and development in power sector and preparation of National Perspective Plan in association with CPRI, Bangalore and operation of Eastern Grid. He was promoted as Chief Engineer in 2009 and was responsible for management of All India Grid and integrated operation of transmission system along with Information Technology in CEA. Later on, he headed Hydro Engineering & Technology Development and Hydro Engineering and Renovation & Modernisation Divisions. He also worked as Chief Vigilance Officer of CEA.

Relationship with other Directors

None of the Directors is related to one another.

Borrowing Powers of our Board

Pursuant to a resolution passed by our shareholders on September 15, 2004 in accordance with the provisions of the Companies Act and our Board has been authorised to borrow money for the purposes of our Company upon such terms and conditions and with/without security as the Board of Directors may think fit provided that the money or monies to be borrowed together with the monies already borrowed by our Company (apart from the temporary loans obtained from our Company's bankers in the ordinary course of business) shall not exceed at any time a sum of Rs. 26,000.00 crore.

Shareholding of Directors

Our Articles of Association do not require our Directors to hold qualifying shares in the Company. None of our Directors except A.B.L Srivastava Mr. D.P Bhargava Mr. J.K Sharma and Mr. R.S Mina holds any Equity Shares in the Company. For more information see "***Capital Structure***" on page 56 of this Prospectus.

Remuneration of the Directors

Whole Time Directors

The remuneration of Functional Directors and Sitting Fees payable to the Independent Directors is decided by GoI. The MoP, GoI has authorised the Board to determine the Sitting Fees payable to the Independent Directors within the ceiling prescribed under the Companies Act 1956.

The following table sets forth the remuneration paid to the present whole-time Directors during Fiscal 2013:

(Rs. in crore)

Name	Salary / Allowances	Benefits*	Performance Related Pay (PRP) including arrears**	Total
Mr. A. B. L. Srivastava	0.24	0.17	0.26	0.67
Mr. D. P. Bhargava	0.22	0.24	0.18	0.64
Mr. J. K. Sharma	0.21	0.12	0.17	0.50

Mr. R. S. Mina	0.24	0.10	0.16	0.50

The Performance Related Pay (PRP) paid to Functional Directors is based on the incentive scheme of the Company in line with Department of Public Enterprises (DPE) guidelines. The Company did not issue any Stock Options during the year 2012-13.

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

Government Nominee Directors

Mr. G. Sai Prasad, Chairman and Managing Director and Mr. K.N. Garg are Government Nominee Directors and hence, no remuneration is payable by the Company to them.

Part-Time Non-Official Directors

All our part-time non-official Directors are entitled to sitting fees of Rs. 15,000 per meeting of the Board and per meeting of a committee thereof. The following table sets forth the sitting fees paid to our Directors during Fiscal 2013:

Name of Independent Director	**Sitting Fees (in Rs)***		**Total (in Rs. crore)**
	Board Meeting	**Committee Meetings**	
Mr. G. S. Vedi	0.02	0.03	0.05
Mr. A. K. Mago	0.02	0.03	0.05
Mr. R. Jeyaseelan	0.02	0.02	0.04
Mr. Ashoke K. Dutta	0.01	0.01	0.02
Mr. Atul Kumar Garg	0.02	0.02	0.03
Mr. Shantikam Hazarika	0.01	0.02	0.03
Mr. A. Gopalakrishnan	0.01	0.02	0.03

* The sitting fees includes fees for all committees constituted by the Board of Directors

Changes in our Board during the last three years

The changes in our Board in the last three years are as follows:

S. No.	**Name, Designation and DIN**	**Date of Joining/Appointment**	**Date of Cessation**	**Reason**
1.	Mr. K.N Garg Desgination: Government Nominee DIN No.: 06707847	October 7, 2013	-	Appointment
2.	Mr. AS. Bakshi Desgination: Government Nominee DIN No.: 05175439	January 17, 2012	July 31, 2013	Cessation
3.	Mr. A. Gopalakrishnan Designation: Independent Director DIN No.: 02880344	March 10, 2013	-	Appointment
4.	Mr. G.Sai Prasad Designation: Government Nominee holding additional charge of Chairman and Managing Director since July 24 2012 DIN No.: 00325308	December 20, 2011	-	Appointment
5.	Mr. A. Gopalakrishnan Designation: Independent Director DIN No.: 02880344	December 15, 2009	December 3, 2012	Cessation
6.	Mr. Ashoke Kumar Dutta Designation: Independent Director DIN No. 00045170	March 30, 2012	-	Appointment
7.	Mr. Atul Kumar Garg Desgination: Independent Director DIN No.: 02281287	March 30, 2012	-	Appointment
8.	Mr. Shantikam Hazarika Designation: Independent Director DIN No.: 00523656	May 24, 2012	-	Appointment
9.	Mr. Rakesh Jain Designation: Government Nominee DIN No.: 02682574	September 29, 2009	January 3, 2012	Cessation
10.	Mr. Sudhir Kumar Designation: Government Nominee DIN No.: 02669103	October 21, 2009	December 1, 2011	Cessation

11.	Mr. A.K. Mago Designation: Independent Director DIN No. 01624833	November 9, 2011	-	Re-Appointment
12.	Mr. R. Jeyaseelan Designation: Independent Director DIN No.: 02143850	November 12, 2011	-	Re-Appointment
13.	Mr. G.S. Vedi Designation: Independent Director DIN No.: 02286126	November 8, 2011	-	Appointment
14.	K. Dharmarajan Designation: Independent Director DIN No.: 02322767	September 3, 2008	September 3, 2011	Expiry of tenor of 3 years
15.	Dr. Kuriakose Mamkottam Designation: Independent Director DIN No.: 02231128	June 17, 2008	June 17, 2011	Expiry of tenor of 3 years
16.	Mr. A.K. Mago Designation: Independent Director DIN No. 01624833	April 3, 2008	April 3, 2011	Expiry of tenor of 3 years
17.	Mr. R. Jeyaseelan Designation: Independent Director DIN No.: 02143850	April 23, 2008	April 23, 2011	Expiry of tenor of 3 years
18.	Mr. Raman Sidhu Designation: Independent Director DIN No.: 00121906	April 7, 2008	April 7, 2011	Expiry of tenor of 3 years
19.	Mrs. Komal Anand Designation: Independent Director DIN No.: 01909263	April 2, 2008	April 2, 2011	Expiry of tenor of 3 years

Interests of our Directors

All our Directors may be deemed to be interested to the extent of fees if any payable to them for attending meetings of the Board or a committee thereof as well as to the extent of other remuneration and reimbursement of expenses payable to them.

Our Directors may also be regarded as interested to the extent they their relatives or the entities in which they are interested as directors members partners or trustees are allotted Bonds pursuant to the Issue if any.

Except as otherwise stated in "Annexure A - Financial Information – Related Party Transactions" the Company has not entered into any contract agreement or arrangement during the two years preceding the date of this Prospectus in which the Directors are interested directly or indirectly and no payments have been made to them in respect of such contracts agreements or arrangements.

Corporate Governance

Our Company has been complying with the requirements of the applicable regulations, including the listing agreement with the Stock Exchanges where our securities are listed and the applicable requirements prescribed by SEBI/Department of Public Enterprise Government of India, in respect of corporate governance.

Committees of Board of Directors

Our Board has constituted among others the following committees of Directors: (i) Audit Committee (ii) Remuneration Committee (iii) Shareholders Grievance Committee (iv) Committee of Directors on Contracts (v) Committee of Directors for Allotment and Post – allotment activities of NHC Securities (vi) Committee of Directors for Investment of IPO proceeds (vii) Committee of Directors for Self – Insurance Proceeds (viii) Committee on Corporate Social Responsibility (CSR) and Sustainability (ix) Committee of Directors on Sustainable Development and (x) Projects and Performance Review Committee. The details of these committees are set forth below:

(i) Audit Committee:

The requirements of the Audit Committee is in line with the Companies Act 1956 provisions of the Listing Agreement and Guidelines on Corporate Governance issued by Department of

Public Enterprises Govt. of India. The Committee comprised of the following members as on September 30, 2013:

i)	Mr. A. K. Mago	Independent Director - Chairman
ii)	Mr. G. S. Vedi	Independent Director
iii)	Mr. Atul Kr. Garg	Independent Director
iv)	Mr. A. Gopalakrishnan	Independent Director

Terms of Reference of Audit Committee which inter-alia includes:

1 Oversight of the Company's Financial Reporting Process and the disclosure of its financial information to the Annual Financial Statements before submission to the Board for approval in particular reference to:
   a) Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act 1956;
   b) Changes if any in Accounting Policies and Practices and reasons for the same;
   c) Major accounting entries involving estimates based on the exercise of judgment by the management;
   d) Significant adjustments made in the Financial Statements arising out of audit findings;
   e) Compliance with legal requirements related to Financial Statements;
   f) Disclosure of any related party transactions; and
   g) Qualifications in the Draft Audit Report.

2 Reviewing; Quarterly Financial Statements with the management before submission to the Board for approval.

3 Reviewing; with the management performance of Internal Auditors and adequacy of the Internal Control Systems.

4 Reviewing the adequacy of the internal audit function if any including the structure of the Internal Audit Department staffing and seniority of the official heading the department reporting structure coverage and frequency of the internal audit.

5 Discussion with Internal Auditors and/or Auditors on any significant findings and follow-ups thereon.

6 Reviewing the findings of any internal investigations by Internal Auditors/auditors/agencies where there is suspected fraud or irregularity or failure of Internal Control Systems of a material nature and reporting the matter to the Board.

7 Discussions with Statutory Auditors before the Audit Commences about the nature and scope of the audit as well as post-audit discussion to ascertain areas of concern.

8 To look into the reasons for substantial defaults in the payment to the Depositors Debenture Holders Shareholders and Creditors.

9 To review functioning of the Whistle Blower Mechanism.

10 Carrying out any other function as mentioned in the terms of reference of the Audit Committee.

11 To review the follow-up action on audit observations of the Comptroller & Auditor General of India (C&AG) audit.

12 To review the follow-up action taken on the recommendations of the Parliament's Committee on Public Undertakings (COPU).

13 Provide an open avenue for communication between the Independent Auditors Internal Auditor and the Board of Directors.

14 Review and pre-approve all related party transactions in the company. For this purpose the Audit Committee may designate a member who shall be responsible for pre-approving related party transactions.

15 Review with the Independent Auditor the coordination of audit efforts to assure completeness of coverage reduction of redundant efforts and the effective use of all audit resources.

16 Consider and review the following with Independent Auditor and management:
   - The adequacy of internal controls including Computerized Information System Controls and Security and
   - Related findings and recommendations of the Independent Auditor and Internal Auditor together with management responses.

17 Consider and review the following with management Internal Auditor and independent Auditor:
   - Significant findings during the year including the status of previous audit recommendations and

- Any difficulties encountered during audit work including any restrictions on the scope of activities or access to required information.

The Audit Committee met eleven times during the Fiscal 2013.

(ii) Shareholders' Grievance Committee:

The Shareholders' Grievance Committee comprised of the following members as on September 30, 2013:

i)	Mr. Shantikam Hazarika	Independent Director- Chairman
ii)	Mr. A. B. L. Srivastava	Director (Finance)
iii)	Mr. Ashoke Kr. Dutta	Independent Director

The Shareholders' Grievance Committee shall have the powers to decide/ oversee the redressal of shareholders' and/or investors' complaints and/or grievances pertaining to share transfers non-receipt of Annual Reports dividend payments issue of duplicate certificates transmission (with or without legal representation) of share and miscellaneous complaints.

The Shareholders' Grievance Committee met thrice during the Fiscal 2013.

(iii) Committee of Directors on Contracts:

The Committee of Directors on Contracts comprised of the following members as on September 30, 2013:

i)	Mr. ABL Srivastava	Director (Finance)
ii)	Mr. D. P Bhargava	Director (Technical)
iii)	Mr. J.K. Sharma	Director (Project)
iv)	Mr. Shantikam Hazarika	Independent Director
v)	Mr. R. Jeyaseelan	Independent Director

Terms of Reference of the Committee of Directors on Contracts are as under:

1. Award of Letter of Intent/contracts or making commitments referred to at 5 (a) (i) (ii) and (iii) of Annexure-A of Delegation of Powers (Powers Excluded/Excepted from the Delegation of Powers to the CMD NHPC Limited) for contract amounts exceeding Rs. 100.00 crore but not exceeding Rupees 200.00 crore.
2. Variations in quantities with respect to quantities indicated in the Bill of Quantity (BOQ) of the Contract Agreement introduction of new item(s) substitution of one item in the BOQ by another and deviations from the Terms of the Contract resulting cumulatively in an increase in the contract value approved by the Board by more than 25 per cent or more than Rs 75.00 crore but within Rs 200.00 crore whichever is less excluding increases already built in the contract agreement due to price variation provision for contingencies etc. and also due to new statutory requirement or changes in existing statutory requirements.
3. Payments of idle charges hire charges and interest to contractor for delay not attributable to contractor and not covered by force majeure of value not exceeding Rs. 10.00 crore.
4. Acceptance of disputed claims of the value not exceeding Rs. 10.00 crore.

The Committee of Directors on Contracts met once during the Fiscal 2013.

(iv) Remuneration Committee:

NHPC being a Central Public Sector Undertaking the appointment tenure and remuneration of its Directors are decided by the President of India. However as per the provisions of DPE Guidelines on Corporate Governance a Remuneration Committee was constituted to decide the annual bonus/variable pay pool and policy for its distribution across the Executives and Non-unionized Supervisors within the prescribed limits. The Remuneration Committee comprised of the following members as on September 30, 2013:

i)	Mr. G. S. Vedi	Independent Director - Chairman
ii)	Mr. Shantikam Hazarika	Independent Director
iii)	Mr. Ashoke Kr. Dutta	Independent Director

Terms of reference of the Committee:

1. To recommend distribution of the Annual Bonus/Performance Related Pay (PRP) and policy for its distribution across the Board and below Board level employees.
2. To examine and recommend other allowances and perks etc. to the Board of Directors for approval.

The Remuneration Committee met five times during the Fiscal 2013.

(v) Committee of Directors for Allotment and Post-Allotment activities of NHPC Securities:

The Committee of Directors for Allotment and Post-Allotment Activities of NHPC Securities comprised of the following members as on September 30, 2013:

i)	Mr. A. B. L. Srivastava	Director (Finance) - Chairman
ii)	Mr. D. P. Bhargava	Director (Technical)
iii)	Mr. R. S. Mina	Director (Personnel)

Terms of Reference of the Committee are as under:

1. Issue of Share Certificates;
2. Transfer and transmission of shares;
3. Re-materialization of Share Certificates;
4. Issue of Duplicate Share Certificates; and
5. Consolidation/splitting of NHPC's shares.

The Committee of Directors for Allotment and Post-Allotment activities of NHPC Securities met eighteen times during the Fiscal 2013.

(vi) Committee of Directors for Investment of IPO Proceeds:

The Committee of Directors for investment of IPO proceeds comprised of the following members as on September 30, 2013:

i)	Mr. Atul Kr. Garg	Independent Director - Chairman
ii)	Mr. A. B. L. Srivastava	Director (Finance)
iii)	Mr. D. P. Bhargava	Director (Technical)

The Committee of Directors for Investment of IPO Proceeds met twice during the Fiscal 2013.

(vii) Committee of Directors for Investment of Self-Insurance Fund:

The Committee comprised of the following members as on September 30, 2013:

i)	Mr. A. B. L. Srivastava	Director (Finance) - Chairman
ii)	Mr. D. P. Bhargava	Director (Technical)
iii)	Mr. J. K. Sharma	Director (Projects)
iv)	Mr. R. S. Mina	Director (Personnel)

The Committee has been authorized to invest the amount available with the Self Insurance Fund in Government Securities Public Sector Bonds and time deposits with Nationalized Banks. It is also authorized to sell/realize the proceeds of such investments as deemed fit considering the requirement of funds to compensate the losses occurred.

The Committee of Directors for Investment of Self-Insurance Fund met once during the Fiscal 2013.

(viii) Committee on Corporate Social Responsibility (CSR) and Sustainability

In line with DPE Guidelines on CSR and Sustainability for CPSEs which stipulates for constitution of Board Level Committee headed by Chairman and/or Managing Director or an Independent Director the Board in its 359th Meeting held on 29th June 2013 has constituted Committee on Corporate Social Responsibility (CSR) and Sustainability headed by an Independent Director in place of existing Committee of Directors on Sustainable Development.

Composition: The committee was constituted with the following members:

i)	Mr. A. K. Mago	Independent Director – Chairman
ii)	Mr. D. P. Bhargava	Director (Technical)
iii)	Mr. Atul Kumar Garg	Independent Director

The Committee on Corporate Social Responsibility (CSR) and Sustainability met thrice during the Fiscal 2013.

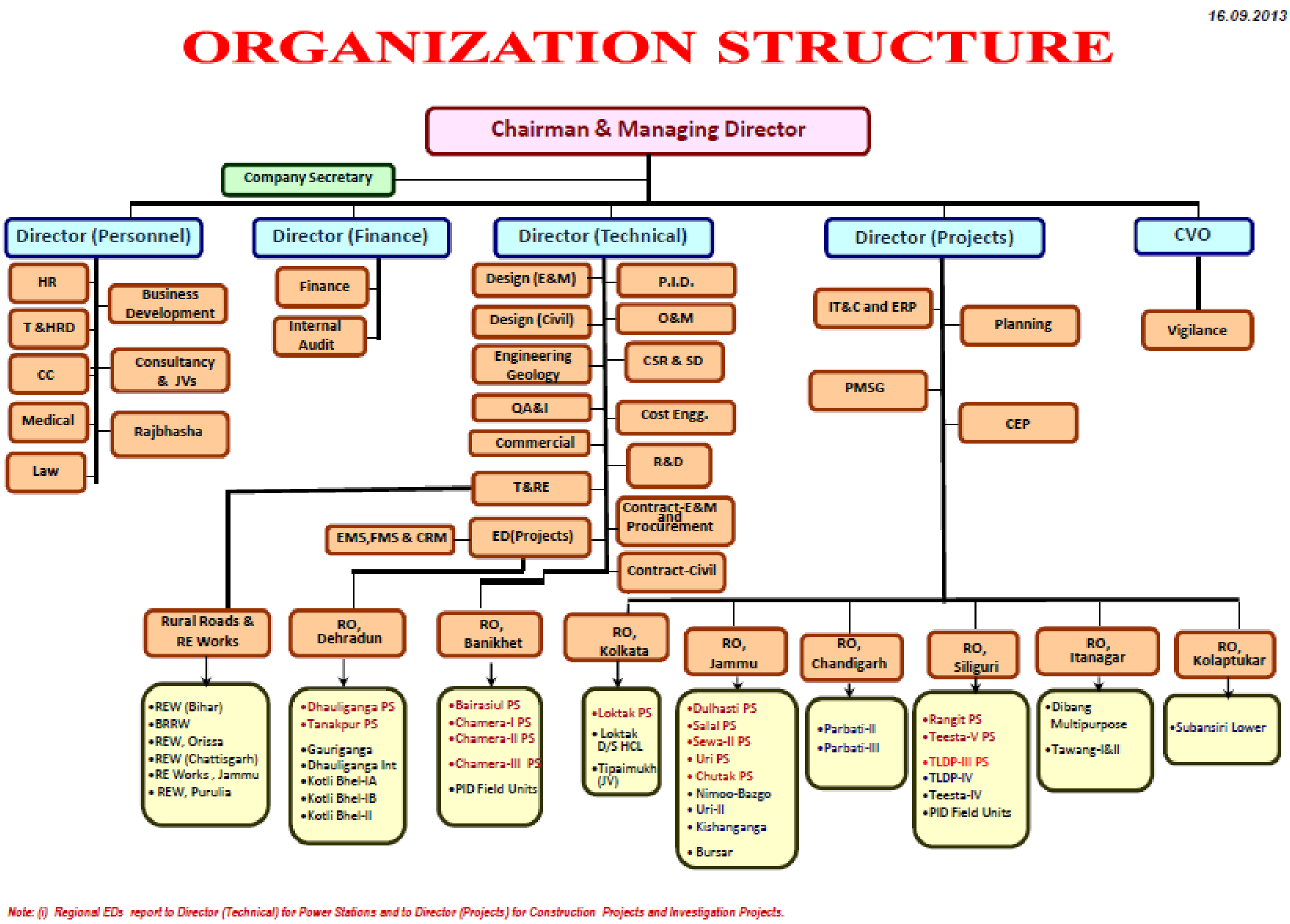
(ix) Projects and Performance Review Committee:

The Board in its 352nd meeting held on 20th October 2012 discontinued Projects and Performance Review Committee because the progress of Projects is anyway reviewed in the Board Meeting. At the time of dissolution the Projects and Performance Review Committee comprised of the following members:

i)	Mr. R. Jeyaseelan	Independent Director- Chairman
ii)	Mr. G. Sai Prasad	Government Nominee Director & CMD
iii)	Mr. A. S. Bakshi	Government Nominee Director
iv)	Mr. A. B. L. Srivastava	Director (Finance)
v)	Mr.. D. P. Bhargava	Director (Technical)
vi)	Mr. J. K. Sharma	Director (Projects)
vii)	Mr. A. K. Mago	Independent Director

The Projects and Performance Review Committee met five times during the Fiscal 2013.

Organization chart



Interest of Key Managerial Personnel

Except as stated in **"*Annexure A - Financial Information – Related Party Transactions*"** and to the extent of remuneration or benefits to which they are entitled as per the terms of their appointment and reimbursement of expenses incurred by them in the ordinary course of business the Company's key managerial personnel do not have any other interest in the Company. The key managerial personnel may also be deemed to be interested in the Company to the extent they or any of their relatives are allotted Bonds pursuant to the Issue if any.

Payment or Benefit to Officers of the Company

On retirement our employees are entitled to superannuation benefits. No officer or other employee of the Company is entitled to any benefit on termination of employment in the Company other than statutory benefits such as provident fund and gratuity in accordance with applicable laws.

PROMOTER

Our Promoter is the President of India acting through the MoP. Our Promoter currently holds 86.36% of the paid-up equity share capital of the Company.

STOCK MARKET DATA FOR OUR SHARES AND DEBENTURES

The stock market data for the non-convertible debentures and equity shares issued by the Company listed on the BSE and/or NSE are set forth below. Stock market data for each class of issued debentures has been given separately for each of the said stock exchanges below. The non-convertible debentures for which data is not stated below have not been traded on the respective stock exchange(s) for the period concerned.

1. ***The stock market data for the shares recorded on BSE and NSE (as applicable) during the last three years and the high and low prices are as follows:***

NSE:

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
October 1, 2012 to September 30, 2013*	29.40	February 20, 2013	14.80	August 7, 2013
October 1, 2011 to September 30, 2012	25.40	October 31, 2011 and November 8, 2011	17.15	May 17, 2012
October 1, 2010 to September 30, 2011	34.40	October 7, 2010	22.25	February 10, 2011; and March 15, 2011

Source: NSE

BSE:

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
October 1, 2012 to September 30, 2013*	29.40	February 20, 2013	14.80	August 7, 2013
October 1, 2011 to September 30, 2012	25.35	October 31, 2011	14.65	September 7, 2012
October 1, 2010 to September 30, 2011	34.40	October 6, 2010	22.25	February 10, 2011

Source: BSE

2. ***The monthly high and low prices of shares traded on BSE and NSE (as applicable) during the last six months are as follows:***

NSE:

Month/ Year	High (Rs.)	Date of High	Low (Rs.)	Date of Low
September, 2013	20.35	September 16, 2013	15.95	September 02, 2013; September 03, 2013; September 06, 2013
August, 2013	17.25	August 12, 2013	14.80	August 07, 2013
July, 2013	19.25	July 05, 2013	16.55	July 31, 2013
June, 2013	19.25	June 03, 2013 and June 06, 2013	17.15	June 13, 2013
May, 2013	21.65	May 02, 2013	19.15	May 30, 2013
April, 2013	22.35	April 09, 2013	19.85	April 01, 2013

Source: NSE

BSE:

Month/ Year	High (Rs.)	Date of High	Low (Rs.)	Date of Low
September, 2013	20.40	September 16, 2013	15.95	September 03, 2013 ;September 06,2013
August, 2013	17.10	August 1, 2013 and August 12, 2013	14.80	August 07, 2013
July, 2013	19.20	July 02, 2013 and July 05, 2013	16.55	July 31, 2013
June, 2013	19.60	June 10, 2013	17.20	June 13, 2013
May,2013	21.65	May 02, 2013	19.20	May 29, 2013, May 30, 2013 and May 31, 2013
April,2013	22.35	April 09, 2013	19.90	April 01, 2013

Source: BSE

3. ***The stock market data for the non-convertible debentures/ bonds recorded on NSE during the last three years and the high and low prices are as follows:***

A. Non-convertible taxable bonds **8.85% R2 Series** (ISIN INE848E07278), redeemable at par on-11-02-2016*

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
October 1, 2012 to September 30, 2013	100.9277	April 26, 2013	98.0729	September 26, 2013

Source: NSE

** These bonds were listed on February 25, 2013. Therefore, no trading has been recorded for the corresponding period in the year 2012 and 2011*

B. Non-convertible taxable bonds **8.85% R2 Series** (ISIN INE848E07286), redeemable at par on-11-02-2017*

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
October 1, 2012 to September 30, 2013	100.2212	April 3, 2013	97.3952	September 26, 2013

Source: NSE

** These bonds were listed on February 25, 2013. Therefore, no trading has been recorded for the corresponding period in the year 2012 and 2011*

C. Non-convertible taxable bonds **8.85% R2 Series** (ISIN INE848E07294), redeemable at par on-11-02-2018*

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
October 1, 2012 to September 30, 2013	100.2811	April 3, 2013	96.7963	September 26, 2013

Source: NSE

** These bonds were listed on February 25, 2013. Therefore, no trading has been recorded for the corresponding period in the year 2012 and 2011*

D. Non-convertible taxable bonds **8.85% R2 Series** (ISIN INE848E07302), redeemable at par on-11-02-2019*

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
October 1, 2012 to September 30, 2013	100.3361	April 3, 2013	96.2506	September 26, 2013

Source: NSE

** These bonds were listed on February 25, 2013. Therefore, no trading has been recorded for the corresponding period in the year 2012 and 2011*

E. Non-convertible taxable bonds **8.85% R2 Series** (ISIN INE848E07310), redeemable at par on-11-02-2020*

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
October 1, 2012 to September 30, 2013	100.3867	April 3, 2013	95.7534	September 26, 2013

Source: NSE

** These bonds were listed on February 25, 2013. Therefore, no trading has been recorded for the corresponding period in the year 2012 and 2011*

F. Non-convertible taxable bonds **8.85% R2 Series** (ISIN INE848E07328), redeemable at par on-11-02-2021*

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
October 1, 2012 to September 30, 2013	100.4203	April 3, 2013	95.2864	September 26, 2013

Source: NSE

** These bonds were listed on February 25, 2013. Therefore, no trading has been recorded for the corresponding period in the year 2012 and 2011*

G. Non-convertible taxable bonds **8.85% R2 Series** (ISIN INE848E07336), redeemable at par on-11-02-2022*

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
October 1, 2012 to September 30, 2013	100.463	April 3, 2013	94.8737	September 26, 2013

Source: NSE

** These bonds were listed on February 25, 2013. Therefore, no trading has been recorded for the corresponding period in the year 2012 and 2011*

H. Non-convertible taxable bonds **8.85% R2 Series** (ISIN INE848E07344), redeemable at par on-11-02-2023*

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
October 1, 2012 to September 30, 2013	100.5023	April 3, 2013	94.4977	September 26, 2013

Source: NSE

** These bonds were listed on February 25, 2013. Therefore, no trading has been recorded for the corresponding period in the year 2012 and 2011*

I. Non-convertible taxable bonds **8.85% R2 Series** (ISIN INE848E07351), redeemable at par on-11-02-2024*

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
October 1, 2012 to September 30, 2013	101.8019	April 22, 2013	94.1551	September 26, 2013

Source: NSE
** These bonds were listed on February 25, 2013. Therefore, no trading has been recorded for the corresponding period in the year 2012 and 2011*

J. Non-convertible taxable bonds **8.85% R2 Series** (ISIN INE848E07369), redeemable at par on-11-02-2025*

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
October 1, 2012 to September 30, 2013	101.9039	April 22, 2013	93.8333	September 26, 2013

Source: NSE
** These bonds were listed on February 25, 2013. Therefore, no trading has been recorded for the corresponding period in the year 2012 and 2011*

K. Non-convertible taxable bonds **8.85% R2 Series** (ISIN INE848E07377), redeemable at par on-11-02-2026*

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
October 1, 2012 to September 30, 2013	101.9979	April 22, 2013	93.5489	September 26, 2013

Source: NSE
** These bonds were listed on February 25, 2013. Therefore, no trading has been recorded for the corresponding period in the year 2012 and 2011*

L. Non-convertible taxable bonds **8.85% R2 Series** (ISIN INE848E07385), redeemable at par on-11-02-2027*

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
October 1, 2012 to September 30, 2013	103.7346	May 6, 2013	93.2898	September 26, 2013

Source: NSE
** These bonds were listed on February 25, 2013. Therefore, no trading has been recorded for the corresponding period in the year 2012 and 2011*

M. Non-convertible taxable bonds **8.78% R3 Series** (ISIN INE848E07393), redeemable at par on-11-02-2019*

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
October 1, 2012 to September 30, 2013	100.3722	April 15, 2013	95.9689	September 26, 2013

Source: NSE
** These bonds were listed on February 25, 2013. Therefore, no trading has been recorded for the corresponding period in the year 2012 and 2011*

N. Non-convertible taxable bonds **8.78% R3 Series** (ISIN INE848E07401), redeemable at par on-11-02-2020*

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
October 1, 2012 to September 30, 2013	100.4288	April 15, 2013	95.433	September 26, 2013

Source: NSE
** These bonds were listed on February 25, 2013. Therefore, no trading has been recorded for the corresponding period in the year 2012 and 2011*

O. Non-convertible taxable bonds **8.78% R3 Series** (ISIN INE848E07419), redeemable at par on-11-02-2021*

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
October 1, 2012 to September 30, 2013	100.468	April 15, 2013	94.9308	September 26, 2013

Source: NSE
** These bonds were listed on February 25, 2013. Therefore, no trading has been recorded for the corresponding period in the year 2012 and 2011*

P. Non-convertible taxable bonds **8.78% R3 Series** (ISIN INE848E07427), redeemable at par on-11-02-2022*

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
October 1, 2012 to September 30, 2013	100.516	April 15, 2013	94.486	September 26, 2013

Source: NSE
** These bonds were listed on February 25, 2013. Therefore, no trading has been recorded for the corresponding period in the year 2012 and 2011*

Q. Non-convertible taxable bonds **8.78% R3 Series** (ISIN INE848E07435), redeemable at par on-11-02-2023*

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
October 1, 2012 to September 30, 2013	100.5601	April 15, 2013	94.0807	September 26, 2013

Source: NSE
** These bonds were listed on February 25, 2013. Therefore, no trading has been recorded for the corresponding period in the year 2012 and 2011*

R. Non-convertible taxable bonds **8.78% R3 Series** (ISIN INE848E07443), redeemable at par on-11-02-2024*

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
October 1, 2012 to September 30, 2013	101.3213	April 22, 2013	93.7114	September 26, 2013

Source: NSE
** These bonds were listed on February 25, 2013. Therefore, no trading has been recorded for the corresponding period in the year 2012 and 2011*

S. Non-convertible taxable bonds **8.78% R3 Series** (ISIN INE848E07450), redeemable at par on-11-02-2025*

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
October 1, 2012 to September 30, 2013	101.3969	April 22, 2013	93.3654	September 26, 2013

Source: NSE
** These bonds were listed on February 25, 2013. Therefore, no trading has been recorded for the corresponding period in the year 2012 and 2011*

T. Non-convertible taxable bonds **8.78% R3 Series** (ISIN INE848E07468), redeemable at par on-11-02-2026*

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
October 1, 2012 to September 30, 2013	100.6632	April 15, 2013	93.0589	September 26, 2013

Source: NSE
** These bonds were listed on February 25, 2013. Therefore, no trading has been recorded for the corresponding period in the year 2012 and 2011*

U. Non-convertible taxable bonds **8.78% R3 Series** (ISIN INE848E07476), redeemable at par on-11-02-2027*

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
October 1, 2012 to September 30, 2013	100.6948	April 15, 2013	92.7796	September 26, 2013

Source: NSE
** These bonds were listed on February 25, 2013. Therefore, no trading has been recorded in the preceeding Fiscal 2011 and 2012*

V. Non-convertible taxable bonds **8.78% R3 Series** (ISIN INE848E07484), redeemable at par on-11-02-2028*

Period	High (Rs.)	Date of High	Low (Rs.)	Date of Low
October 1, 2012 to September 30, 2013	100.7239	April 15, 2013	92.5251	September 26, 2013

Source: NSE
** These bonds were listed on February 25, 2013. Therefore, no trading has been recorded for the corresponding period in the year 2012 and 2011*

4. The monthly high and low prices of debentures traded on NSE during the last six months are as follows:

A. Non-convertible tax-free 8.85% (R-2)bonds (INE848E07278), redeemable at par on February 11, 2016:

Month, Year	High (Rs.)	Date of High	Low (Rs.)	Date of Low
September 2013*	98.0729	September 26, 2013	98.0729	September 26, 2013
August 2013*	--	--	--	--
July 2013*	--	--	--	--
June 2013	--	--	--	--
May 2013*	--	--	--	--
April 2013	100.92	April 26, 2013	100.17	April 3, 2013

Source: NSE
** No trades in the period*

B. Non-convertible tax-free 8.85% (R-2)bonds (INE848E07286), redeemable at par on February 11, 2017:

Month, Year	**High (Rs.)**	**Date of High**	**Low (Rs.)**	**Date of Low**
September 2013	97.3952	September 26, 2013	97.3952	September 26, 2013
August 2013*	--	--	--	--
July 2013*	--	--	--	--
June 2013	--	--	--	--
May 2013*	--	--	--	--
April 2013	100.22	April 3, 2013	100.22	April 3, 2013

Source: NSE
** No trades in the period*

C. Non-convertible tax-free 8.85%(R-2) bonds (INE848E07294), redeemable at par on February 11, 2018:

Month, Year	**High (Rs.)**	**Date of High**	**Low (Rs.)**	**Date of Low**
September 2013	96.7963	September 26, 2013	96.7963	September 26, 2013
August 2013*	--	--	--	--
July 2013*	--	--	--	--
June 2013	--	--	--	--
May 2013*	--	--	--	--
April 2013	100.28	April 3, 2013	100.28	April 3, 2013

Source: NSE
** No trades in the period*

D. Non-convertible tax-free 8.85%(R-2) bonds (INE848E07302), redeemable at par on February 11, 2019:

Month, Year	**High (Rs.)**	**Date of High**	**Low (Rs.)**	**Date of Low**
September 2013	96.2506	September 26, 2013	96.2506	September 26, 2013
August 2013*	--	--	--	--
July 2013*	--	--	--	--
June 2013	--	--	--	--
May 2013*	--	--	--	--
April 2013	100.33	April 3, 2013	100.33	April 3, 2013

Source: NSE
** No trades in the period*

E. Non-convertible tax-free 8.85%(R-2) bonds (INE848E07310), redeemable at par on February 11, 2020:

Month, Year	**High (Rs.)**	**Date of High**	**Low (Rs.)**	**Date of Low**
September 2013	95.7534	September 26, 2013	95.7534	September 26, 2013
August 2013*	--	--	--	--
July 2013*	--	--	--	--
June 2013	--	--	--	--
May 2013*	--	--	--	--
April 2013	100.38	April 3, 2013	100.38	April 3, 2013

Source: NSE
** No trades in the period*

F. Non-convertible tax-free 8.85%(R-2) bonds (INE848E07328), redeemable at par on February 11, 2021:

Month, Year	High (Rs.)	Date of High	Low (Rs.)	Date of Low
September 2013	95.2864	September 26, 2013	95.2864	September 26, 2013
August 2013*	--	--	--	--
July 2013*	--	--	--	--
June 2013	--	--	--	--
May 2013*	--	--	--	--
April 2013	100.42	April 3, 2013	100.42	April 3, 2013

Source: NSE
** No trades in the period*

G. Non-convertible tax-free 8.85%(R-2) bonds (INE848E07336), redeemable at par on February 11, 2022:

Month, Year	High (Rs.)	Date of High	Low (Rs.)	Date of Low
September 2013	94.8737	September 26, 2013	94.8737	September 26, 2013
August 2013*	--	--	--	--

July 2013*	--	--	--	--
June 2013	--	--	--	--
May 2013*	--	--	--	--
April 2013	100.46	April 3, 2013	100.46	April 3, 2013

Source: NSE
** No trades in the period*

H. Non-convertible tax-free 8.85%(R-2) bonds (INE848E07344), redeemable at par on February 11, 2023:

Month, Year	High (Rs.)	Date of High	Low (Rs.)	Date of Low
September 2013	94.4977	September 26, 2013	94.4977	September 26, 2013
August 2013*	--	--	--	--
July 2013*	--	--	--	--
June 2013	--	--	--	--
May 2013*	--	--	--	--
April 2013	100.50	April 3, 2013	100.50	April 3, 2013

Source: NSE
** No trades in the period*

I. Non-convertible tax-free 8.85% (R-2)bonds (INE848E07351), redeemable at par on February 11, 2024:

Month, Year	High (Rs.)	Date of High	Low (Rs.)	Date of Low
September 2013	94.1551	September 26, 2013	94.1551	September 26, 2013
August 2013*	--	--	--	--
July 2013*	--	--	--	--
June 2013	--	--	--	--
May 2013*	--	--	--	--
April 2013	101.80	April 22, 2013	100.53	April 3, 2013

Source: NSE
* No trades in the period

J. Non-convertible tax-free 8.85% bonds(R-2) (INE848E07369), redeemable at par on February 11, 2025:

Month, Year	High (Rs.)	Date of High	Low (Rs.)	Date of Low
September 2013	93.8333	September 26, 2013	93.8333	September 26, 2013
August 2013*	--	--	--	--
July 2013*	--	--	--	--
June 2013	--	--	--	--
May 2013*	--	--	--	--
April 2013	101.90	April 22, 2013	100.56	April 3, 2013

Source: NSE
** No trades in the period*

K. Non-convertible tax-free 8.85% bonds(R-2) (INE848E07377), redeemable at par on February 11, 2026:

Month, Year	High (Rs.)	Date of High	Low (Rs.)	Date of Low
September 2013	93.5489	September 26, 2013	93.5489	September 26, 2013
August 2013*	--	--	--	--
July 2013*	--	--	--	--
June 2013	--	--	--	--
May 2013*	--	--	--	--
April 2013	101.99	April 22, 2013	100.59	April 3, 2013

Source: NSE
** No trades in the period*

L. Non-convertible tax-free 8.85% bonds (R-2) (INE848E07377), redeemable at par on February 11, 2026:

Month, Year	High (Rs.)	Date of High	Low (Rs.)	Date of Low
September 2013	93.2898	September 26, 2013	93.2898	September 26, 2013
August 2013*	--	--	--	--
July 2013*	--	--	--	--

June 2013*	--	--	--	--
May 2013	103.73	May 6, 2013	103.73	May 6, 2013
April 2013	100.62	April 3, 2013	100.62	April 3, 2013

Source: NSE

** No trades in the period*

M. Non-convertible tax-free 8.78% bonds(R-3) (INE848E07393), redeemable at par on February 11, 2019:

Month, Year	High (Rs.)	Date of High	Low (Rs.)	Date of Low
September 2013	95.9689	September 26, 2013	95.9689	September 26, 2013
August 2013*	--	--	--	--
July 2013*	--	--	--	--
June 2013	--	--	--	--
May 2013*	--	--	--	--
April 2013	100.37	April 15, 2013	100.37	April 15, 2013

Source: NSE
** No trades in the period*

N. Non-convertible tax-free 8.78%(R-3) bonds (INE848E07401), redeemable at par on February 11, 2020:

Month, Year	High (Rs.)	Date of High	Low (Rs.)	Date of Low
September 2013	95.433	September 26, 2013	95.433	September 26, 2013
August 2013*	--	--	--	--
July 2013*	--	--	--	--
June 2013	--	--	--	--
May 2013*	--	--	--	--
April 2013	100.42	April 15, 2013	100.42	April 15, 2013

Source: NSE
** No trades in the period*

O. Non-convertible tax-free 8.78%(R-3) bonds (INE848E07419), redeemable at par on February 11, 2021:

Month, Year	High (Rs.)	Date of High	Low (Rs.)	Date of Low
September 2013	94.9308	September 26, 2013	94.9308	September 26, 2013
August 2013*	--	--	--	--
July 2013*	--	--	--	--
June 2013	--	--	--	--
May 2013*	--	--	--	--
April 2013	100.46	April 15, 2013	100.46	April 15, 2013

Source: NSE
** No trades in the period*

P. Non-convertible tax-free 8.78%(R-3) bonds (INE848E07427), redeemable at par on February 11, 2022:

Month, Year	High (Rs.)	Date of High	Low (Rs.)	Date of Low
September 2013	94.486	September 26, 2013	94.486	September 26, 2013
August 2013*	--	--	--	--
July 2013*	--	--	--	--
June 2013	--	--	--	--
May 2013*	--	--	--	--
April 2013	100.51	April 15, 2013	100.51	April 15, 2013

Source: NSE
** No trades in the period*

Q. Non-convertible tax-free 8.78%(R-3) bonds (INE848E07435), redeemable at par on February 11, 2023:

Month, Year	High (Rs.)	Date of High	Low (Rs.)	Date of Low
September 2013	94.0807	September 26, 2013	94.0807	September 26, 2013
August 2013*	--	--	--	--
July 2013*	--	--	--	--
June 2013	--	--	--	--
May 2013*	--	--	--	--
April 2013	100.56	April 15, 2013	100.56	April 15, 2013

Source: NSE
** No trades in the period*

R. Non-convertible tax-free 8.78%(R-3) bonds (INE848E07443), redeemable at par on February 11, 2024:

Month, Year	High (Rs.)	Date of High	Low (Rs.)	Date of Low
September 2013	93.7114	September 26, 2013	93.7114	September 26, 2013
August 2013*	--	--	--	--
July 2013*	--	--	--	--
June 2013	--	--	--	--
May 2013*	--	--	--	--
April 2013	101.32	April 22, 2013	100.60	April 22, 2013

Source: NSE
** No trades in the period*

S. Non-convertible tax-free 8.78%(R-3) bonds (INE848E07450), redeemable at par on February 11, 2025:

Month, Year	High (Rs.)	Date of High	Low (Rs.)	Date of Low
September 2013	93.3654	September 26, 2013	93.3654	September 26, 2013
August 2013*	--	--	--	--
July 2013*	--	--	--	--
June 2013	--	--	--	--
May 2013*	--	--	--	--
April 2013	101.39	April 22, 2013	100.62	April 22, 2013

Source: NSE
** No trades in the period*

T. Non-convertible tax-free 8.78% (R-3) bonds (INE848E07468), redeemable at par on February 11, 2026:

Month, Year	High (Rs.)	Date of High	Low (Rs.)	Date of Low
September 2013	93.0589	September 26, 2013	93.0589	September 26, 2013
August 2013*	--	--	--	--
July 2013*	--	--	--	--
June 2013	--	--	--	--
May 2013*	--	--	--	--
April 2013	100.66	April 15, 2013	100.66	April 15, 2013

Source: NSE
** No trades in the period*

U. Non-convertible tax-free 8.78% (R-3) bonds (INE848E07476), redeemable at par on February 11, 2027:

Month, Year	High (Rs.)	Date of High	Low (Rs.)	Date of Low
September 2013	92.7796	September 26, 2013	92.7796	September 26, 2013
August 2013*	--	--	--	--
July 2013*	--	--	--	--
June 2013	--	--	--	--
May 2013*	--	--	--	--
April 2013	100.69	April 15, 2013	100.69	April 15, 2013

Source: NSE
** No trades in the period*

V. Non-convertible tax-free 8.78% (R-3) bonds (INE848E07484), redeemable at par on February 11, 2028:

Month, Year	**High (Rs.)**	**Date of High**	**Low (Rs.)**	**Date of Low**
September 2013	92.5251	September 26, 2013	92.5291	September 26, 2013
August 2013*	--	--	--	--
July 2013*	--	--	--	--
June 2013	--	--	--	--
May 2013*	--	--	--	--
April 2013	100.72	April 15, 2013	100.72	April 15, 2013

Source: NSE
** No trades in the period*

DESCRIPTION OF CERTAIN INDEBTEDNESS

Set forth below is a summary of the Company's significant outstanding secured and unsecured borrowings as at September 30, 2013. For more information see "***Annexure A – Financial Information***".

1. Set forth below is a summary of our outstanding standalone borrowings as at September 30 2013:

S. No.	Nature of Borrowing	Amount (*Rs. in crore)*
1.	Secured Borrowings	15059.13
2.	Unsecured Borrowings	4585.98

2. **Details of Secured Loan Facilities:**

The statement of outstanding standalone long term secured loans of the Company as at September 30, 2013 is provided below:

S No	Name of Lender	Type of Facility	Amount Sanctioned (*Rs. in crore)*	Amount Outstanding (*Rs. in crore)*	Repayment Schedule	Security
1	State Bank of Patiala	Term Loan	40.00	14.00	Repayable in 7 half yearly installments of Rs. 2.000 Crore each upto January 09, 2017.	Secured by pari-passu charge by way of Equitable mortgage/hypothecation against Immovable/Moveable assets of Corporation's Chamera Power Station-I situated in the state of Himachal Pradesh except for Book Debts and Stores.
2	Canara Bank	Term Loan	200.00	80.00	Repayable in 4 equal yearly instalments of Rs. 20.00 Crore each upto November 09, 2016.	Secured by pari-passu charge by way of Equitable mortgage/hypothecation against Immovable/Moveable assets of Corporation's Uri Power Station situated in the state of Jammu & Kashmir except for book debts and stores.
3	Syndicate Bank	Term Loan	183.00	73.20	Repayable in 4 equal yearly instalments of Rs. 18.30 Crore each upto February 23, 2017.	Secured by pari-passu charge by way of Equitable mortgage/ hypothecation against Immovable/ Moveable assets of Corporation's Uri Power Station situated in the state of Jammu & Kashmir except for book debts and stores.
4	Oriental Bank Of Commerce	Term Loan	200.00	80.00	Repayable in 4 equal yearly instalments of Rs. 20.00 Crore each upto March 31, 2017.	Secured by pari-passu charge by way of Equitable mortgage /hypothecation against Immovable/ Moveable assets of Corporation's Uri Power Station situated in the state of Jammu & Kashmir except for book debts and stores.
5	Oriental Bank Of Commerce	Term Loan	100.00	80.00	Repayable in 8 equal yearly instalments of Rs. 10.00 Crore each upto December 27, 2020.	Secured by pari-passu charge by way of Equitable mortgage/ hypothecation against Immovable/ Moveable assets of Corporation's Uri Power Station situated in the state of Jammu & Kashmir except for book debts and stores.
6	Indian Bank	Term Loan	100.00	33.34	Repayable in 1 instalment of Rs. 33.34 Crore on February 27, 2014.	Secured by pari-passu charge by way of Equitable mortgage/ hypothecation against Immovable/ Moveable assets of Corporation's Chamera Power Station-I situated

						in the state of Himachal Pradesh except for Book Debts and Stores.
7	Indian Bank	Term Loan	75.00	75.00	Bullet Repayment of Rs. 75.00 Crore after 5th year on September 29, 2014.	Secured by pari-passu charge by way of equitable mortgage/ hypothecation against the assets of Company's Loktak Power Station situated in the state of Manipur except for book debts and stores and Secured by exclusive charge by way of equitable mortgage against the assets of Company's Bairasiul Power Station situated in the state of Himachal Pradesh except for book debts and stores.
8	UCO Bank	Term Loan	1000.00	916.66	Repayable in 22 half yearly instalments of Rs. 41.67 Crore each upto June 30, 2024.	Secured by way of first charge on pari-passu basis by way of hypothecation on whole of the Corporation's movable assets both present and future of Dulhasti Power Station situated in the state of Jammu & Kashmir except for book debts & stores.
9	Corporation Bank	Term Loan	500.00	500.00	Repayable in 48 equal quarterly instalments of Rs. 10.42 Crore each upto October 06, 2026.	Secured by way of first charge on pari-passu basis by way of hypothecation on whole of the Corporation's movable assets both present and future of Salal Power Station situated in the state of Jammu & Kashmir Sewa-II Power Station situated in the state of Jammu & Kashmir Chutak HE Project situated in the state of Jammu & Kashmir Nimmo-Bazgo HE Project situated in the state of Jammu & Kashmir Uri-II HE Project situated in the state of Jammu & Kashmir & TLDP-IV HE Project situated in the state of West Bengal except for book debts & stores.
10	Canara Bank	Term Loan	200.00	200.00	Repayable in 47 equal quarterly instalments of Rs. 4.160 crore plus last instalment of Rs. 4.48 crore upto October 16, 2026.	Secured by way of first charge on pari-passu basis by way of hypothecation on whole of the Corporation's movable assets both present and future of Salal Power Station situated in the state of Jammu & Kashmir Sewa-II Power Station situated in the state of Jammu & Kashmir Chutak HE Project situated in the state of Jammu & Kashmir Nimmo-Bazgo HE Project situated in the state of Jammu & Kashmir Uri-II HE Project situated in the state of Jammu & Kashmir & TLDP-IV HE Project situated in the state of West Bengal except for book debts & stores.

11	Indian Overseas Bank	Term Loan	200.00	200.00	Repayable in 48 equal quarterly instalments of Rs. 4.167 Crore upto October 16, 2026.	Secured by way of first charge on pari-passu basis by way of hypothecation on whole of the Corporation's movable assets both present and future of Salal Power Station situated in the state of Jammu & Kashmir Sewa-II Power Station situated in the state of Jammu & Kashmir Chutak HE Project situated in the state of Jammu & Kashmir Nimmo-Bazgo HE Project situated in the state of Jammu & Kashmir Uri-II HE Project situated in the state of Jammu & Kashmir & TLDP-IV HE Project situated in the state of West Bengal except for book debts & stores.
12	Punjab & Sindh Bank	Term Loan	200.00	200.00	Repayable in 48 equal quarterly instalments of Rs. 4.167 Crore upto October 17, 2026.	Secured by way of first charge on pari-passu basis by way of hypothecation on whole of the Corporation's movable assets both present and future of Salal Power Station situated in the state of Jammu & Kashmir Sewa-II Power Station situated in the state of Jammu & Kashmir Chutak HE Project situated in the state of Jammu & Kashmir Nimmo-Bazgo HE Project situated in the state of Jammu & Kashmir Uri-II HE Project situated in the state of Jammu & Kashmir & TLDP-IV HE Project situated in the state of West Bengal except for book debts & stores.
13	IndusInd Bank	Term Loan	100.00	100.00	Repayable in 48 equal quarterly instalments of Rs. 2.083 Crore each upto October 24, 2026.	Secured by way of first charge on pari-passu basis by way of hypothecation on whole of the Corporation's movable assets both present and future of Salal Power Station situated in the state of Jammu & Kashmir Sewa-II Power Station situated in the state of Jammu & Kashmir Chutak HE Project situated in the state of Jammu & Kashmir Nimmo-Bazgo HE Project situated in the state of Jammu & Kashmir Uri-II HE Project situated in the state of Jammu & Kashmir & TLDP-IV HE Project situated in the state of West Bengal except for book debts & stores.
14	Syndicate Bank	Term Loan	300.00	300.00	Repayable in 48 equal quarterly instalments of Rs. 6.25 Crore each upto November 02, 2026.	Secured by way of first charge on pari-passu basis by way of hypothecation on whole of the Corporation's movable assets both present and future of Salal Power Station situated in the state of Jammu & Kashmir Sewa-II Power Station situated in the state of Jammu & Kashmir Chutak HE Project situated in the state of Jammu & Kashmir Nimmo-Bazgo HE Project situated in the state of Jammu & Kashmir Uri-II HE

						Project situated in the state of Jammu & Kashmir & TLDP-IV HE Project situated in the state of West Bengal except for book debts & stores.
15	Union Bank Of India	Term Loan	150.00	150.00	Repayable in 48 equal quarterly installments of Rs. 3.125 Crore upto November 03, 2026.	Secured by way of first charge on pari-passu basis by way of hypothecation on whole of the Corporation's movable assets both present and future of Salal Power Station situated in the state of Jammu & Kashmir Sewa-II Power Station situated in the state of Jammu & Kashmir Chutak HE Project situated in the state of Jammu & Kashmir Nimmo-Bazgo HE Project situated in the state of Jammu & Kashmir Uri-II HE Project situated in the state of Jammu & Kashmir & TLDP-IV HE Project situated in the state of West Bengal except for book debts & stores.
16	State Bank Of India	Term Loan	1000.00	1000.00	Repayable in 48 equal quarterly installments of Rs. 20.83 Crore upto December 28, 2027.	Secured by pari-passu charge by way of Equitable mortgage/ hypothecation against Immovable / Moveable assets of Corporation's Chamera Power Station-II situated in the state of Himachal Pradesh except book debts & stores and Secured by pari-passu charge by way of equitable mortgage/hypothecation against immovable/movable assets of Corporations Teesta Low Dam-III Project situated in the state of West Bengal.
17	State Bank Of Hyderabad	Term Loan	500.00	500.00	Repayable in 48 equal quarterly instalments of Rs. 10.42 Crore upto December 28, 2027.	Secured by pari-passu charge by way of Equitable mortgage/hypothecation against Immovable/Moveable assets of Corporation's Chamera Power Station-I situated in the state of Himachal Pradesh except for Book Debts and Stores. Security creation of State Bank of Hyderabad loan is under process and charge is yet to be filed with Registrar of Companies NCT & Haryana and Secured by pari-passu charge by way of equitable mortgage/hypothecation against immovable/movable assets of Corporations Teesta Low Dam-III Project situated in the state of West Bengal.
18	Life Insurance Corporation Of India	Term Loan	2500.00	1562.50	Repayable in 15 half yearly instalments of Rs. 104.17 Crore each upto October 15, 2020.	Secured by pari-passu charge by way of equitable mortgage and hypothecation against the immovable and moveable assets of the Company's Parbati HE Project-II situated in the state of Himachal Pradesh and Secured by pari-passu charge by way of equitable mortgage and charge over all the immoveable and moveable assets of

						the Company's Dhauliganga Power Station situated in the state of Uttrakhand except for book debts & stores.
19	Life Insurance Corporation Of India	Term Loan	1896.00	1659.00	Repayable in 21 equal half yearly instalments of Rs. 79.00 Crore each upto October 31, 2023 with effect from April 30, 2012.	Secured by pari-passu charge by way of equitable mortgage/hypothecation against immovable/movable assets of Corporations Teesta Low Dam-III Project situated in the state of West Bengal and Teesta V Project situated in the State of Sikkim.
20	Power Finance Corporation Limited	Term Loan	750.00	600.00	Repayable in 32 equal quarterly instalments of Rs. 18.75 crore upto July 15, 2021.	Secured by way of first charge on pari-passu basis by way of hypothecation on whole of the Corporation's movable assets both present and future of Dulhasti Power Station situated in the state of Jammu & Kashmir except for book debts & stores.
21	Power Finance Corporation Limited	Term Loan	186.00	93.00	Repayable in 20 equal quarterly instalments of Rs. 4.65 crore each upto July 15, 2018.	Secured by way of first charge on pari-passu basis by way of hypothecation on whole of the Corporation's movable assets both present and future of Dulhasti Power Station situated in the state of Jammu & Kashmir except for book debts & stores.
22	Power Finance Corporation Limited	Term Loan	70.00	56.00	Repayable in 32 equal quarterly instalments of Rs. 1.75 crore each upto July 15, 2021.	Secured by way of first charge on pari-passu basis by way of hypothecation on whole of the Corporation's movable assets both present and future of Dulhasti Power Station situated in the state of Jammu & Kashmir except for book debts & stores.
23	Power Finance Corporation Limited	Term Loan	1457.00	1129.17	Repayable in 31 equal quarterly instalments of Rs. 36.425 Crore each upto April 15, 2021.	Secured by pari-passu charge by way of Equitable mortgage/hypothecation against Immovable/Moveable assets of Corporation's Uri Power Station situated in the state of Jammu & Kashmir and Chamera-II power Station situated at Himachal Pradesh in the state of Himachal Pradesh except book debts & stores. Himachal Pradesh.
24	Power Finance Corporation Limited	Term Loan	413.00	237.47	Repayable in 23 equal quarterly instalments of Rs. 10.325 Crore each upto April 15, 2019.	Secured by pari-passu charge by way of Equitable mortgage/hypothecation against Immovable/Moveable assets of Corporation's Chamera Power Station-I situated in the state of Himachal Pradesh except for Book Debts and Stores.
25	Power Finance Corporation Limited	Term Loan	500.00	312.50	Repayable in 26 equal quarterly instalments of Rs. 12.50 Crore each upto October 15, 2019.	Secured by pari-passu charge by way of Equitable mortgage/hypothecation against Immovable/Moveable assets of Corporation's Chamera Power Station-I situated in the state of Himachal Pradesh except for Book Debts and Stores.
	Total Secured Loan		**12820.00**	**10,151.84**		

3. **Details of Unsecured Loan Facilities:**

The statement of outstanding standalone long term unsecured loans of the Company as at September 30, 2013 is provided below:

S. No.	Name of Lender	Type of Facility	Amount Sanctioned (*FC in crore)*	Amount Outstanding *(Rs. in crore)*	Repayment Schedule
1	Subordinate Debt from Govt. of India For Nimmo Bazgo Project	Loans from Central Govt.	270.00	270.00	Repayable in 18 equal annual instalments from the 12th year after commissioning of project
2	Subordinate Debt from Govt. of India For Chutak Project	Loans from Central Govt.	364.00	364.00	Repayable in 24 equal annual instalments of Rs 15.17 crore from the 6th year after commissioning of Project i.e. from February 01, 2019
3	Subordinate Debt from Govt. of India For Kishanganga Project	Loans from Central Govt.	2380.44	1418.08	Repayable in 10 equal annual instalments from the 11th year after commissioning of the project
4	EDC LOAN	Loan in Foreign Currency	CAD 17.50	159.05*	Repayable in 5 half yearly installments upto March 15, 2016.
5	JICA-IDP-107	Loan in Foreign Currency	JPY 566.50	196.46	Repayable in 25 half yearly installments upto January 20, 2026.
6	JICA-IDP-129	Loan in Foreign Currency	JPY 1631.60	747.60	Repayable in 29 half yearly installments upto December 20, 2027.
7	JICA-IDP-153	Loan in Foreign Currency	JPY 1389.00	780.72	41 half yearly installments upto March 20, 2034
8	DB NEXI-UNTIED FACILITY	Loan in Foreign Currency	JPY 1824.00	650.07	Repayable in 11 half yearly installments upto October 18, 2018.
	Total Unsecured Loan			**4,585.98**	

* *The foreign exchange rate as on September 30, 2013 was 61.7.*

4. **Details of NCD's:**

The statement of outstanding standalone long term secured bonds issued by the Company as at September 30, 2013 is provided below:

S No	Debenture Series	Tenor/Period of Maturity (Days/Year)	Coupon	Amount Outstanding (Rs. in crore)	Date of Allotment	Date of Maturity	Credit Rating	Security / Unsecured	Security
1	O SERIES	15 Years	7.70%	285.00	March 31, 2003	March 31, 2018	CRISIL AA+ / Stable and Fitch AAA (ind)/ Stable	Secured	Secured by pari-passu charge by way of Equitable mortgage/hypothecation against Immovable/Moveable assets of Corporation's Uri Power Station situated in the state of Jammu & Kashmir except for book debts and stores.
2	P SERIES	15 Years	9.00%	2000.00	February 1, 2010	February 1, 2025	Fitch AAA (ind)	Secured	Secured by pari-passu charge by way of equitable mortgage and hypothecation against the immovable and moveable assets of the Company's Parbati HE Project-II and Chamera-III Power Station situated in the state of Himachal Pradesh and dhauliganga Power Station and. situated in the state of Uttrakhand.
3	Q SERIES	15 Years	9.25%	1266.00	March 12, 2012	March 12, 2027	CARE AAA /[ICRA] AAA and (FITCH) IND AAA	Secured	Secured by pari-passu charge by way of equitable mortgage/hypothecation against immovable/movable assets of Corporations Teesta Low Dam-III Project situated in the state of West Bengal.
4	R-1 SERIES	13 Years	8.70%	82.20	February 11, 2013	February 11, 2026	Fitch AAA (ind)/Stable and [ICRA] AAA	Secured	Secured by pari-passu charge by way of equitable mortgage and hypothecation against the immovable and moveable assets of the Company's Parbati HE Project-II situated in the state of Himachal Pradesh.

5	R-2 SERIES	14 Years	8.85%	382.08	February 11, 2013	February 11, 2027	Fitch AAA (ind)/Stable and [ICRA] AAA	Secured	Secured by pari-passu charge by way of equitable mortgage and hypothecation against the immovable and moveable assets of the Company's Parbati HE Project-II situated in the state of Himachal Pradesh.
6	R-3 SERIES	15 Years	8.78%	892.00	February 11, 2013	February 11, 2028	Fitch AAA (ind)/Stable and [ICRA] AAA	Secured	Secured by pari-passu charge by way of equitable mortgage and hypothecation against the immovable and moveable assets of the Company's Parbati HE Project-II situated in the state of Himachal Pradesh.
	Total			**4907.280**					

5. The statement of outstanding short term borrowing as at September 30, 2013 is provided below:

Name of Lender	Loan Details	Rate of Interest	Term of Repayment	Security	Outstanding Amount (Rs. in Crore)
State Bank of India	Cash Credit Facility of Rs 125 Crore	Base Rate plus 1.50%	Repayable on demand	A charge on Stores/spares and Book Debts of NHPC Ltd., Sector 33, Faridabad ranking Pari passu with other Banks in multiple banking arrangements with margins as per letter dated November 10, 2009.	55.45
Indian Overseas Bank	Cash Credit Facility of Rs 10 Crore	Base Rate plus 3%	Repayable on demand	First charge by way of hypothecation and/or pledge of the borrower's entire goods, moveable and other assets present and future including other assets such as book debts, recievables etc.	NIL
Total					**55.45**

6. **Servicing behaviour on existing debt securities payment of due interest on due dates on term loans and debt securities**

As at the date of this Prospectus there has been no default in payment of interest and principal of any kind of term loans debt security, Bonds/ NCDs and other indebtedness including any corporate guarantees issued by the Company in the past five years.

The Company does not have any outstanding corporate guarantees or commercial paper as on September 30, 2013.

Apart from the indebtedness mentioned above and in "***Annexure A - Financial Information***" the Company does not have any other borrowings.

SECTION V – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATION

Except as stated below there are no outstanding litigation, suits, criminal or civil prosecutions, statutory or legal proceedings including those for economic offences, tax liabilities, show cause notices or legal notices pending against our Company and our Directors and there are no defaults including non payment of statutory dues, over-dues to banks/financial institutions, defaults against banks/financial institutions, defaults in dues payable to holders of any debenture, bonds and fixed deposits issued by our Company, defaults in creation of full security as per the terms of issue/other liabilities, proceedings initiated for economic/civil/ any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (I) of Part 1 of Schedule XIII of the Companies Act) other than unclaimed liabilities of our Company except as stated below, and no disciplinary action has been taken by SEBI or any stock exchange against our Company or Directors [or Subsidiaries]. Unless stated to the contrary, the information provided below is as on the date of this Prospectus.

Neither our Company nor our Directors, have been declared as wilful defaulters by the RBI or any other Governmental authority and, except as disclosed in this Section in relation to litigation, there are no violations of securities laws committed by us in the past or pending against us.

Provided below are summaries of criminal cases, public interest litigations, environmental cases, regulatory cases and tax related proceedings against our Company. Further, all significant proceedings (civil cases and arbitration proceedings) involving our Company, i.e., all such proceedings involving claims exceeding a monetary value of approximately Rs. 1,00,00,000 (Rupees One Crore only) are detailed below. The Company, as a matter of policy, insists on inclusion of arbitration provisions, in contracts with third parties, for settlement of any disputes, and therefore, all disputes/ claims arising from any such contracts are subject to arbitration proceedings at the original stage.

Pending litigation filed against our Company

Criminal Cases

There are twenty one (21) criminal proceedings pending in relation to our Company (the said number includes those proceedings in which action has been initiated against any official/ employee of the Company owing to his/her actions or omissions during discharge of official duties). The aggregate financial implication (as claimed against the Company) is approximately Rs. 1.62 crore, the details of which are as follows.

1. Significant among these are 14 cases pending before the Chief Judicial Magistrate, Chamba, initiated by the forest department of the State of Himachal Pradesh against the Company (acting through the General Manager of CHEP-III) for alleged non-deposit of damage report bill (aggregating to approximately Rs. 1.23 crore).

2. Further, the SDM, Chamba has initiated criminal proceedings against our Company under Section 133 of the Code of Criminal Procedure, 1973 for causing public nuisance due to leakage of a tunnel. We have already filed our reply in the proceedings.

3. A criminal case has been filed against Sh. Maqbool Hussain (Lineman of Dulhasti Power Station) under section 338 of the Ranbir Penal Code for negligence causing electrocution of the complainant by FIR no. 25/2009. The matter is pending before the CJM, Doda and is listed for the evidence of the complainant. Neither the Company nor any official (other than Mr. Hussain) is a party or witness to the proceedings. The matter is pending for adjudication.

4. There has been filed a criminal case under Section 336 and 338 of the Indian Penal Code by Mr. Rakesh against Mr. Mohinder Kumar on account of injury suffered by Mr. Rakesh. The complainant, at the time of injury, had been employed by a contractor at Chamer-II Power Station of the Company, and the defendant was working as Senior HEM operator. Neither the Company nor any official (other than Mr. Mohinder Kumar) is a party or witness to the proceedings. Further, there is no financial implication against the Company. The matter is pending for adjudication.

5. Our Company has filed 2 complaints under Section 138 of the Negotiable Instruments Act, 1881 against Event India Company and others. The amount involved is Rs. 12 lakhs approx. While one complaint is pending before the Judicial Magistrate, First Class, Faridabad, the other matter is pending before the Additional Chief Judicial Magistrate. Both the matters are listed for the appearance of the accused. The

proceedings, having been initiated by the Company, would not result in adverse financial implications against the Company. The matter is pending for adjudication.

6. We have filed two FIRs (Nos. 195-I/06 & 195-I/07) against one Mr. Jhabe Ram relating to [●]. Both the matters are pending before the Chief Judicial Magistrate, L&S, Kullu, and are pending for adjudication.

Civil Matters ***(where claims against the Company exceed Rs. 1 crore)***

Land acquisition related matters

1. The Company is respondent in a writ petition filed by Kiri Dini Bogum: Vs UOI. (the Company is Respondent nos. 2 & 3) (WP(C) 483(AP)/ 2/2011). In the petition, the petitioner has prayed for compensation of approx Rs 1.54 crore for acquisition of land.

   Shri Kiri Dini Bogum has also filed another writ petition (WP 385(AP)/2/2012), seeking CBI investigation into certain matters relating to land acquisition. Although the Company has not been impleaded as party to the case and NHPC is an affected party an application to add NHPC as respondent has been filed before the Court.

   Both the petitions are at argument stage in regular hearing and are pending adjudication.

2. There are 209 petitions clubbed together, all of them filed against the Company [Smt Asha (and others 208 No. Petitioners) Vs. NHPC through GM, Chamera Power Station-I]. The petitioners, being land oustees, are claiming financial package amounting to, in aggregate, Rs. 6.27 crore approx., from NHPC for acquisition of their respective lands. The matters are pending adjudication before the District Magistrate Chamba.

Tax matters

3. The Company has filed 3 appeals in 2013 (before the Deputy Excise and Taxation Commissioner Palampur), [NHPC Chamera Power Station-I Vs Assessing Authority Chamba]: against the order of Assessing Authority for claim of passenger tax assessed for the buses plying for welfare of the employees posted at the project. The total claim against the Company is approx. Rs. 1.51 crore. The appeals are pending adjudication.

4. The Company has filed a writ petition [NHPC & Anr Vs Commissioner of Customs & ors (W.P.No. 2192/2004)] against the order dated July 14, 1987 of Assistant Commissioner of Customs (appraising) and the order dated September 23, 2002 of the Commissioner of Customs(appeals) respectively, where the customs authorities confirmed the bond of 0.26 Crore along with interest, for non compliance by our company with the conditions stipulated for importing material for Loktak Power Station of the Company (aggregating to approx. Rs. 1.20 crore). The matter is now to be listed for final hearing.

5. Revision proceedings instituted by the Company are pending before the West Bengal Taxation Tribunal against the Sr. Joint Commissioner Commercial Tax, Siliguri Circle for various financial years. The matters relate to assessment of tax by the Assessing Authority by treating materials issues to contractor on recovery basis as deemed sales. The claim made was to the tune of approx. Rs. 1.44 crore for FY 2005-06. The Respondent i.e. Commissioner of Sales Tax, West Bengal so far has not files any Affidavit-in-Reply as directed by the Hon`ble Tribunal and therefore the same is still pending. The Ld. Tribunal has granted stay of the proceedings related to appeal for the year 2005-06, 2006-07 & 2007-08,

   The assessed demand for the FY 2006-07 is approx. Rs. 4.99 crore, for FY 2007-08 is approx. Rs. 3.48 crore, for FY 2008-09 is approx. Rs. 1.67 crore.

6. Proceedings are pending before the Sr. Joint Commissioner, Commercial Tax, Siliguri Circle, for assessment of tax by the Assessing Authority by treating materials issued to contractor on recovery basis as deemed sales. The affected project is Teesta Low Dam-III, and the Company has deposited the claimed amount (for FY 2009-10) of approx. Rs. 1.59 crore under protest, and is seeking to file revision before the West Bengal Taxation Tribunal.

7. The Company is subject to proceedings in the matter of M/s. Gammon India Ltd Vs NHPC Ltd, filed before the Civil Judge, Faridabad. The matter was filed on August 1, 2012 for recovery of amount towards price variation pertaining to contract for construction (Amount of claim made is Rs. 2.05 crore approx.). The Company has filed an application contending that the dispute is subject matter of arbitration in terms of the relevant contract (in relation to Teesta-V Power Station of the Company). The matter is pending adjudication before the Civil Judge, Faridabad.

8. The Company has filed an appeal in the J & K Sales Tax (Appellate) Tribunal, Srinagar [NHPC, Uri Vs Assessing Authority, Sopore]. An ex-parte order was passed and demand notice issued to the Company for payment of Rs. 75.55 crore for the accounting year 1994-95 issued by the Assessing Authority, Sopore. The aforesaid order was challenged before the Deputy Sales Tax Commissioner (Appeals), Srinagar, who set aside the impugned order and remanded back the case to its original jurisdiction for de novo assessment after affording an opportunity of being heard. The Company has filed this appeal against the aforesaid order passed by Deputy Sales Tax Commissioner (Appeal), Srinagar on the ground that no sales tax is payable at all under law, on the goods purchased by the Company.

9. The Company has filed an appeal in the J & K Sales Tax (Appellate) Tribunal, Srinagar [NHPC, Uri Vs Assessing Authority, Sopore]. An order was passed against the Company for payment of approx. Rs. 16.0 crore for the accounting year 1995-96 issued by the Assessing Authority, Sopore. The aforesaid order had been challenged by the Company before the Sales Tax Commissioner (Appeals), Srinagar. Deputy Commissioner (Appeals), Srinagar had dismissed the aforesaid appeal vide his order dated May 14, 2003. Thereafter, the Company has filed the appeal against the aforesaid order before J & K Sales Tax appellate Tribunal, Srinagar. The matter is listed for arguments.

Court proceedings arising from arbitral rewards

10. The Company has filed a special leave petition in the Hon'ble Supreme Court of India against the order dated November 04, 2011 of the Division Bench of Hon'ble High Court of Delhi [NHPC (Chamera Power Station-I) Vs. JAL; SLP (C) No. 8866/2012]. The matter was last heard on April 23, 2012. The dispute arose from contract no. NH/Contracts/CC/ CH/07 dated May 27, 1986 with the respondent entered into for construction of main concrete dam & coffer dam for Chamera Power Station Stage-I. The dispute pertains to liability for payment of 25% markup on NHPC-supplied materials and other claims. The claim is to the tune of approx. Rs. 8.96 crore. The Hon'ble Supreme Court has ordered issue of notice to the Respondents (parties).

11. The Company has filed a special leave petition in the Supreme Court of India against the order dated November 04, 2011 of the Division Bench of Hon'ble High Court of Delhi [NHPC (Chamera Power Station-I) Vs. HCC; SLP (C) No. 8867/2012]. The matter was last heard on April 23, 2012. The dispute arose from contract no. NH/ Contracts/CC/CH/08 dated May 28, 1986.with the respondent entered into for construction of PHC switchyard power tunnel surge and pressure shafts for Chamera Power Station Stage-I. The dispute pertains to liability for payment of 25% markup on NHPC-supplied materials and other claims. The claim is to the tune of approx. Rs. 1.94 crore. The Hon'ble Supreme Court has ordered issue of notice to the Respondents (parties).

12. The Company has filed a special leave petition in the Supreme Court of India [NHPC (Chamera Power Station-I) Vs. HCC; SLP (C) No. 8868/2012] against the order dated November 04, 2011 of the Division Bench of Hon'ble High Court of Delhi. The matter was last heard on April 23, 2012. The dispute arose from contract no. NH/Contracts/CC/CH/08 dated May 28, 1986 with the respondent entered into for construction of power tunnel (downstream) for Chamera Power Station Stage-I. The dispute pertains to liability for payment of 25% markup on NHPC-supplied materials and other claims. The claim is to the tune of approx. Rs. 1.89 crore. The Hon'ble Supreme Court has ordered issue of notice to the Respondents (parties).

13. The Company has filed a special leave petition in the Supreme Court of India [NHPC (Chamera Power Station-I) Vs. CCL; SLP (C) No. 8869/2012] impugning the order dated November 04, 2011 of the Division Bench of Hon'ble High Court of Delhi. The matter was last heard on April 23, 2012. The dispute arose from contract no. NH/Contracts/ CC/CH/04 dated October 11, 1985 with the respondent entered into for construction of power tunnel (U/S Package Part-I (HRT) for Chamera Power Station Stage-I. The dispute pertains to liability for payment of 25% markup on NHPC-supplied materials and

other claims. The claim is to the tune of approx. Rs. 1.63 crore. The Hon'ble Supreme Court has ordered issue of notice to the Respondents (parties).

14. The Company has filed a special leave petition in the Supreme Court of India [NHPC (Chamera Power Station-I) Vs. CCL; [SLP (C) No. 8870/2012] against the order dated November 04, 2011 of the Division Bench of Hon'ble High Court of Delhi. The matter was last heard on April 23, 2012. The dispute arose from contract no. NH/Contracts/CC/CH/07 dated 27.05.86 with the respondent entered into for construction of tail race tunnel for Chamera Power Station Stage-I. The dispute pertains to liability for payment of 25% markup on NHPC-supplied materials and other claims. The claim is to the tune of approx. Rs. 0.88 crore. The Hon'ble Supreme Court has ordered issue of notice to the Respondents (parties).

15. The Company has filed a petition in the High Court of Delhi [NHPC (Chamera-I) Vs. CCL & Anrs. ; OMP No. 668/2009] against the award of Arbitral Tribunal against the Company dated June 5, 2009. The dispute in the case arose with regard to payment of final bill in contract for construction of HRT for Chamera Power Station-I. The dispute in the case arose with regard to payment of final bill in contract for construction of HRT, CPS-I. The claim is to the tune of approx. Rs. 5.78 crore. The pleadings of the parties have been completed. The matter is pending for regular hearing.

16. The Company has filed a petition in the High Court of Delhi [NHPC (Chamera-I) Vs. CCL; OMP No. 141/2010] against the award of Arbitral Tribunal against the Company dated December 9, 2009. The dispute in the case arose with regard to payment of final bill in contract for construction of TRT, CPS-I. The dispute in the case arose with regard to payment of final bill in contract for construction of HRT, CPS-I. The claim is to the tune of approx. Rs. 3.69 crore. The pleadings of the parties have been completed. The matter is pending for regular hearing.

17. Continental Construction Limited has filed objection petition no OMP 206/2010 before High Court of Delhi under section 34 of the Arbitration and Conciliation Act, 1996 for setting aside the arbitration award dated December 9, 2009. The pleadings of the parties have been completed and the matter is pending for regular hearing. The claim involved is approx. Rs 21 crore.

18. The Company has filed a petition in the High Court of J&K at Jammu [NHPC (Salal Power Station-I) Vs. Gammon India Ltd. [No. AA-19/05]] challenging the award of Arbitral Tribunal on disputes with Gammon India Limited, arising out of contract agreement No. EE/TRT-1 dated August 22, 1998 (related to Salal Power station). The disputes relate to payment, work done beyond deviation limit, due to delayed payment, payment of losses due to flood, revised rate for excess dewatering etc. The arbitral tribunal had decided against the Company, and the award was for Rs. 21.75 crore with interest @ 12% P.A. from January 04, 2005.

The case was fixed for final hearing on April 09, 2013 at item No. 73. Due to lack of time, the matter could not be taken up and was adjourned. No date has been fixed.

19. The Company has filed a petition before the District Court, Chandigarh (NHPC Ltd. Vs. Ram Avtar Gupta) challenging the arbitral award dated July 15, 2010 made against the Company. The disputes relate to NHPC's claim to the tune of Rs. 1.17 crore and the contractor's claim against NHPC of Rs. 1.35 crore plus interest. NHPC's claim arises from alleged non-completion of construction of temporary 'C" type 27 Nos. of quarters (29-55) at Sainj (relating to Parbati-II Project of the Company) including internal water supply, sanitary works and internal electrical installation within stipulated time. The case is pending before the court for hearing. The date of hearing is yet to be fixed.

20. The Company has filed a petition (NHPC Limited, Parbati-III Vs. M/s Vijay Kumar Sharma, Govt. Contractor) under Section 34 of the Arbitration and Conciliation Act, 1996 for setting aside the award dated September 1, 2008. The dispute relates to construction of 7/10 Mt. bye-pass road from Largee (existing PWD bridge) to proposed new bridge site of the Company's Parbati-III Project along the right bank of river Sainj. The award made against the Company is for Rs. 1.52 Crore plus interest @ 12% P.A. from the date of award till date of payment.

21. The Company has filed an objection petition in the High Court of Delhi (NHPC Vs. Jaiprakash NCC Tunneling) challenging the award made by the arbitral tribunal dated April 19, 2008 against the Company to the tune of Rs. 36.02 crore + interest @ 8% P.A. pre-reference period. (ii) 12% P.A. pendent

lit (iii) 18% P.A. post award period. The contract from which the disputes arose related to civil works of u/s area package- I and balance civil works of u/s area package- II (relating to Dulhasti Power Station). The respondent has filed its reply to the objection petition of the Company and the matter, now fixed for arguments, will come up for hearing in regular list.

22. The Company has filed an appeal in the High Court of Punjab & Haryana [NHPC Vs. JAL & Ors.] against the order of the District Court, Faridabad dated December 24, 2010, which only partly set aside the arbitral award dated May 10, 2008, whereby the respondent's claim against the Company for extra handling storage transportation etc. of cement for the period upto 2006 and thereafter till completion of work (relating to Teesta-V Power Station of the Company), was upheld and award to the tune of Rs. 4.51 Crore + interest @ 12% P.A. from the date of award till payment made was made against the Company. The matter is pending adjudication before the High Court of Punjab and Haryana.

23. The Company has filed an objection petition before the Addl. District Judge, Faridabad [NHPC Vs. JAL & Ors.] against the award dated August 22, 2010 made by the arbitral tribunal against the Company upholding the respondent's claim for implementation of minimum wage in place of all India consumer price index (the matter pertains to Teesta-V Power Station of the Company). The award against the Company was for Rs. 53.56 crore + interest @ 12% from the date of award till payment. The matter is pending adjudication before the Addl. District Judge, Faridabad.

24. The Company has challenged in the court of the Additional District Judge, Faridabad [NHPC Vs. JAL & Ors.], the award dated August 6, 2012 made against the Company for a sum of approx. Rs. 8.58 crore and interest. The claim was for reimbursement of costs incurred by the respondent on account of bank guarantee, insurance policy and interest on advances due to reduced progress of work (the matter pertains to Teesta-V Power Station of the Company). The matter is pending adjudication before the Addl. District Judge, Faridabad.

25. The Company has challenged in the High Court of Punjab & Haryana [NHPC Vs. Patel Engineering Limited; FAO No. 3126 of 2012] the order dated March 6, 2012 of the Additional District Judge, Faridabad, upholding the award dated August 26, 2009 made against the Company for a sum of approx. Rs. 41.62 crore and interest. The claim was for compensation for difference of amount for deviated quantity for rock excavation (the matter pertains to Teesta Low Dam Project-III of the Company). The HC has admitted the appeal and stayed execution of award. The matter is pending adjudication before the High Court of Punjab & Haryana.

26. The Company has filed objection petition under Section 34 of the Arbitration and Conciliation Act, 1934 in the District Court, Faridabad (NHPC Vs. M/s BGS-SGS-Soma JV & Ors.), against the arbitral award dated May 3, 2013 passed against the Company, ordering refund of approx. Rs. 1.31 crore deducted by the Company towards Building and Other Construction Workers' Welfare Cess, from the dues of the respondent (the matter pertains to Subansiri Lower HE Project). The court has issued notice to Respondent No. 2, and the matter is pending adjudication before the District Court, Faridabad.

27. Himachal HV has filed an appeal no. [Himachal JV Vs NHPC FAO 2893/2011] pending in the High Court of Punjab and Haryana against the order dated March 21, 2011 of District Court Faridabad by which the arbitral award dated July 14, 2007 for an amount of Rs 133 crore in favour of the Himachal JV was set aside. The matter is to be listed in due course.

Arbitral proceedings including counter claims filed by other parties

28. M/s Patel Engineering Ltd. & Sew Construction Ltd. JV has filed various claims totaling to Rs. 215.35 crore together with interest against the Company. The dispute relates to construction of civil and hydro mechanical works for diversion dam and part HRT (for Parbati-II Hydro Electric Project). In all, 23 claims were made by M/s Patel Sew JV Ltd. for transportation of stores material, removal of muck from HRT, ideling of crushing plant, construction of temporary dykes, etc. The matter was referred for arbitration on May 18, 2008, and is now reserved for award.

29. M/s Himachal Joint Venture has made certain claims against the Company, which are subject to arbitration proceedings (M/s Himachal Joint Venture Vs NHPC). The dispute relates to construction of civil & hydro mechanical works for head race tunnel (HRT) and associated works of Parbati-II Hydro Electric Project, and amount claimed is for Rs. 316.71 crore. The Company has received the statement of

claims (which relate to refund of the sum received by the Company pursuant to invocation of performance bank guarantee, loss of profits, payment for unbilled quantities of work, etc.) and is in the process of preparing its reply to the same. The Company is now in the process of preparing its statement of defence.

30. M/s Patel- L & T Consortium has initiated arbitration proceedings against the Company claiming, in aggregate, Rs. 34.45 crore together with interest. The subject contract pertains to construction of civil works at Parbati –III Hydro Electric Project of the Company, and the claims relate to reimbursement of additional expenditure due to increase in minimum wages, Building & Other Construction Workers Welfare cess etc. The matter is at the stage of evidence, and next date is yet to be fixed.

31. M/s Jager-Gammon has initiated arbitration proceedings against the Company claiming, in aggregate, Rs. 119.44 crore including interest. The subject contract pertains to construction of part head race tunnel, surge shaft, pressure shaft, power house and tail race Tunnel at Parbati –III Hydro Electric Project of the Company, and the claims relate to Reimbursement of cess, payments for surge chamber, extra items, additional washer for rock, rock bolts, concrete filling , HSD, etc. The Company has filed its state of defence against the claims, and received a rejinder thereto. The matter is now at the stage of admission/ denial of documents furnished in evidence by the parties.

32. M/s BGS-SGS-SOMA initiated arbitration proceedings against the Company on August 25, 2011, claiming, in aggregate, Rs. 986.60 crore and Swiss Francs 10,60,619. The subject contract pertains to construction of diversion tunnels, coffer dams, concrete gravity dam, plunge pool and cut off wall for Subansiri Lower Hydro Electric Project of the Company, and the claims relate to financial compensation for loses suffered due to abnormal delays caused in executing the works. The matter is at the stage of arguments on behalf of the claimants.

33. Hindustan Construction Company Limited initiated arbitration proceedings against the Company on November 18, 2011, claiming, in aggregate, Rs. 266.74 crore. The subject contract pertains to construction of concrete gravity dam along with spillway, roller compacted concrete (RCC) dam, intake structure, surface power house, tail race channel, switchyard and other associated civil works for Teesta Low Dam – IV Hydro Electric Project of the Company, and the claims relate to financial compensation for additional time taken and costs incurred owing to various disruptions. The final arguments in the matter has concluded and the parties have been directed to file written synopsis/ arguments before the award is passed.

34. Hindustan Construction Company Limited initiated arbitration proceedings against the Company on December 6, 2011, claiming, in aggregate, Rs. 379.30 crore. The subject contract pertains to construction of diversion tunnel including gates, concrete gravity dam, head race tunnel, surge shaft, pressure shaft, power house and tail race tunnel for Uri – II Hydro Electric Project of the Company, and the claims relate to financial compensation for additional time taken and costs incurred owing to various disruptions and deviations. The matter is at the stage of arguments, and is pending adjudication.

35. Hindustan Construction Company Limited initiated arbitration proceedings against the Company on January 1, 2013, claiming, in aggregate, Rs. 229.69 crore. The subject contract pertains to civil works for Uri – II Hydro Electric Project of the Company, and the claims relate to financial compensation for unrecovered elements of costs & reduction in profits due to reduction of scope of work, reimbursement of additional costs, etc. The matter is at the stage of cross examination of the Company's witness.

36. M/s Prem Power Construction Ltd. & Bhola Singh Jai Prakash Ltd. initiated arbitration proceedings against the Company on October 5, 2007, claiming, in aggregate, approx. Rs. 42 crore. The subject contract pertains to Construction of balance civil works of Kambang Small Hydro Electric Project of the Company, and the claims relate to extra items and other payments for the works done by the claimants under various heads. The matter is at the stage of cross examination of the claimant's witness, and is pending adjudication.

37. M/s Jaiprakash Associates Limited initiated arbitration proceedings against the Company on October 18, 2008, claiming, in aggregate, approx. Rs. 24.03 crore together with interest. The subject contract pertains to construction of civil work for Teesta-V Project of the Company, and the claims relate to payment due to the claimant owing to reduced work. The matter is at the stage of arguments, and is pending adjudication.

38. M/s Jaiprakash Associates Limited initiated arbitration proceedings against the Company on April 27, 2009, claiming, in aggregate, approx. Rs. 32.42 crore together with interest. The subject contract pertains to construction of civil work for Teesta-V Project of the Company, and the claims relate to payment for cost incurred in extension of bank guarantee, interest on mobilization advance, insurance premium for the extended period and rate analysis of reinforcement steel (for the deviated quantity). Written arguments have been filed, and award is reserved.

39. M/s Gammon India Ltd. initiated arbitration proceedings against the Company on December 16, 2008, claiming, in aggregate, approx. Rs. 243.04 crore together with interest. The subject contract pertains to construction of civil work for Teesta-V Project of the Company, and the claims relate to payment for expenses for delays due to unforeseen physical conditions. The matter is pending adjudication.

40. M/s Gammon India Ltd. has initiated arbitration proceedings against the Company on March 1, 2013, claiming, in aggregate, approx. Rs. 224.6 crore together with interest. The Company had entered into a contract with the claimant for construction of civil work for Teesta-V Project of the Company, and the claims relate to payment for expenses for delays incurred due to unforeseen physical condition. The Company has furnished its statement of defence, to which the Claimant will file its rejoinder by October 5, 2013. The matter is pending adjudication.

41. M/s Jaiprakash Associates Limited initiated arbitration proceedings against the Company on June 16, 2009, claiming, in aggregate, approx. Rs. 104.61 crore together with interest. The subject contract pertains to construction of civil work for Teesta-V Project of the Company, and the claims relate to payment for increased cost due to decrease in work progress. The matter is next listed for arguments on behalf of the Company and is pending adjudication.

42. M/s Prem Power Construction Pvt. Ltd. initiated arbitration proceedings against the Company on January 19, 2009, claiming, in aggregate, approx. Rs. 85.39 crore together with interest. The subject contract pertains to Procurement and Construction of 132 KV S/C transmission line between Geylephug – Tintivi – Nanglan in Central Bhutan for the Bhutan Transmission line, and the claims have been made for payment towards extra labour cost, extra transportation cost, cost towards extension of PBG, cost of hire charges of tools and plant during the maintenance, cost of additional finance for immigration fees etc. Arguments are in progress and the matter is pending adjudication.

43. M/s Patel EngeeringLimited has initiated arbitration proceedings against the Company, claiming, in aggregate, approx. Rs. 10 crore. The subject contract pertains to construction of civil works for surge shaft, pressure shaft/pen stock including steel lines for pressure shaft, surface power house, tail race channel, switch yard and associated works for Sewa-II Hydro Electric Project of the Company, and the claims have been made for (i) deemed approved amount and interest under the contract (ii) refund of interest amount along with interest (iii) payment for removal of slush and concreting at the invert of LHPS with interest and (iv) claim for no recovery of excess discount and refund thereof with interest. The Claimant's counsel and authorized officer, on the last date of hearing, i.e. September 19, 2013, indicated that the Claimant desired to withdraw the claim, and the parties have been directed to file affidavit and affidavit-in-reply in this behalf.

44. Hindustan Construction Company Limited has initiated arbitration proceedings against the Company on December 17, 2010, claiming, in aggregate, approx. Rs. 2.28 crore together with interest. The subject contract pertains to construction of power house and power tunnel for Chamera-II Hydro Electric Project of the Company, and the claims have been made for (i) 147.16% mark-up on the labour component of extra & deviated items of the works. The matter is listed for submission of original documents before the sole arbitrator and next date yet to be fixed.

45. M/s Jaiprakash Associates Ltd. initiated arbitration proceedings against the Company on December 17, 2010, claiming, in aggregate, approx. Rs. 1.82 crore together with interest. The subject contract pertains to construction of main concrete dam for Chamera-I Hydro Electric Project of the Company, and the claims have been made for 141.56% mark-up on the labour component of extra & deviated items of the work. Final arguments in the matter have been heard and award is reserved.

46. Continental Construction Limited has initiated arbitration proceedings against the Company on May 31, 2012, claiming, in aggregate, approx. Rs. 3.63 crore together with interest on account of 141.56% mark-

up on the labour component of extra & deviated items of the work. The subject contract pertains to construction of power tunnel for Chamera-I Hydro Electric Project of the Company. The matter is listed for submission of original documents before the sole arbitrator and next date yet to be fixed.

47. M/s KCT initiated arbitration proceedings against the Company on November 22, 2002, claiming, in aggregate, approx. Rs. 1.13 crore together with interest. The subject contract pertains to construction of TRT outlet package for Salal Hydro Electric Project of the Company, and the claims have been made for payment of weight variation of steel, over break excavation, etc. and compensation for non provision of power. The matter is listed for arguments on behalf of the claimant. .

48. Hindustan Construction Company Limited initiated arbitration proceedings against the Company on November 26, 2011, claiming, in aggregate, approx. Rs. 253.43 crore from the Company. The Company and the Claimant had entered into a contract whereunder the Claimant was tasked for construction of diversion tunnel gate, coffer dam, concrete dam, intake structure, desilting arrangements, head race tunnel, surge shaft, pressure shaft, underground power house and tail race system and pothead yard for Chamera-III Hydro Electric Project of the Company. The claimant has filed claims for compensation for additional time & various consequent additional costs incurred by the claimant, on account of various disruptions, and deviations to the contract specifications. The matter is next listed for cross-examination of the claimant's witness. .

49. Hindustan Construction Company Limited initiated arbitration proceedings against the Company on December 31, 2012, claiming, in aggregate, approx. Rs. 164.49 crore from the Company. The contract from which the disputes have arisen relates to construction of diversion tunnel gate, coffer dam, concrete dam, intake structure, desilting arrangements, head race tunnel, surge shaft, pressure shaft, underground power house and tail race system and pothead yard for Chamera-III Hydro Electric Project of the Company. By its claim petition, the claimant has asked for rate revision of over break concrete, reimbursement of service tax, Building & Other Construction Workers Welfare Cess and additional cost due to subsequent legislation, etc. The matter is next fixed for cross-examination of the Company's witness.

50. M/s Patel Engeering Limited has initiated arbitration proceedings against the Company on August 8, 2012, claiming, in aggregate, approx. Rs. 68.64 crore together with interest. The subject contract pertains to construction of diversion works, barrage & spillways, intake, penstocks, surface power house, tail channel and other associated civil works for Teesta Low Dam-III Hydro Electric Project of the Company, and the claims have been made for idling of manpower, machinery/ equipment due to strike and flash flood on July 27, 2007. The Company had filed an application under Section 13 of the Arbitration and Conciliation Act, 1996, the arguments on which have concluded and the matter is pending adjudication.

51. M/s P & R Eng. Services, Chandigarh has initiated arbitration proceedings against the Company on October 17, 2012 claiming, in aggregate, approx. Rs. 1.68 crore. The subject contract pertains to supply, fabrication, erection and testing & commissioning of pressure shaft, penstock lines for Teesta Low Dam-III Hydro Electric Project of the Company, and the claims have been made for additional costs, losses and damages suffered and interpretation of certain clauses of the contract. The matter is reserved for award.

52. Hindustan Construction Company Limited initiated arbitration proceedings against the Company on March 13, 2013 claiming, in aggregate, approx. Rs. 222.47 crore from the Company. The Company and the Claimant had entered into a contract for civil works at Chutak Power Station of the Company. The claimant has filed claims for payment of additional cost incurred in extended period of contract, claim for unrecovered elements of cost & profit due to reduction in scope of work, payment of additional cost due to subsequent legislation pertaining to minimum wages and compensation for use of ATF instead of HSD for works during winter season. The matter is pending for cross-examination of the Claimant's witness.

53. M/s Genus Power Infrastructures Ltd. has initiated arbitration proceedings against the Company on July 26, 2013 claiming, in aggregate, approx. Rs. 36.92 crore. The subject contract pertains to execution of rural electrification work of Boudh district. Due to poor performance of the claimant contractor, the contract was terminated by the Company. Claims made by the Claimant pertain to wrongful termination of contract, non-payment of outstanding dues towards supply and erection, cost of survey escalated rework cost, claim on account of non-release of bank guarantee, loss of profit etc. The matter is at the stage of filing of documents by the respective parties and is pending adjudication.

54. The Company has filed an appeal under Section 37 of the Arbitration and Conciliation Act, 1996 [NHPC Limited Vs Patel Engineering Limited & ors] in the High Court of Punjab & Haryana against the order dated July 4, 2013 of the Additional District Judge, Faridabad, dismissing the objection petition under Section 34 of that Act filed by our Company against the award made by the arbitral tribunal (on November 3, 2011) for an amount of Rs. 34.62 crore (approx.) with future interest @12% per annum w.e.f. the date of the award to till payment.

55. Om Metals-SPML JV has initiated arbitration proceedings against the Company on September 27, 2013, claiming, in aggregate, Rs. 33.50 crore. The subject contract pertains to hydro-mechanical works for Teesta Low Dam-IV Hydro Electric Project of the Company, and the claims relate to idling of manpower and equipment. The arbitral tribunal has decided on the schedule for filing of pleadings/ documents, and the matter is now listed for further proceedings.

56. Jaiprakash Associates Limited initiated arbitration proceedings against the Company on September 25, 2012, claiming, in aggregate, Rs. 10.24 crore together with interest. The subject contract pertains to construction of civil work s (coffer dam, desilting chambers, intake structure and part head race tunnel) for Teesta- V Power Station of the Company, and the claims relate to recovery for non-use of couplers, release of withheld payment, etc.). The matter is at the stage of arguments, and is pending adjudication.

57. Mr. Alok Garg initiated arbitration proceedings against the Company on November 4, 2009, claiming Rs.1.74 crore. The subject contract pertains to construction of Kendriya Vidyalaya Building at Banikhet (related project is Chamera-I Power Station), and the claims are towards price variation, change of design, disposal of earth, etc. Final arguments have been heard in the matter, and the matter is now reserved for award.

DETAILS OF SUBSTANTIAL CLAIMS FILED BY THE COMPANY:

1. The Company has filed a claim before the High Court of Kolkata [NHPC Limited Vs. United India Insurance Company Limited (FAT No. 377 of 2010)] against rejection of its insurance claim by the defendant insurance company in relation to loss/ damage caused on July 5, 1995 by breach of Coffer Dam due to flash floods (related power station is Rangit Power Station). The Company's claim is to the tune of Rs. 12199813. The suit was filed in 2010 by the Company. The matter is next listed for admission of appeal and matter is to be listed in due course.

2. The Company has challenged the award dated September 17, 2008 in the High Court of Delhi [NHPC Vs. Power Development Department, government of J&K; OMP No. 18/08]; the said petition has been clubbed with OMP no. 51/09. The challenge to award is on account of the arbitrator not allowing interest for pre-reference period. The dispute pertains to securitization of the dues payable by the Power Development Department of the State of J&K, as the State Government did not securitise the dues to the extent of Rs. 27.83 crore. Both the cases will come up for hearing in regular course.

3. The Company has filed an application in the HC of Manipur, Imphal, under Section 37 of the Arbitration and Conciliation Act, 1996 [NHPC Vs. State of Manipur & Ors.] against the order dated December 31, 2012 of the District. Judge, Manipur. The District Judge had set aside the arbitral award dated July 30, 2007 in favour of the Company by which the Department of Power, Government of Manipur was directed to pay to the Company Rs. 26 crore + interest @ 12% P.A. w.e.f. 1.10.01 till date of payment. The dispute pertained to non-payment of surcharge on electricity bills from 1983 to 1992, and dispute regarding energy consumption, surcharge on billing charges, royalty, transmission loss etc. The HC has called for the record of arbitration proceedings and the matter will be listed in due course for admission.

4. Our Company has filed a company petition for winding up IL&FS Engineering and MS Nagarjuna Construction constitutents of M/s Himachal JV in the High Court of Andhra Pradesh at Hyderabad. The respondent was awarded contract work of Parbati II. The total claim by the Company is approx. Rs. 281.60 crore as on March 31, 2013. The company petition is yet to be numbered in the court.

5. The State of J&K has enacted J&K State Water Resources (Regulation & Management) Act, 2010 by which water usage charges @ Rs 0.25 per cu.mts of water has been imposed for water used in generation of electricity. Our Company has filed OWP no 604/2011 before H.C. of J&K, challenging the validity of the Act. The petition has been admitted and pending for hearing.

LITIGATION INVOLVING OUR DIRECTORS OF THE COMPANY

1. Mr. A.B.L. Srivastava has filed a writ petition against the Union of India and the Company (writ petitions no. CWP 826/2013, which is pending before the High Court of Delhi. In the said petition, the petitioner has, inter-alia, challenged his relieving order issued after completion of his term as Director (Finance) of the Company.

2. Mr. ABL Srivastava has also filed a writ petition in High Court of Delhi [CWP 1101/2013] against the Union of India challenging the order dated January 17, 2013 by which he has been censured. The same relates to his service as Director (Finance) of the Company.

3. Mr. J.K. Sharma, Director (Projects) of our Company, has also filed a writ petition against the Union of India and others (WP(C) 4878/2013) in the High Court of Delhi in which, also, a miscellaneous application no. CM 11068/2013 for directions to the respondents is pending]. In the said writ petition, Mr. Sharma has inter-alia prayed for being given additional charge of CMD of the Company, and continuation of existing panel of PESB for regular appointment to the said post of CMD of the Company. The Company is yet to be served formally in the matter.

MATERIAL DEVELOPMENTS

Material Developments since the date of the latest balance sheet

Except as mentioned below there have not arisen, since the date of the last financial information disclosed in this Prospectus, any circumstances which materially and adversely affect or are likely to affect our performance, profitability or prospects, within the next 12 months:

1. During the Fiscal 2013, NHPC contributed Rs. 77.55 crore towards its proportionate share in CVPPPL whereas other Joint Venture partners were yet to contribute their share which resulted in increase in holding of NHPC in CVPPPL from 49% to 81.60%. As such CVPPPL has been considered as Subsidiary of NHPC Limited instead of Joint Venture as on June 30, 2013. However, pursuant to the contribution made by the other joint venture partner (JKSPDC has released Rs. 77.55 Cr on July 24, 2013) in the equity of CVPPPL, as on August 31, 2013, CVPPPL ceases to the subsidiary of the Company.

2. The Company has successfully commissioned Unit - I and Unit – III of 60 MW each of Uri-II HE Project at rated load of 60 MW on September 25, 2013 and September 27, 2013, respectively.

3. The MoP has vide letter no. 16/28/99 – (NHPC) [Vil.III] dated September 30, 2013 has intimated the appointment of Mr. K.N. Garg, Member (Hydro), Central Electricity Authority as the part time Government Director on the Board of NHPC.

4. The Company has entered into an Memorandum of Understanding dated September 28, 2013 amongst The Chattisgarh State Power Holding Company Limited, Indian Farmers Fertiliser Cooperative Limited and NHPC Limited for the Development of 1,320 MW (2x660 MW) Thermal Power Project in Surajpur District (*erstwhile known as Sarguja District*) in the State of Chattisgarh.

For more information, see "***Capital Structure***", and "***Stock Market Data for our Debentures***" on pages 56 and 117, respectively.

REGULATIONS AND POLICIES

The following description is a summary of certain specific laws and regulations in India, which are applicable to the Company. The information detailed in this chapter has been obtained from publications available in the public domain. The regulations set out below may not be exhaustive, and are only intended to provide general information to the Investors and are neither designed nor intended to substitute for professional legal advice.

Except as otherwise specified in this Prospectus, taxation statutes such as the Income Tax Act, 1961, various labor laws and other miscellaneous laws apply to us as they do to any other Indian company. The statements below are based on the current provisions of Indian law, and the judicial and administrative interpretations thereof, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

The Power Sector

"Electricity" falls within the Concurrent List of the Seventh Schedule to the Constitution of India. Therefore, both the GoI and the State governments have the power to legislate in this sector, provided that a State enactment does not conflict with any Central enactment.

The Electricity Act, 2003 ("Electricity Act")

The Electricity Act was enacted by the GoI to consolidate the laws relating to generation, transmission, distribution, trading and use of electricity and the development of the electricity industry, promoting competition therein, protecting interest of consumers, rationalisation of the electricity tariff, and ensuring transparent policies regarding subsidies. The Electricity Act repealed the Indian Electricity Act, 1910 (which governed the transmission, supply and use of electricity), the Electricity (Supply) Act, 1948 (which constituted statutory bodies at the central, regional and state levels to govern generation, transmission and distribution of electricity) and the Electricity Regulatory Commissions Act, 1998 (which constituted the Central and State Electricity Regulatory Commissions). The provisions of the Electricity Act came into force w.e.f. June 10, 2003 and apply to the whole of India excluding the State of Jammu and Kashmir, which has its own State legislation. In addition, it was notified that State enactments be applicable in the respective States to the extent such enactments are not inconsistent with the provisions of the Electricity Act. The GoI amended certain provisions of the Electricity Act by enacting the Electricity (Amendment) Act on January 27, 2004 and June 15, 2007.

Authorities under the Electricity Act

The CEA was constituted under the repealed Electricity (Supply) Act, 1948 and its powers and functions were amended under the Electricity Act. The CEA consists of members appointed by the GoI and it acts as an advisor to the Central Government on matters relating to the national electricity policy, formulates plans for development and co-ordinates with planning agencies for optimal usage of resources. The CEA also specifies technical standards and safety requirements for electrical plants, lines and grids.

The Electricity Act also regulates the working of the Central Electricity Regulatory Commission ("**CERC")** and a State Electricity Regulatory Commission ("**SERC**") for each State, which were originally constituted under the repealed Electricity Regulatory Commissions Act, 1998. The CERC's functions include regulation of tariff of power generating companies owned or controlled by the Central Government and tariff of power generating companies other than those owned or controlled by the Central Government, if such generating companies have a composite scheme for generation and sale of electricity in more than one State and of inter-State transmission of electricity; determination of tariff for inter-State transmission of electricity; issuance of licenses to generating companies, transmission licensees and electricity traders with respect to their inter-State operations; adjudication of disputes involving generating companies or transmission licensees regarding matters under the Electricity Act and the power to refer any dispute for arbitration; levy of fees for purposes of the Electricity Act; specifying the Indian Electricity Grid Code ("**IEGC**") with regard to the Grid Standards; specifying and enforcing standards with respect to quality, continuity and reliability of service by licensees; fixation of the trading margin in inter-State trading of electricity, if considered necessary; and advising the Central Government on formulation of the National Electricity Policy and Tariff Policy. The SERCs functions include adjudication on disputes between licensees and generating companies, and the power to refer any such dispute for arbitration; levy of fees for the purposes of the Electricity Act; specifying the State Grid Code consistent with the IEGC as specified under the Electricity Act, specifying or enforcing standards with respect to quality, continuity and reliability of service by licensees and to fix the trading margin in intra-State trading of electricity, if considered necessary. The Electricity Act also provides for establishment of a Joint Commission by agreement between two or more State governments or by the Central Government in respect of one or more Union Territories and one or more State governments. The appropriate commissions are, in connection with any inquiry or proceedings under the Electricity Act, vested with powers of a civil court and all proceedings before the appropriate commission are deemed to be judicial proceedings within the meaning of the Indian Penal Code.

The Central and State governments are required to each constitute a Coordination Forum consisting of the chairperson and members of the CERC or SERC, as the case may be, the Chairperson of the CEA in case of the Forum being constituted by the Central Government, representatives of generating companies and transmission licensees engaged in transmission of electricity (inter-State in case of CERC and within the State in case of a SERC). The Central Government is required to also constitute a forum of regulators consisting of the chairpersons of the CERC and SERCs. The chairperson of the CERC will be the chairperson of the forum of regulators. There will be a committee in each district to be constituted by the appropriate Government to coordinate and review extension of electrification in each district and quality of power supply and consumer satisfaction, and to promote energy efficiency and conservation. The CERC and SERCs may establish a Central or State Advisory Committee, respectively, with the chairperson of the CERC, or SERC, as the case may be, being the ex-officio chairperson of such Advisory Committee. The objects of such Advisory Committee will be to advise the appropriate commission on policy, matters relating to quality, continuity and extent of service provided by the licensees; compliance by licensees with the conditions of their licence; protection of consumer interest; electricity supply and standards of performance by utilities. The Electricity Act also provides for constitution of the Central Electricity Regulatory Commission Fund and respective State Electricity Regulatory Commission Funds, wherein any grants and loans made to the CERC and SERCs by the Central or State government, as the case may be, and all fees and sums received by the CERC or SERC, as the case may be, under the Electricity Act will be credited. The Fund shall be applied for meeting the expenses of the CERC or the SERC, as the case may be, in discharge of its functions and expenses on objects and for purposes authorised by the Electricity Act. The Central Government may, in consultation with the Comptroller and Auditor-General of India, prescribe the manner of applying the Fund for meeting such expenses.

The appropriate Government may appoint duly qualified persons to be Chief Electrical Inspector or Electrical Inspectors. An appeal will lie from the decision of a Chief Electrical Inspector or Electrical Inspector to the appropriate Government or if the appropriate Government by general or special order so directs, to an appropriate commission. Every Electrical Inspector or other person holding an inquiry under has the powers of a civil court. The State government may also, for speedy trial of offences under the Electricity Act, constitute as many special courts as necessary for such areas as specified in the notification. A special court shall consist of a single Judge appointed by the State government with the concurrence of the High Court, who shall have the powers of a court of session. The Special Court may try the offence in a summary way in accordance with the Criminal Procedure Code, 1973. The Electricity Act also provides for establishment of an Appellate Tribunal for Electricity vested with the powers of a civil court to settle appeals against the order of an adjudicating officer or appropriate commission under the Electricity Act. Any person aggrieved by a decision of the Appellate Tribunal for Electricity may file an appeal to the Supreme Court. All proceedings before an Electrical Inspector or the Appellate Tribunal for Electricity are deemed judicial proceedings within the meaning of the Indian Penal Code.

Generation of Electricity

Under the Electricity Act, a generating company is permitted to establish, operate and maintain a generating station without obtaining a license under the Electricity Act, provided it complies with the technical standards stipulated under the Electricity Act, relating to connectivity with the grid. However, a generating company intending to establish a hydro generating station is required to submit a scheme along with capital expenditure estimates to the CEA for concurrence, when such scheme exceeds Rs. 2500.00 crore, provided the scheme conforms to the capacity and type mentioned in the National Electricity Plan and the site has been allocated through a transparent process of bidding in accordance with the guidelines issued by the Central Government. Any scheme not covered by the above conditions is required to be submitted to the CEA if the capital expenditure estimates of the generating company exceed Rs. 500.00 crore. A DPR is required to be submitted in accordance with the Guidelines for Formulation of Detailed Project Reports for Hydro Electric Schemes, their Acceptance and Examination for Concurrence, 2007, notified by the CEA. The CEA, before concurring in any scheme submitted to it by such generating company, shall consider whether such scheme would prejudice prospects for development of the river or its tributaries for purposes including power generation, requirements of drinking water, irrigation, navigation, flood-control, or other public purposes, and also whether such scheme meets the norms on dam design and safety.

A generating company is permitted to supply electricity to any licensee or directly to consumers, subject to regulations made under the Electricity Act, including in respect of installation of an electricity meter and furnishing due information regarding the installation to the Electricity Inspector and local authorities. A generating company is required to establish, operate and maintain generating stations, tie-lines, sub-stations and dedicated transmission lines in accordance with the provisions of the Electricity Act and the rules or regulations made thereunder. In this regard, a generating company has to comply with the technical standards for operation and maintenance of transmission lines stipulated in the Grid Standards issued by the CEA under the Electricity Act; submit technical details regarding its generating stations to the appropriate commission and the CEA; and coordinate with the relevant Central or State transmission utility for transmission of electricity generated by it.

The CEA in consultation with the State government may specify measures for protecting the public from dangers arising from generation, transmission or distribution or trading of electricity, or use of electricity supplied, or installation, maintenance or use of any electric line or electrical plant; eliminating or reducing the risks of personal injury to any person, or damage to property of any person or interference with use of such property; prohibiting supply or transmission of electricity except by means of a system which conforms to the specification specified; giving notice in the specified form to the appropriate commission and the Electrical Inspector of accidents or failure of supply or transmission of electricity; or specifying action to be taken regarding any electric line or electrical plant or any electrical appliance under the control of a consumer for the purpose of eliminating or reducing a risk of personal injury or damage to property or interference with its use.

The appropriate commission may issue such directions as it considers appropriate to a generating company if such generating company enters into any agreement, abuses its dominant position or enters into a combination which is likely to cause or causes an adverse effect on competition in electricity industry. Further, the Central and State governments are empowered under the Electricity Act to direct the operation and maintenance of power generating stations in the event of a security threat to the State, a natural calamity or any other extraordinary circumstances. The Central Government has the power to make rules in order to carry out the provisions of the Electricity Act and has the authority to prepare the National Electricity Policy and the National Tariff Policy and modify the same from time to time. The Central Government may also make regional demarcation for the efficient and economical transmission and supply of electricity in India.

The Central and State government may make rules for carrying out the provisions of the Electricity Act. The CEA may make regulations consistent with the Electricity Act and the rules generally to carry out the provisions of the Electricity Act, including in respect of the Grid Standards; measures relating to safety and electric supply; installation and operation of meters; procedure for transaction of business; technical standards for construction of electrical plants and electric lines and connectivity to the grid; form and manner in which and the time at which the State government and licensees shall furnish statistics, returns or other information. The CERC may make regulations consistent with the Electricity Act and rules generally to carry out the provisions of the Electricity Act, including in respect of the IEGC; levy and collection of fees and charge from generating companies or transmission utilities or licensees; rates, charges and conditions in respect of intervening transmission facilities; reduction and elimination of surcharge and cross subsidies under the Electricity Act; conditions for determination of tariff; details to be furnished by licensee or generating company; procedures for calculating expected revenue from tariff and charges. In addition, the CERC and SERCs may make regulations consistent with the Electricity Act, including in respect of levy and collection of fees and charges from generating companies or licensees; reduction and elimination of surcharge and cross subsidies; methods and principles by which charges for electricity shall be fixed; conditions for determination of tariff; and methodologies and procedures for calculating expected revenue from tariff and charges.

Whoever fails to comply with an order or direction under the Electricity Act, within the time specified in the said order or direction, or contravenes or attempts or abets contravention of any provision of the Electricity Act or rules or regulations made thereunder, is punishable with imprisonment which may extend to three months or with fine which may extend to Rs. 0.01 crore or with both in respect of each offence and in the case of a continuing failure, with additional fine which may extend to Rs. 5,000 for every day during which the failure continues after conviction for the first such offence. In case a complaint is filed before the appropriate commission by any person or if such commission is satisfied that any person has contravened any provision of the Electricity Act or rules or regulations made thereunder or any direction issued by such commission, the appropriate commission may after giving such person an opportunity of being heard, direct that, without prejudice to any other penalty to which he may be liable under the Electricity Act, such person shall pay a penalty which shall not exceed Rs. 0.01 crore for each contravention and in case of a continuing failure, an additional penalty which may extend to Rs. 6,000 for every day the failure continues after the first such contravention. Any penalty payable under the Electricity Act, if not paid, may be recovered as if it were an arrear of land revenue.

Under the Electricity Act, if a State government requires grant of a subsidy to any consumer or class of consumers in the tariff determined by the State commission under the Electricity Act, such State government shall pay in advance, in the manner specified by the State commission, the amount to compensate the person affected by the grant of such subsidy or any other person concerned, to enable the State commission to implement the subsidy provided by the State government.

The National Electricity Policy, 2005 ("NEP")

The NEP was notified under the Electricity Act by the GoI on February 12, 2005, in consultation with the CEA and the respective State governments, in order to accelerate development in the power sector by introducing provisions to provide supply of electricity to all areas and to protect interests of consumers and other stakeholders, keeping in view availability of energy resources, technology available to exploit such resources, economics of generation using different resources and energy security issues. The salient features of this policy are as stated below:

- providing access to electricity to all households in India within the next five years, including through creation of a 'Rural Electrification Distribution Backbone';
- fully meeting India's power demand by 2012, by overcoming energy and peaking shortages and making available adequate spinning reserve;
- per capita availability of electricity to be increased to over 1,000 units by 2012;
- minimum lifeline consumption of one unit/household/day as a merit good by year 2012;
- progressive reduction in surcharge in line with progressive reduction in cross-subsidies and reduction in tariffs charged by SERCs;
- supply of reliable and quality power of specified standards in an efficient manner and at reasonable rates;
- financial turnaround and commercial viability of the electricity sector; and
- protection of consumer's interest.

With a view to increase the overall share of non-conventional energy sources in the electricity mix, efforts will be made to encourage private sector participation through suitable promotional measures. Maximum emphasis would be laid on development of feasible hydro potential particularly in the North-Eastern States, Sikkim, Uttrakhand, Himachal Pradesh and Jammu & Kashmir. Debt financing of longer tenure would be made available for hydro projects. Progressively the share of electricity from non-conventional sources would need to be increased as prescribed by the SERCs. Such purchase by distribution companies shall be through competitive bidding process. Considering that it will take time before non-conventional technologies compete in terms of cost with conventional sources, the appropriate commission may determine an appropriate differential in prices to promote such technologies. Generating companies may enter into medium to long-term fuel supply agreements especially with respect to imported fuels for commercial viability and security of supply.

Environmental concerns would be addressed through appropriate advance action by way of comprehensive Environmental Impact Assessment and implementation of Environment Action Plan ("**EAP**"). Steps would be taken for coordinating the efforts for streamlining the procedures in regard to grant of environmental clearances including setting up of 'Land Bank' and 'Forest Bank'. Appropriate catchment area treatment for hydro projects would also be ensured and monitored. Full compliance with prescribed environmental norms and standards must be achieved in operations of all generating power plants.

The National Tariff Policy, 2006

The National Tariff Policy was notified under the Electricity Act, by the GoI on January 6, 2006, in consultation with the CEA and the respective State governments, to ensure financial viability of the power sector and availability of electricity to consumers at reasonable rates, attract investments and promote transparency and consistency in regulatory approach for tariff setting. It was subsequently amended vide Resolutions dated March 31, 2008 and January 22, 2011.

The CERC and SERCs are guided by the National Tariff Policy. While guidelines for procurement of electricity through competitive bidding were issued on January 19, 2005, the National Tariff Policy prescribes that all future requirement of power is required to be procured through a process of competitive bidding and all long term contracts are awarded a two-part tariff structure in order to facilitate a merit order dispatch. Further, PPAs are required to ensure adequate and bankable payment security mechanism in case of default. Captive power generation plants are permitted to sell to non-captive users connected to transmission grids based on a negotiated tariff. SERCs are also empowered to fix minimum percentage of offtake from non-conventional sources/co-generation.

Under the Electricity Act, the appropriate commission may differentiate according to the consumer's load factor, power factor, voltage, total consumption of electricity during any specified period or the time at which the supply is required or the geographical position of any area, nature of supply and the purpose for which the supply is required. Further, no tariff or part of any tariff may ordinarily be amended more frequently than once in any financial year, except in respect of any changes expressly permitted in terms of any fuel surcharge formula specified. An application for determination of tariff under the Electricity Act shall be made by a generating company or licensee in such manner and accompanied by such fee as determined by regulations issued under the Electricity Act and National Tariff Policy. The appropriate commission shall, after considering suggestions and objections received from the public, issue a tariff order accepting the application with modifications or conditions specified in that order or may reject the application if such application is not in accordance with applicable law, provided that an applicant shall be given a reasonable opportunity of being heard before rejecting his application. The tariff for any inter-State supply, transmission or wheeling of electricity may, on application made to it by the parties intending to undertake such supply, transmission or wheeling, be determined by the appropriate commission having jurisdiction in respect of the applicant in this respect.

Amendments in the Tariff Policy

Amendments were made in the existing provisions of the Tariff Policy for providing specific exemptions in the Hydro and Transmission Sectors from the mandatory tariff based competitive bidding which came into effect from January 6, 2011. The Cabinet also approved the proposal to provide a level playing field to State controller / owned Hydro Projects vis-à-vis the private sector developers in the matter of merchant sale of power by suitable amendments in the existing clauses 5.1 and 7.1 of the Tariff Policy, 2006.The following proposals were approved:

(i) Exemption to the all Hydro Electric projects from the mandatory competitive bidding till December 31, 2015, subject to fulfillment of certain conditions.

(ii) provisions of a level playing field to State controlled/ owned Hydro Projects vis-a-vis Hydro Projects in the private sector.

(iii) exemption to the intra-state transmission sector from the mandatory competitive bidding for another two years i.e. upto January 5, 2013; and

(iv) exemption of experimental works for 1200 KV HVDC line in the transmission sector from the realm of tariff based competitive bidding and the works required to be done to cater to an urgent situation or which are required in a compressed time schedule by CTU/STUs as decided by the Central Government in a case to case basis.

Para 6.4(1) of the Tariff Policy, which provides for Non-conventional sources of energy generation including co-generation, was also amended vide Resolution dated January 22, 2011. The present amendment in para 6.4(1) of the Tariff Policy is as per the proposal of the National Solar Mission strategy (Implementation of the National Solar Mission) which was approved by the Cabinet in its Meeting held on November 19, 2009.

The Ministry of Power proposed to amend the Tariff Policy, 2006 to require the State Electricity Regulators to fix a percentage of energy purchase from solar power under the RPOs. The solar power purchase obligation for States may start with 0.25% in Phase I (by 2013) and go up to 3% by 2022 This will be complemented by solar specific Renewable Energy Certificate (REC) mechanism to allow solar power generation companies to sell certificates to the utilities to meet their solar power purchase obligations.

The following proviso is added at the end of Para 5.1 of the Pariff Policy, 2006, vide Resolution dated March 31, 2008:

"Provided that a developer, of a hydroelectric project, not being a State controlled/ owned company, would have the option of getting the tariff determined by the appropriate Commission on the basis of performance based cost of service regulations if the following conditions are fulfilled:

a) *The appropriate Commission is satisfied that the project site has been allotted to the developer by the concerned State Government after following a transparent two stage process. The first stage should be for prequalification on the basis of criteria such as financial strength as measured by networth, past experience of developing infrastructure projects of similar size, past track record of developing projects on time and within estimated costs, turnover and ability to meet performance guarantee etc. In the second stage, bids are to be called on the basis of only one single quantifiable parameter, such as, free power in excess of 13%, equity participation offered to the State Government, or upfront payment etc.*

b) *Projects of more than 100 MW design capacity for which sites have been awarded earlier by following a transparent process and on the basis of predetermined set of criteria would also be covered in this dispensation.*

c) *Concurrence of CEA (if required under Section 8 of the Act), financial closure, award of work and long term PPA (of more than 35 Years) of the capacity specified in (d) below with distribution licensees are completed by December 31, 2010.*

d) *Long term PPA would be at least for 60% of the total saleable design energy. However, this figure of 60% would get enhanced by 5% for delay of every six months in commissioning of the last unit of the project against the scheduled date approved by the Appropriate Commission before commencement of the construction. The time period for commissioning of all the units of the project shall be four years from the date of approval of the commissioning schedule by the Appropriate Commission. However, the Appropriate Commission may, after recording reasons in writing, fix longer time period for large storage projects and run-off-the river projects of more than 500 MW capacity. Adherence to the agreed timelines to achieve the fixed commissioning schedule shall be verified through independent third party verification.*

e) *Award of contracts for supply of equipment and construction of the project, either through a turnkey or through well defined packages, are done on the basis of international competitive bidding.*

In cases, where the conditions mentioned above at (a) to (e) are fulfilled, the Appropriate Commission shall determine tariff ensuring the following:

(i) *Any expenditure incurred or committed to be incurred by the project developer for getting project site allotted (except free power up to 13%) would neither be included in the project cost, nor any such expenditure shall be passed through tariff.*

(ii) *The project cost shall include*

-the cost of the approved R&R plan of the Project which shall be in conformity with the following:
(a) the National Rehabilitation & Resettlement Policy currently in force;
(b) the R&R package as enclosed at appendix; and

- the cost of project developers' 10% contribution towards RGGVY project in the affected area as per the project report sanctioned by the Ministry of Power.

(iii) *Annual fixed charges shall be taken pro-rate to the saleable design energy tied up on the basis of long term PPAs with respect to total saleable design energy. The total saleable design energy shall be arrived at by deducting the following from the design energy at the bus bar:*

a) *13% of free power (12% for the host Government and 1% for contribution towards Local Area Development Fund as constituted by the State Government). This 12% free power may be suitably staggered as decided by the State Government*

b) *Energy corresponding to 100 units of electricity to be provided free of cost every month to every Project Affected Family notified by the State Government to be offered through the concerned distribution licensee in the designated resettlement area/ projects area for a period of ten years from the date of commissioning".*

Central Electricity Regulatory Commission (Terms and Conditions of Tariff) (Third Amendment) Regulations, 2012

Tariffs for each of our stations are determined by the CERC and may be revised during the term of the respective PPAs, depending on changes in tariff regulations issued by CERC.

The Central Electricity Regulatory Commission has been entrusted with a variety of functions under the Electricity Act, 2003 (hereinafter "the Act"). One of the functions of the Commission is to specify the terms and conditions of tariff under section 61 read with section 178 of the Act for determination of tariff of the generating companies and transmission licensees who are covered under the jurisdiction of the Commission. In exercise of the said powers, the Commission has specified the Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009 (**hereinafter "2009 Tariff Regulations")** vide notification No. L-7/145(160)/2008-CERC dated January 19, 2009 which came into effect from April 1, 2009 and would remain in force till March 31, 2014. To keep pace with the requirements of the power sector, the Commission issued two amendments to the 2009 Tariff Regulations in the year 2011. A need was felt to go for the third amendment to the 2009 Tariff Regulations. Accordingly, the CERC further amended the 2009 Tariff Regulations vide notification No.–L- 7/145(160)/2012—CERC dated December 31, 2012. The tariff structure prescribed by the CERC comprises a number of elements, including AFC, incentives and unscheduled interchange charges.

National Electricity Plan

A National Electricity Plan is required to be notified by the CEA once every five years under the Electricity Act in accordance with the NEP and with the approval of the Central Government.

The National Hydro Power Policy, 2008

The National Hydro Power Policy was notified by the GoI, setting out the following objectives: (a) inducing private investment in hydropower development; (b) harnessing the balance hydroelectric potential; (c) improving resettlement and rehabilitation; and (d) facilitating financial viability. The salient features of this policy are set forth below:

(a) The existing dispensation available to the public sector regarding exemption from tariff based bidding up to January 2011 is extended to private sector hydroelectric projects;

(b) State governments would be required to follow a transparent procedure for awarding potential sites to the private sector;

(c) The concerned private developer would be required to following the existing procedure, including getting the DPR prepared, obtaining concurrence of the CEA/State government, obtaining environment, forest and other statutory clearance and then approach the appropriate regulator. It would be obligatory for the developers to go through an International Competitive Bidding process for award of contract for supply of equipment and construction of the project either through a turnkey contract or through a few well defined packages;

(d) Tariff of the project would be decided by the appropriate Regulatory commission;

(e) Special incentive for merchant sales of up to 40% of the saleable energy is envisaged for the project(s) meeting the time lines;

(f) An additional 1% free power from the project would be provided and earmarked for Local Area Development Fund, aimed at providing a regular stream of revenue for income generation and welfare schemes, creation of additional infrastructure and common facilities on a sustained and continued basis over the life of the project. It is further recommended that the host State government would also provide a matching 1% from their share of 12% free power towards this corpus fund. This fund could be operated by a standing committee headed by an officer of the State government not lower than a district magistrate;

(g) For 10 years from the date of commissioning of the project, 100 units of electricity per month would be provided by the project developer to each project affected family through the relevant distribution company;

(h) In the interest of speedy implementation of hydroelectric projects, it is proposed that the Resettlement and Rehabilitation package should be more liberal than the National Resettlement and Rehabilitation Policy, 2007.

The Right to Fair Compensation And Transparency in Land Acquisition, Rehabilitation And Resettlement Act, 2013

The new Act has replaced the current Act i.e., The Land Acquisition Act, 1894. It provides for land acquisition as well as rehabilitation and resettlement (R&R). Both land acquisition and R&R provisions will apply when:

1. Government acquires land for its own use, hold and control.

2. Government acquires land with the ultimate purpose to transfer it for the use of private companies for stated public purpose. Public purpose once stated cannot be changed. Land Acquisition can take place provided that the consent of 80% of the affected families is obtained.

3. Government acquires land for Public Private Partnership Projects. Public purpose once stated, cannot be changed. . Land Acquisition can take place provided that the consent of 70% of the affected families is obtained.

Only R&R provisions will apply when private companies purchase land for a project, and the same exceeds the area thresholds set by the State Governments for such purchase.

'Public Purpose' has been defined to include:

1. Land for strategic purposes relating to armed forces, national security or defence, police, safety of the people;

2. Land for infrastructure: (i) items listed in circular of Government of India, Department of Economic Affairs (Infrastructure Section) number 13/6/2009-INF dated the 27th March, 2012 excluding private hospitals, private educational institutions and private hotels (ii) projects involving agro-processing, supply of inputs to agriculture, warehousing, cold storage facilities, marketing infrastructure for agriculture and allied activities such dairy, fisheries, and meat processing as set up or owned by the appropriate (iii) project for industrial corridors or mining activities, national investment and manufacturing zones as designated in the national manufacturing Policy; (iv) project for water harvesting and water conservation structures, sanitation; (v) project for Government administered and government aided educational and research schemes or institutions; (vi) project for sports, health care, tourism, transportation, space programme, (vii) any infrastructure facility as may be notified in this regard by the Central Government and after tabling of such notification in Parliament;

3. Land for the project affected people;

4. Land for planned development or improvement of village or urban sites or for residential purpose to weaker sections;

5. Land for persons residing in areas affected by natural calamities or displaced.

The Urgency Clause can only be invoked in the following cases:

1. National defense and security purposes;

2. Resettlement & Rehabilitation needs in the event of natural calamities such as floods or earthquakes;

In case there is double displacement of any individual they will receive an **additional compensation of upto 75%** of the compensation already provided for under the new law.

Highlights of the New Act:

Compensation: Given the inaccurate nature of circle rates, the Act proposes the payment of compensations that is up to 4 times the market value in rural areas and 2 times the market value in urban areas.

R&R: This is the very first law that links land acquisition and the accompanying obligations for resettlement and rehabilitation. Over five chapters and two entire Schedules have been dedicated to outlining elaborate processes (and entitlements) for resettlement and rehabilitation. The Second Schedule in particular outlines the benefits (such as land for land, housing, employment and annuities) that shall accrue in addition to the one-time cash payments.

Retrospective Operation: To address historical injustice the Act applies retrospectively to cases where no land acquisition award has been made. Specifically in cases where the land was acquired five years or more ago but no compensation has been paid or no possession has taken place then the land acquisition process will be started afresh in accordance with the provisions of this act.

Multiple Checks and Balances: A comprehensive, participative and meaningful process (involving the participation of local Panchayati Raj Institutions) has been put in place **prior** to the start of any acquisition proceedings. Monitoring Committees at the National and State Level to ensure that R&R obligations are met have also been established.

Special Safeguards for Tribal Communities and other disadvantaged groups: No law can be acquired in Scheduled Areas without the consent of the Gram Sabhas. The Law also ensures that all rights guaranteed under such legislations as the Panchayat (Extension to Scheduled Areas) Act 1996 and the Forest Rights Act 2006 are taken care of. It has special enhanced benefits (outlined in a dedicated chapter) for those belonging to the Scheduled Castes and Scheduled Tribes.

Safeguards against displacement: The law provides that no one shall be dispossessed until and unless all payments are made **and** alternative sites for the resettlement and rehabilitation have been prepared. The Third Schedule even lists the infrastructural amenities that have to be provided to those that have been displaced.

Compensation for livelihood losers: In addition to those losing land, the Act provides compensation to those who are dependent on the land being acquired for their livelihood.

Consent: In cases where PPP projects are involved or acquisition is taking place for private companies, the Act requires the consent of no less than 70% and 80% respectively (in both cases) of those whose land is sought to be acquired. This ensures that no forcible acquisition can take place.

Caps on Acquisition of Multi-Crop and Agricultural Land: To safeguard food security and to prevent arbitrary acquisition, the Act directs States to impose limits on the area under agricultural cultivation that can be acquired.

Return of Unutilised Land: In case land remains unutilised after acquisition, the new Act empowers states to return the land either to the owner or to the State Land Bank.

Exemption from Income Tax and Stamp Duty: No income tax shall be levied and no stamp duty shall be charged on any amount that accrues to an individual as a result of the provisions of the new law.

Share in appreciated land value: Where acquired land is sold to a third party for a higher price then 40 per cent of the appreciated land value (or profit) will be shared with the original owners.

The Environment (Protection) Act, 1986 ("EPA")

MoEF, GOI, had vide O.M. NO. J-110 13/41/2006-IA.II (1), dated September 9, 2011, had prescribed procedure to be adopted for consideration of projects for environmental clearance, which involves forest land. Now, in partial modification of this O.M. dated September 9, 2011, MoEF issued another O.M. NO. J·II015/200/2008·IA.II(M), dated March 19, 2013, vide which it has been decided that pending grant of stage-I approval under the Forest (Conservation) Act, 1980 for non-forestry use of the forest land, environment clearance to linear projects may be issued subject to the following additional conditions:

(i) Work on non-forest land may only be executed upto such point (to be selected by the user agency) on either side of forest land if it is explicitly certified by the user agency that in case approval under the Forest (Conservation) Act, 1980 for diversion of forest land is declined, it is technically feasible to execute the project along an alternate alignment without involving diversion of forest land. Details of all such stretches along with alternate alignments identified to bypass the forest land should be explicitly provided in the proposal seeking approval under the Forest (Conservation) Act, 1980 and the EIA Notification, 2006.

(ii) Commencement of work on non forest land will not confer any right on the user agency with regard to grant of approval under the Forest (Conservation) Act, 1980.

(iii) The projects involving widening! upgradation of existing roads will only be allowed to be executed on the entire stretch located in non- forest land, provided the user agency submits an undertaking that execution of work on non-forest land shall not be cited as a reason for grant of approval under the Act and in case approval under the Act for diversion of forest land is declined, width of the portion of road falling in the forest land will be maintained at its existing level.

The Ministry vide OM NoJ-110 13/4112006-IA.II(I) dated December 12, 2012 had circulated guidelines for considering proposals for Terms of Reference (ToR) *I*Enviromnent Clearance (EC) *I* Coastal Regulation Zone (CRZ) Clearance involving violations under the Enviromnent (Protection) Act, 1986/ Enviromnent Impact Assessment Notification, 2006/ CRZ Notification, 2011. Now, Ministry vide OM of even number dated June 27, 2013, has amended the aforesaid OM dated December 12, 2012. It is felt that in addition to these guidelines, in case of violation cases, the Project Proponent needs to be restrained, through appropriate directions under Section 5 of the Enviromnent (Protection) Act, 1986 from carrying out any construction or operation activity without the required clearance or beyond the level/ capacity stated in the existing clearance, as the case may be, till it procures the requisite EC/ CRZ Clearance for the same. In case the violation is on account of carrying out modernization of existing project and/or change in product-mix in an existing manufacturing unit, the status quo as existing prior to such modernization and/or change in product-mix will be maintained till the required EC/CRZ Clearance is obtained for the modernization and/or change in product-mix.

In case of any violation to aforesaid directions, legal action as per the provisions of the Environment (Protection) Act, 1986 will be taken against the Project Proponent and the case of TOR/EC/CRZ Clearance sununarily rejected.

Ministry of Environment & Forests had earlier issued Office Memorandum vide NO.J-11013/41/2006-1A.II (1) dated September 9, 2011 prescribing the procedure to be followed for consideration of projects for environmental clearance, which involve forest land. Now, the Ministry vide OM No. J-1S012/S/2013-IA-1 dated August 1, 2013, has partly modified the OM dated September 9, 2011 to include that in case of hydro-power projects, MoEF will consider granting TOR without insisting on submission of application for forest clearance. In case it is decided to grant TOR, the same will be issued subject to a condition that application to obtain prior approval of Central Government under the Forest (Conservation) Act, 1980 for diversion of forest land required for such projects will be submitted as soon as the actual extent of forest land required for the project is known to the project proponent, and in any case, within 6 months of issuance of TORs. However, no proposal will be put up before EAC without submission of application for forest clearance, wherever applicable.

The MoEF has vide OM No. J-ll013/1/2013-IA-1 dated May 28, 2013, has reviewed the issues which are normally considered by the Expert Appraisal Committee (EAC) and Forest Advisory Committee (FAC) while examining the Environment Clearance (EC) and Forest Clearance (FC) cases respectively in respect of hydropower and river valley projects with a view to streamlining the processes and avoiding duplication of efforts by two Committees.

It has been further noted that between the two processes. i.e. for EC and FC, generally processing of EC is quicker, largely on account of the fact that the project proponents submit their applications for EC directly to MoEF whereas in case of FC the application is initially processed through various levels in the State Government.

Taking into account .the composition of Committees and subject/domain expertise available in both EAC and FAC. the following has been decided:

(i) Environmental Flow:

As EAC has got requisite expertise, this aspect may be considered by EAC alone and outcome be shared with FAC.

(ii) Bi-diversity Component:

Examination of bio-diversity issues is a highly spedalized task and the consultants involved in preparation of EIA/EMP report may not be equipped to do full justice to this subject. Some institutes in the country are well equipped with expertise and resources with regard to examination of bio-diversity issues. Theref6re, their knowledge and expertise may be harnessed on Bio-diversity aspect for ensuring a sound assessment of this cardinal component in EIA Studies and preparing an effective EMP. It has been decided that WII and ICFRE. Dehradun will provide a State-wise list of such institutes and based on their inputs. MoEF would finalize a list of institutes which would be displayed on MoEF s website. The developers would then choose from amongst such institute to conduct such a study. The standard ToRs for a bio-diversity study for a hydro power project may be prepared by EAC and shared with FAC for modifications. if any. The same template be then used by EAC/FAC (taking into account which Committee considers the project first) with suitable project specific modifications, if required. Once the bio-diversity study reporf1s ready, the same could them be shared between EAC and FAC.

(iii) Cumulative Impact Study:

Cumulative Impact study of a basin would reflect the cumulative impact –of commissioned/up-coming hydro-power projects in- the basin on environmental flow, bio-diversity, muck disposal sites, traffic flow in the region, R&R issues. etc. While the first project in a basin could come up without insisting on cumulative study for all subsequent hydro-power projects in the basin it should be incumbent on the developer'of the second/other project(s) to incorporate all possible and potential impact of other project(s) in the basin to get a cumulative impact assessment done. This condition shall be stipulated, at the ToRs stage itself during the EC process. Once such a cumulative impact- study has been done, the same could be shared by EAC with FAC. The Cumulative impact study in respect of bio-diversity component may be separately got done by one of the specialized institutes as stated at (ii) above. While making recommendation on EC/FC for such projects, the EAC/FACwill takes into account the results of such cumulative studies.

(iv) Carrying Capacity Study:

The carrying capacity study of a river basin is important to plan optimal number of power projects in a basin. All State Governments will be required to get such studies done for river basins in their State. The process may be initiated in the next three months and completed 'within a period of two years. After which the carrying capacity study report would be made a pre-requisite for considering EC/FC cases of projects of any basin. All State Governments will send the details of river basins where such studies are to be done and confirm initiation 'of studies to MoEF within 3 months of issuance of this OM. The institutes for such studies may be settled by the State Government in consultation with the EAC.

The MoEF has issued a Notification S.O. 2204(E) dated July 19. 2013, further to amend the Environment Impact Assessment Notification, 2006 published in the Gazette of India, Extraordinary, Part II, Section 3, Subsection (ii) vide number S. 1533 (E) dated the 14th September, 2006, whereby, the Environmental consultant organization which are accredited for a particular sector or area and the category of project for that sector or area with the Quality Council of India (QCI) or National Accreditation Board for Education and Training (NABET) or any other agency as may be notified by the Ministry of Environment and Forests from time to time shall be allowed to prepare the Environmental Impact Assessment report and Environmental Management Plan of a project in that sector and category and to appear before the concerned Expert Appraisal Committee (EAC) or the State Expert Appraisal Conimittee (SEAC).

The Forest (Conservation) Act, 1980 (“FCA”) as amended up to 1988

The FCA came into force on October 25, 1980, prohibits use of any forest for non-forest purposes, except with the prior consent of the GoI. ‘Non-forest purposes’ do not include uses (including construction of dams) ancillary to the conservation, development or management of forests or wildlife. Contravention of this provision may attract a penalty of imprisonment of up to fifteen days. A Forest Advisory Committee has been constituted under the FCA to advise the GoI on the grant of approvals and other matters relating to forest conservation. The GoI reserves the rights to make rules under the FCA.

The Forest (Conservation) Rules, notified on January 10, 2003 which superseded the Forest (Conservation) Rules, 1981, prescribe the forms in which approvals or renewals of approvals under the FCA are required to be sought.

The National Water Policy, 2012

National Water Policy was first formulated in 1987 which was subsequently reviewed and a revised National Water Policy was adopted by the National Water Resources Council in the year 2002. In pursuance of the strategies identified in National Water Mission Document as well as deliberations in National Water Board, Ministry of Water Resources has initiated the process of review of National Water Policy, 2002.

The National Water Policy, 2012 was adopted by the National Water Resources Council (NWRC) at its Sixth Meeting held on December 28, 2012, inter-alia stipulates that:

"There is a need to evolve a National Framework Law as an umbrella statement of general principles governing the exercise of legislative and/or executive (or devolved)powers by the Centre, the States and the local governing bodies. This should lead the way for essential legislation on water governance in every State of the Union and devolution of necessary authority to the lower tiers of government to deal with the local water situation.

Such a framework law must recognize water not only as a scarce resource but also as a sustainer of life and ecology. Therefore, water, particularly, groundwater, needs to be managed as a community resource held, by the state, under public trust doctrine to achieve food security, livelihood, and equitable and sustainable development for all. Existing Acts may have to be modified accordingly."

Public policies on water resources need to be governed by certain basic principles, so that there is some commonality in approaches in dealing with planning, development and management of water resources. These basic principles are:

(i) Planning, development and management of water resources need to be governed by common integrated perspective considering local, regional, State and national context, having an environmentally sound basis, keeping in view the human, social and economic needs.

(ii) Principle of equity and social justice must inform use and allocation of water.

(iii) Good governance through transparent informed decision making is crucial to the objectives of equity, social justice and sustainability.

(iv) Water needs to be managed as a common pool community resource held, by the state, under public trust doctrine to achieve food security, support livelihood, and ensure equitable and sustainable development for all.

(v) Water is essential for sustenance of eco-system, and therefore, minimum ecological needs should be given due consideration.

(vi) Water, after meeting the pre-emptive needs for safe drinking water, sanitation and high priority allocation for other domestic needs (including needs of animals), achieving food security, supporting sustenance agriculture and minimum eco-system needs, may be treated as economic good so as to promote its conservation and efficient use.

(vii) All the elements of the water cycle, i.e., evapo-transpiration, precipitation, runoff, river, lakes, soil moisture, and ground water, sea, etc., are interdependent and the basic hydrological unit is the river basin, which should be considered as the basic hydrological unit for planning.

(viii) Given the limits on enhancing the availability of utilizable water resources and increased variability in supplies due to climate change, meeting the future needs will depend more on demand management, and hence, this needs to be given priority, especially through (a) evolving an agricultural system which economizes on water use and maximizes value from water, and (b) bringing in maximum efficiency in use of water and avoiding wastages.

(ix) Water quality and quantity are interlinked and need to be managed in an integrated manner, consistent with broader environmental management approaches inter-alia including the use of economic incentives and penalties to reduce pollution and wastage.

(x) The impact of climate change on water resources availability must be factored into water management related decisions. Water using activities need to be regulated keeping in mind the local geo climatic and hydrological situation.

The National Resettlement and Rehabilitation Policy, 2007

The National Rehabilitation and Resettlement Policy was notified by the GoI on October 31, 2007, to rehabilitate and resettle persons affected by the acquisition of land for projects of public purpose or involuntary displacement due to any other reason. The policy covers all cases of involuntary displacements. In case of each such project, which involves involuntary displacement of four hundred or more families *en masse* in plain areas, or two hundred or more families *en masse* in tribal or hilly areas, Desert Development Programme blocks or areas mentioned in the Fifth or Sixth Schedule to the Constitution of India, the appropriate Government shall constitute a committee under the chairpersonship of the Administrator for rehabilitation and resettlement, to be called the Rehabilitation and Resettlement Committee, to monitor progress of implementation of a scheme of rehabilitation and resettlement of the affected families, and to carry out post-implementation social audits.

The Contract Labour (Regulation and Abolition) Act, 1970

The Contract Labour (Regulation and Abolition) Act, 1970 ("**CLRA**") require registration of every establishment, including establishments of the GoI and local authorities, in which 20 or more workmen are or were employed on any day in the preceding 12 months as contract labour, and of every contractor who employs or employed 20 or more workmen on any day of the preceding 12 months. The CLRA does not apply to establishments where work performed is of intermittent or casual nature. The GoI and State governments are required to set up Central and State Advisory Boards, which perform advisory functions in relation to matters arising out of the administration of the CLRA.

Under the CLRA, a registered contractor is required to pay wages and ensure disbursement of wages in the presence of an authorised representative of the principal employer. In case of a contractor's failure to pay wages in part or in full, the principal employer is liable to pay the same. In case the contract labour performs same or similar work as regular workmen, they are entitled to the same wages and service conditions as regular workmen as per the Contract Labour (Regulation and Abolition) Central Rules, 1971.

The Trade Unions Act, 1926

Trade Unions Act provides for the registration of the trade unions with the Registrars of Trade Unions of their territory. Any seven or more members of a trade union, by submitting their names to the Registrar of Trade Unions and otherwise complying with the provisions of the Trade Unions Act with respect to registration may apply for the registration of the Trade Union under the Trade Unions Act. The Act gives protection to registered trade unions in certain cases against civil and criminal action.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The CBDT has, vide the CBDT Notification, authorised the Company to issue Bonds aggregating to Rs. 1,000 crore. The Company proposes to raise Rs. 500 crore* through a public issue of Bonds with an option to retain oversubscription up to Rs. 500 crore for issuance of additional bonds aggregating to a total of up to Rs. 1,000 crore*, during the Fiscal 2014.

**In terms of the CBDT Notification, our Company is allowed to raise tax free bonds upto a maximum amount of Rs. 1,000 crore in the Fiscal 2014, out of which our Company is required to raise a minimum of 70% i.e. Rs. 700 crore through public issue. Further, our Company may at its discretion, raise upto a maximum of Rs. 300 crore through private placement route, wherein suitable amount shall be earmarked for sovereign wealth funds, pension and gratuity funds. In case our Company decides to raise funds through private placement route, the amount of oversubscription that may be retained through public issue shall stand reduced accordingly. Our Company shall ensure that the tax free bonds issued through public issue and private placement route shall together not exceed Rs. 1,000 crore during the Fiscal 2014.*

The Board, at the meeting held on September 17, 2013, approved the Issue of the tax free secured redeemable non-convertible bonds in the nature of debentures, by public issue(s) and/or on private placements(s) basis in India to eligible investors, in the aggregate amount of up to Rs. 1,000 crore during Fiscal 2014.

Eligibility to make the Issue

The Company and persons in control of the Company have not been restrained, prohibited or debarred by SEBI from accessing the securities market or dealing in securities and no such order or direction is in force.

Consents

Consents in writing of the Directors, Company Secretary, Chief Financial Officer, Compliance Officer, Statutory Auditors, Escrow Collection Bank(s), Refund Bank, Bankers to the Company, Lead Managers, Consortium Members, Registrar to the Issue, Credit Rating Agencies, Bond Trustee and Legal Advisors to the Issue, in their respective capacities, have been obtained and will be filed along with a copy of the Prospectus with the RoC.

Expert Opinion

Except the letters dated September 23, 2013 and September 27, 2013 issued by IRRPL and CARE, respectively, in respect of the credit rating of the Issue, and the Auditor's Report dated September 28, 2013 and Statement of Tax Benefits dated September 28, 2013 issued by M/s S. N Nanda & Co., M/s Singhi & Co., M/s Gupta Gupta & Associates and M/s Tiwari & Associates, Chartered Accountants, Statutory Auditors of the Company, the Company has not obtained any expert opinions.

Minimum Subscription

For information, see "***Issue Structure – Minimum Subscription***" on page 167 of this Prospectus.

No Reservation or Discount

Pursuant to the CBDT Notification, at least 70% of the allocated limit for raising funds through tax free bonds during Fiscal 2014 shall be raised through public issue, of which 40% shall be reserved for Retail Individual Investors. There is no discount being offered in the Issue, to any category of Applicants.

Common Form of Transfer

There will be a common form of transfer for Bonds held in physical form and relevant provisions of the Companies Act, 1956 (to the extent applicable) and Companies Act, 2013, as the case may be and other applicable laws will be duly complied with in respect of all transfers of the Bonds and registration thereof. The transfer of Bonds in demat form will be done as per the procedure/rules prescribed by the Depositories and Depository Participants.

Dividend

The Company has paid dividend for the Fiscal 2013, 2012, 2011, 2010 and 2009, as under:

Fiscal	Dividend per share (Rs.)	Total amount of dividend paid (Rs in crore)	Date of AGM in which dividend was declared	Date of payment of dividend
2013	0.60	738.05	September 16, 2013	September 25, 2013
2012	0.70	861.06	September 17, 2012	September 26, 2012
2011	0.60	738.04	September 19, 2011	September 28, 2011
2010	0.55	676.54	September 22, 2010	October 1, 2010
2009	0.29	325.00 (including 125.00 interim dividend)	July 31, 2009	Rs. 125 crore paid on February 04, 2009 and Rs. 200 crore paid on August 03, 2009

Previous Public or Rights Issues by the Company during last five years

Our Company had made an IPO of 167,73,74,015 Equity Shares for cash at a price of Rs. 36 per Equity Share (including a premium of Rs. 26 per Equity Share) aggregating to Rs. 6,038.55 crore through a prospectus dated August 20, 2009. The said IPO comprised a fresh issue of 111,82,49,343 Equity Shares and an offer for sale of 55,91,24,672 Equity Shares by our Promoter. Further the said IPO comprised a net issue of 163,54,39,665 Equity Shares to the public and a reservation of 419,34,350 Equity Shares for subscription by certain eligible employees.

The IPO opened on August 07, 2009 and closed on August 12, 2009. Allotment of Equity Shares and dispatch of refunds pursuant to the IPO of our Company was made on August 26, 2009 and August 26, 2009 to August 27, 2009 respectively. Trading at NSE and BSE in equity shares allotted in IPO commenced on September 01, 2009.

Commission or Brokerage on Previous Issues

Our Company has incurred an aggregate amount of Rs. 7.44 crore including service tax on account of fees for selling commission in relation to its public issue of equity shares in Fiscal 2010.

Change in auditors of the Company during last three years

Name	Address	Date/ Year of Appointment / Resignation	Auditor of the Company since (in case of resignation)	Remarks
M/s. SBG & Co.	E-27,Kamla Nagar,Delhi-110017	2011- 12	2010-11	Re-appointment not made by CAG.
M/s Singhi & Co.	Emerald House, 4th Floor,1-B, Old Post Office Street, Kolkata-7000001	2010-11	--	2010-11 as Branch Auditor -From 2011-12 as Joint Statutory Auditors
M/s. A.Kayes & Co.	231, Kamalalaya Centre(2nd & 3rd Floor), 156A, Lenin Sarani, Kolkata-700013	2011- 12	2010-11	Re-appointment not made by CAG.
M/s. Tiwari & Associates Chartered Accountants,	T-8, Green Perk Extension, New Delhi-110016	2010-11	--	2010-11 as Branch Auditor -From 2011-12 as Joint Statutory Auditors

M/s. S.N. Nanda & Co.	C-43, Pamposh Enclave, Greater Kailash -1, New Delhi-110048	2011-12	--	-From 2011-12 as Joint Statutory Auditors
M/s. Baweja & Kaul	House No. 32, Sector-8, Trikuta Nagar, Jammu, Jammu & Kashmir – 180 012	2012-13	2009-10	2009-10 & 2010-11 as Branch Auditor -From 2011-12 as Joint Statutory Auditors
M/s Gupta Gupta & Associate	142/3, Trikuta Nagar Jammu Tawi, J&K - 180 012	2013-14	--	From 2013-14 as Joint Statutory Auditors

For more information on the Statutory Auditors, see "***General Information***" on page 49 of this Prospectus.

Revaluation of assets

The Company has not revalued its assets in the last five years.

Utilisation of Issue Proceeds

For information, see "***Terms of the Issue - Utilisation of Issue Proceeds***" on page 181 of this Prospectus.

Track record of past public issues handled by the Lead Managers

Details of the track record of the Lead Managers, as required by SEBI circular number CIR/MIRSD/1/2012 dated January 10, 2012, has been disclosed on the respective websites of the Lead Managers. The track record of past issues handled by A.K. Capital Services Limited and Axis Capital Limited are available at www.akcapindia.com and www.axiscapital.co.in, respectively.

Listing

For information, see "***Terms of the Issue – Listing***" on page 181 of this Prospectus.

Disclaimer clause of NSE

As required, a copy of this Prospectus has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter ref: NSE/LIST/218220-W dated October 08, 2013 permsission to the Issuer to use the Exchange's name in this Prospectus as one of the stock exchanges on which this Issuer's securities are proposed to be lised. The Exchange has scrutinized the Draft Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed that the Prospectus has been cleared or approved by NSE; nor does it any manner warrant, certify or endorse the coorectness or completeness of any of the contents of this Prospectus; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its Promoters, its Management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Disclaimer clause of BSE

BSE Limited ("**The Exchange**") has given vide its letter dated October 8, 2013, permission to this Company to use the Exchange's name in this offer document as one of the stock exchanges on which this company's securities are proposed to be listed. The Exchange has scrutinuzed this Prospectus for its limited internal purpose of deciding on the matter of granting the aforesaid permission to the Company. The Exchange does not in any manner:

a) warrant, certify or endorse the correctness or completeness of any of the contents of this offer document; or

b) warrant that this Company's securities will be listed or will continue to be listed on the Exchange; or

c) take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this company;

and it should not for any reason be deemed or construed that this offer document has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein of for any other reason whatsoever.

Statement by the Board:

(i) All monies received pursuant to the Issue shall be transferred to a bank account other than the bank account referred to in Section 40 of the Companies Act, 2013;

(ii) Details of all monies utilised out of the Issue shall be disclosed under an appropriate separate head in the Company's Balance Sheet, indicating the purpose for which such monies were utilised; and

(iii) Details of all unutilised monies out of the Issue, if any, shall be disclosed under an appropriate separate head in the Company's Balance Sheet, indicating the form in which such unutilised monies have been invested.

Mechanism for redressal of investor grievances

Karvy Computershare Private Limited has been appointed as the Registrar to the Issue to ensure that investor grievances are handled expeditiously and satisfactorily and to effectively deal with investor complaints.

Communications in connection with Applications made in the Issue should be addressed to the Registrar to the Issue, quoting all relevant details including the full name of the sole/first Applicant, Application Form number, Applicant's Depository Participant ("**DP**") ID, Client ID and Permanent Account Number ("**PAN**"), number of Bonds applied for, date of the Application Form, name and address of the Member of the Syndicate or Trading Member of the Stock Exchange or Designated Branch of the SCSB, as the case may be, where the Application was submitted, and cheque/draft number and issuing bank thereof, or with respect to ASBA Applications, the ASBA Account number in which an amount equivalent to the Application Amount was blocked. Applicants may contact the Compliance Officer and/or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of Allotment Advice, refunds, interest on Application Amounts or refund or credit of Bonds in the respective beneficiary accounts, as the case may be. Grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the relevant SCSB. Grievances relating to the Direct Online Applications may be addressed to the Registrar to the Issue, with a copy to the relevant Stock Exchange.

SECTION VI – ISSUE RELATED INFORMATION

ISSUE STRUCTURE

The CBDT has, vide the CBDT Notification, authorised the Company to issue Bonds aggregating to Rs. 1,000 crore. The Company proposes to raise Rs. 500 crore* through a public issue of Bonds with an option to retain oversubscription up to Rs. 500 crore for issuance of additional bonds aggregating to a total of up to Rs. 1,000 crore*, prior to March 31, 2014.

** In terms of the CBDT Notification, our Company is allowed to raise tax free bonds upto a maximum amount of Rs. 1,000 crore in the Fiscal 2014, out of which our Company is required to raise a minimum of 70% i.e. Rs. 700 crore through public issue. Further, our Company may at its discretion, raise upto a maximum of Rs. 300 crore through private placement route, wherein suitable amount shall be earmarked for sovereign wealth funds, pension and gratuity funds. In case our Company decides to raise funds through private placement route, the amount of oversubscription that may be retained through public issue shall stand reduced accordingly. Our Company shall ensure that the tax free bonds issued through public issue and private placement route shall together not exceed Rs. 1,000 crore during the Fiscal 2014.*

The Board, at the meeting held on September 17, 2013, approved the Issue of the tax free secured redeemable non-convertible bonds in the nature of debentures, by public issue(s) and/or on private placements(s) basis for the aggregate amount of up to Rs. 1,000 crore during Fiscal 2014.

Particulars of the Bonds

The following are the details of the principal terms and conditions of the Issue. This section should be read in conjunction with, and is qualified in its entirety by, more detailed information in "***Terms of the Issue***" on page 169 of this Prospectus, respectively.

COMMON TERMS AND CONDITIONS FOR ALL SERIES OF THE BONDS	
Lead Managers	A. K. Capital Services Limited and Axis Capital Limited
Issuer	NHPC Limited
Issue of Bonds	Public issue by the Company of tax free, secured, redeemable, non-convertible bonds in the nature of debentures of face value of Rs. 1,000 each, having tax benefits under Section 10(15) (iv) (h) of the Income Tax Act, for an amount aggregating up to Rs. 500 crore with an option to retain oversubscription up to Rs. 500 crore for issuance of additional bonds aggregating to a total of up to Rs. 1,000 crore*, during the Fiscal 2014. ** In terms of the CBDT Notification, our Company is allowed to raise tax free bonds upto a maximum amount of Rs. 1,000 crore in the Fiscal 2014, out of which our Company is required to raise a minimum of 70% i.e. Rs. 700 crore through public issue. Further, our Company may at its discretion, raise upto a maximum of Rs. 300 crore through private placement route, wherein suitable amount shall be earmarked for sovereign wealth funds, pension and gratuity funds. In case our Company decides to raise funds through private placement route, the amount of oversubscription that may be retained through public issue shall stand reduced accordingly. Our Company shall ensure that the tax free bonds issued through public issue and private placement route shall together not exceed Rs. 1,000 crore during the Fiscal 2014.*
Face Value (Rs.)	Rs. 1,000 per Bond
Issue Price (Rs.)	Rs. 1,000 per Bond
Nature of Bonds	Secured, redeemable and non-convertible
Nature of Indebtedness and Ranking/ Seniority	The claims of the Bondholders shall be superior to the claims of any unsecured creditors of the Company and subject to applicable statutory and/or regulatory requirements, rank *pari passu* inter se to the claims of other secured creditors of the Company having the same security
Mode of Issue	Public issue

Who can apply	**Category I ("Qualified Institutional Buyers") ("QIBs")****	**Category II ("Corporates")****	**Category III ("High Networth Individuals") ("HNIs")**	**Category IV("Retail Individual Investors") ("RIIs")**
	• Public financial institutions as defined in Section 4A of the Companies Act, 1956, as amended, Indian Alternative Investment Funds registered with SEBI Scheduled	• Companies within the meaning of section 2(20) of the Companies	The following investors applying for an amount aggregating to more than Rs. 10 lakh across all	The following investors applying for an amount aggregating up to and including Rs. 10 lakh across all Series of

<table>
<tr><th colspan="5">COMMON TERMS AND CONDITIONS FOR ALL SERIES OF THE BONDS</th></tr>
<tr><td></td><td>commercial bank,
• Mutual funds, registered with SEBI,
• State industrial development corporations, ,
• Insurance companies registered with the Insurance Regulatory and Development Authority,
• Provident funds with a minimum corpus of Rs. 25 crore,
• Pension funds with a minimum corpus of Rs. 25 crore,
• The National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of the GoI, published in the Gazette of India,
• Insurance funds set up and managed by the army, navy, or air force of the Union of India, and
• Insurance funds set up and managed by the Department of Posts, India

which are authorized to invest in Bonds.</td><td>Act, 2013,
• Limited Liability Partnerships registered under the provisions of the LLP Act,
• Statutory corporations,
• Trusts,
• Partnership firms in the name of partners,
• Cooperative banks,
• Regional rural banks,
• Societies registered under the applicable law in India,
• Association of Persons,
• Other domestic legal entities registered under applicable laws in India

which are authorised to invest in Bonds</td><td>Series of Bonds in the Issue
• Resident Individual Investors
• Hindu Undivided Families applying through the Karta</td><td>Bonds in the Issue
• Resident Individual Investors
• Hindu Undivided Families through the Karta</td></tr>
<tr><td>Listing</td><td colspan="4">NSE and BSE. NSE being the Designated Stock Exchange. For more information, see “Terms of the Issue – Listing” on page 181 of this Prospectus</td></tr>
<tr><td>Credit Ratings</td><td colspan="4">ICRA Limited has, vide its letter no. D/RAT/2013-14/N1/1 dated September 27, 2013 assigned a credit rating of “[ICRA] AAA” to the Bonds. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. India Rating & Research Private Limited has, vide its letter dated October 1, 2013 assigned a credit rating of IND ‘AAA’ to the Bonds. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. Credit Analysis & Research Limited has, vide its letter dated September 27, 2013 assigned a credit rating of ‘CARE AAA’ to the Bonds. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. For the rationale for these ratings, see “Annexure B – Credit Rating” of this Prospectus.</td></tr>
<tr><td>Objects of the Issue and Utilisation of Proceeds</td><td colspan="4">See “Objects of the Issue” on page 61 of this Prospectus</td></tr>
<tr><td>Security</td><td colspan="4">A pari passu first charge on specific assets of the Company, as may be mentioned in the Bond Trust Deed, with an asset cover of one time of the total outstanding amount of Bonds. The Company reserves the right to create first pari passu charge on the said specific project assets for its present and future financial requirements or otherwise, without requiring the consent of, or intimation to, the Bondholders or the Bond Trustee in this connection, provided that a minimum security cover of 1 (one) times is maintained</td></tr>
<tr><td>Security Cover</td><td colspan="4">One time of the total outstanding amount of Bonds</td></tr>
<tr><td>Put/Call Option</td><td colspan="4">There is no put/call option for the Bonds</td></tr>
<tr><td>Mode of Issuance</td><td colspan="4">In dematerialised form and physical form, at the option of the Applicant***</td></tr>
<tr><td>Bond Trustee</td><td colspan="4">IDBI Trusteeship Services Limited</td></tr>
</table>

<table>
<tr><th colspan="3">COMMON TERMS AND CONDITIONS FOR ALL SERIES OF THE BONDS</th></tr>
<tr><td>Mode of Trading</td><td colspan="2">In dematerialised form only***</td></tr>
<tr><td>Registrar</td><td colspan="2">Karvy Computershare Private Limited</td></tr>
<tr><td>Modes of Payment/Settlement Mode</td><td colspan="2">1. Direct Credit;
2. National Electronic Clearing System (“NECS”);
3. Real Time Gross Settlement (“RTGS”);
4. National Electronic Fund Transfer (“NEFT”); and
5. Demand Draft/ Cheque/ Pay Order

For more information, see “Terms of the Issue – Manner & Modes of Payment” on page 176 of this Prospectus.</td></tr>
<tr><td>Market Lot / Trading Lot</td><td colspan="2">One Bond</td></tr>
<tr><td>Record Date</td><td colspan="2">Date falling 15 days prior to the relevant Interest Payment Date on which interest or the Maturity Date on which the Maturity Amount is due and payable under the Prospectus. In the event the Record Date falls on a Saturday, Sunday or a Public Holiday in New Delhi or any other payment centre notified in terms of the Negotiable Instruments Act, 1881, the succeeding Working Day shall be considered as the Record Date</td></tr>
<tr><td>Working Day Convention/ Day Count</td><td colspan="2">A Working Day shall mean all days excluding Sundays or a public holiday in India or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881, except with reference to Issue Period, Interest Payment Date/ Coupon Payment Date and Record Date, where working days shall mean all days, excluding Saturdays, Sundays and public holiday in India or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881

Day Count Convention

Actual/actual, i.e., coupon/ interest rate will be computed on a 365 days-a-year basis on the principal outstanding on the Bonds. Where the coupon/ interest period (start date to end date) includes February 29, coupon/ interest rate will be computed on 366 days-a-year basis, on the principal outstanding on the Bonds.

Effect of holidays on payments

If the date of payment of coupon/ interest or principal or redemption or any date specified does not fall on a Working Day, the succeeding Working Day will be considered as the effective date. Coupon/ Interest and principal or other amounts, if any, will be paid on the succeeding Working Day. In case the date of payment of coupon/ interest falls on a holiday, the payment will be made on the next Working Day, without any interest for the period overdue. In case the date of redemption falls on a holiday, the payment will be made on the next Working Day without interest for the period overdue</td></tr>
<tr><td rowspan="7">Transaction Documents</td><td colspan="2">Documents/undertakings/agreements entered into or to be entered into by the Company with Lead Managers and/or other intermediaries for the purpose of this Issue, including but not limited to the following: -</td></tr>
<tr><td>Bond Trustee Agreement</td><td>Bond Trustee Agreement dated September 27, 2013 entered into between the Bond Trustee and the Company</td></tr>
<tr><td>Bond Trust Deed</td><td>Trust Deed to be entered into between the Bond Trustee and the Company within one month from the Issue Closing Date</td></tr>
<tr><td>Escrow Agreement</td><td>Agreement dated October 4, 2013 entered into by the Company, the Registrar to the Issue, the Lead Managers and the Escrow Collection Bank(s) for collection of the Application Amounts and where applicable, refunds of amounts collected from Applicants on the terms and conditions thereof</td></tr>
<tr><td>Issue Agreement</td><td>The agreement entered into on September 27, 2013, between the Company and the Lead Managers</td></tr>
<tr><td>Consortium Agreement</td><td>Consortium Agreement dated October 8, 2013 entered into between the Company and the Consortium Members</td></tr>
<tr><td>Registrar Agreement</td><td>Agreement dated September 27, 2013 entered into between the Company and the Registrar to the Issue, in relation to the responsibilities and obligations of the Registrar to the Issue pertaining to the Issue</td></tr>
</table>

COMMON TERMS AND CONDITIONS FOR ALL SERIES OF THE BONDS		
	Tripartite Agreements	Tripartite agreement dated July 6, 2007 between the Company, CDSL and the Registrar to the Issue and the tripartite agreement dated October 10, 2007 between the Company, NSDL and the Registrar to the Issue
Issue Opening Date	October [●], 2013	
Issue Closing Date	November [●], 2013 The Issue shall remain open for subscription from 10.00 a.m. to 5.00 p.m.(Indian Standard Time) during the period indicated above with an option for early closure or extension, as may be decided by the Board of Directors or the Functional Authority. In the event of such early closure or extension of the subscription list of the Issue, the Company shall ensure that public notice of such early closure/extension is published on or before such early date of closure or the Issue Closing Date, as applicable, through advertisement(s) in atleast one leading national daily newspaper	
Pay-in Date	Application Date. Full amount with the Application Form, except ASBA Applications. See "***Issue Procedure – Payment Instructions***" on page 202 of this Prospectus.	
Deemed Date of Allotment	The date on which, the Board of Directors or Functional Authority approves the Allotment of Bonds for the Issue or such date as may be determined by the Board of Directors or Functional Authority and notified to the Designated Stock Exchange. All benefits relating to the Bonds including interest on Bonds (as specified by the Prospectus) shall be available from the Deemed Date of Allotment. The actual allotment of Bonds may take place on a date other than the Deemed Date of Allotment.	
Interest on Application Money	See "***Terms of the Issue-Interest on Application and Refund Money***" on page 175 of this Prospectus	
Default Interest Rate	The Company shall pay liquidated damages at a compounded rate of 1% per annum on the amount in respect of which a default has been committed in the event the Company fails to pay any amounts outstanding payable, when due and payable.	
Redemption Premium/Discount	Not applicable	
Conditions precedent/subsequent to disbursement	Other than the conditions specified in the SEBI Debt Regulations, there are no conditions precedent/subsequent to disbursement. See "***Terms of the Issue - Utilisation of Issue Proceeds***" on page 181 of this Prospectus	
Event of Default	See "***Terms of the Issue***" on page 169 of this Prospectus	
Cross Default	Not applicable	
Roles and Responsibilities of Bond Trustee	See "***Terms of the Issue- Bond Trustee***" on page 180 of this Prospectus	
Discount at which Bond is issued and the effective yield as a result of such discount	Not applicable	
Governing Law	Laws of the Republic of India	
Jurisdiction	The courts of New Delhi will have exclusive jurisdiction for the purposes of the Issue.	

*** With regard to Section 372A(3) of the Companies Act, 1956, kindly refer to General Circular No. 6/ 2013, dated March 14, 2013 Ministry of Corporate Affairs, GoI clarifying that in cases where the effective yield on tax free bonds is greater than the prevailing bank rate, there shall be no violation of Section 372A(3) of the Companies Act, 1956.*

****In terms of Regulation 4(2) (d) of the Debt Regulations, the Company will make public issue of the Bonds in the dematerialised form. However, in terms of Section 8 (1) of the Depositories Act, the Company, at the request of the Investors who wish to hold the Bonds in physical form will fulfill such request. However, trading in Bonds shall be compulsorily in dematerialized form.*

Participation by any of the above-mentioned Investor classes in this Issue will be subject to applicable statutory and/or regulatory requirements. Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of Bonds that can be held by them 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, subscribing to, or seeking Allotment of Bonds pursuant to the Issue.

SPECIFIC TERMS AND CONDITIONS FOR EACH SERIES OF BONDS

Options	Series of Bonds*		
	For Category I, II & III**		
	Series 1A	Series 2A	Series 3A
Coupon Rate (%) p.a	8.18	8.54	8.67
Annualised Yield (%) p.a	8.18	8.54	8.67
Options	**For Category IV****		
	Series 1B]	**Series 2B**	**Series 3B**
Coupon Rate (%) p.a	8.43	8.79	8.92
Annualised Yield (%) p.a	8.43	8.79	8.92
For Category I, II, III & IV**			
Minimum Application	5 Bonds (Rs. 5000) (invidually or collectively, across all Series		
In the multiple of	One Bond (Rs. 1000)		
Tenor	10 years	15 years	20 years
Maturity / Redemption Date	10 years from the Deemed Date of Allotment	15 years from the Deemed Date of Allotment	20 years from the Deemed Date of Allotment
Redemption Amount (Rs./Bond)	Repayment of the Face Value plus any interest at the applicable Coupon/ Interest Rate that may have accrued at the Redemption Date		
Coupon/ Interest Type	Fixed Coupon Rate		
Coupon / Interest Payment Date	The date, in case of the first coupon/ interest payment shall be April 1, 2014 and for subsequent Fiscal Years the interest payment date shall be on April 1 of every Fiscal year. The last interest payment will be made on the Redemption Date of the bonds on prorata basis		
Coupon/ Interest Reset Process	Not applicable		
Frequency of Coupon/ Interest Payment	Annual		

**The Company shall Allot Series 2A/ Series 2B (depending upon the category of applicants) to all valid applications, wherein the Applicants have not indicated their choice of the relevant Series of Bond.*
***In pursuance of the CBDT Notification and for avoidance of doubt, it is clarified as under:*

a. *The coupon rates indicated under Series 1B, Series 2B and Series 3B shall be payable only on the Portion of Bonds allotted to RIIs in the Issue. Such coupon is payable only if on the Record Date for payment of interest, the Bonds are held by investors falling under RII Category viz Category IV.*
b. *In case the Bonds allotted against Series 1B, Series 2B and Series 3B are transferred by RIIs to Non-RIIs viz, QIBs, Corporates and/or High Networth Individuals, the coupon rate on such Bonds shall stand at par with coupon rate applicable on Series 1A, Series 2A and Series 3A respectively.*
c. *If the Bonds allotted against Series 1B, Series 2B and Series 3B are sold/ transferred by the RIIs to investor(s) who fall under the RII category as on the Record Date for payment of interest, then the coupon rates on such Bonds shall remain unchanged;*
d. *Bonds allotted against Series 1B, Series 2B and Series 3B shall continue to carry the specified coupon rate if on the Record Date for payment of interest, such Bonds are held by investors falling under RII Category;*
e. *If on any Record Date, the original RII allotee(s)/ transferee(s) hold the Bonds under Series 1B, Series 2B and Series 3B for an aggregate face value amount of over Rs. 10 lakh, then the coupon rate applicable to such RII allottee(s)/transferee(s) on Bonds under Series 1B, Series 2B, Series 3B shall stand at par with coupon rate applicable on Series 1A, Series 2A, and Series 3A, respectively;*
f. *Bonds allotted under Series 1A, Series 2A and Series 3A shall carry coupon rates indicated above till the respective maturity of Bonds irrespective of Category of holder(s) of such Bonds;*
g. *For the purpose of classification and verification of status of the RII Category of Bondholders, the aggregate face value of Bonds held by the Bondholders in all the Series of Bonds, allotted under the respective Issue shall be clubbed and taken together on the basis of PAN.*

Minimum Subscription

In terms of the SEBI Debt Regulations, an issuer undertaking a public issue of debt securities may disclose the minimum amount of subscription that it proposes to raise through the issue in the offer document. The Company has decided not to stipulate minimum subscription for this Issue.

Market Lot & Trading Lot

As per the SEBI Debt Regulations, since trading in the Bonds will be in dematerialised form only, the tradable lot is one Bond ("**Market Lot**"). The Company has made depository arrangements with CDSL and NSDL for trading of the Bonds in dematerialised form, pursuant to the tripartite agreement dated July 6, 2007 between the Company, CDSL and the Registrar to the Issue and the tripartite agreement dated October 10, 2007 between the Company, NSDL and the Registrar to the Issue (collectively, "**Tripartite Agreements**").

Listing

For information, see "***Terms of the Issue – Listing***" on page 181 of this Prospectus.

TERMS OF THE ISSUE

Authority for the Issue

The CBDT has, vide the CBDT Notification, authorised the Company to issue Bonds aggregating to Rs. 1,000 crore. The Company proposes to raise Rs. 500 crore* through a public issue of Bonds with an option to retain oversubscription up to Rs. 500 crore for issuance of additional bonds aggregating to a total of up to Rs. 1,000 crore*, during the 2014.

** In terms of the CBDT Notification, our Company is allowed to raise tax free bonds upto a maximum amount of Rs. 1,000 crore in the Fiscal 2014, out of which our Company is required to raise a minimum of 70% i.e. Rs. 700 crore through public issue. Further, our Company may at its discretion, raise upto a maximum of Rs. 300 crore through private placement route, wherein suitable amount shall be earmarked for sovereign wealth funds, pension and gratuity funds. In case our Company decides to raise funds through private placement route, the amount of oversubscription that may be retained through public issue shall stand reduced accordingly. Our Company shall ensure that the tax free bonds issued through public issue and private placement route shall together not exceed Rs. 1,000 crore during the Fiscal 2014.*

The Board, at the meeting held on September 17, 2013, approved the Issue of the tax free secured redeemable non-convertible bonds in the nature of debentures, by public issue(s) and/or on private placements(s) basis in India to eligible investors, in one or more tranches, in the aggregate amount of up to Rs. 1,000 crore during Fiscal 2014.

Terms & Conditions of the Issue

The terms and conditions of Bonds being offered in the Issue are subject to the Companies Act, 1956 (to the extent applicable)/ Companies Act, 2013, as the case may be, the SEBI Debt Regulations, Income Tax Act, the Debt Listing Agreement, the CBDT Notification, the Prospectus, the Application Form, the Abridged Prospectus and other terms and conditions as may be incorporated in the Bond Trust Deed to be entered into between the Company and IDBI Trusteeship Services Limited (in its capacity as the "**Bond Trustee**", which expression will include its successor(s)) as trustee), as well as laws applicable from time to time, including rules, regulations, guidelines, notifications and any statutory modifications or re-enactments including those issued by GoI, SEBI, RBI, the Stock Exchanges and/or other authorities and other documents that may be executed in respect of the Bonds.

For more information, see "***Issue Structure***" on page 163 of this Prospectus.

Face Value

The face value of each Bond is Rs. 1,000.

Security

The Bonds will be secured by a *pari passu* first charge on specific assets of the Company, as may be mentioned in the Bond Trust Deed, with an asset cover of one time of the total outstanding amount of Bonds. The Company reserves the right to create first pari passu charge on the said specific assets for its present and future financial requirements or otherwise, without requiring the consent of, or intimation to, the Bondholders or the Bond Trustee in this connection, provided that a minimum security cover of 1 (one) times is maintained.

The Company shall obtain the NOC from the existing debenture trustees/ lenders prior to creation and sharing of *pari passu* security interest in favour of Bond Trustee over the aforesaid security interest.

The Bondholders are entitled to the benefit of the Bond Trust Deed and are bound by and are deemed to have notice of all provisions of the Bond Trust Deed.

Credit Rating

ICRA Limited has, vide its letter no. D/RAT/2013-14/N1/1 dated September 27, 2013 assigned a credit rating of "[ICRA] AAA" to the Bonds. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.

India Rating & Research Private Limited has, vide its letter dated October 1, 2013, assigned a credit rating of IND 'AAA' to the Bonds. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.

Credit Analysis & Research Limited has, vide its letter dated September 27, 2013 assigned a credit rating of 'CARE AAA' to the Bonds. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.

For the rationale for these ratings, see "***Annexure B – Credit Rating***" of this Prospectus.

Issue Period

Issue Opens On	**October [●], 2013**
Issue Closes On	**November [●], 2013**

The Issue shall remain open for subscription from 10.00 a.m. to 5.00 p.m. (Indian Standard Time) during the period indicated above with an option for early closure or extension, as may be decided by the Board of Directors or the Functional Authority. In the event of such early closure or extension of the subscription list of the Issue, the Company shall ensure that public notice of such early closure/extension is published on or before such early date of closure or the Issue Closing Date, as applicable, through advertisement(s) in atleast one leading national daily newspaper.

Applications Forms for the Issue will be accepted only between 10.00 a.m. and 5.00 p.m. (Indian Standard Time) or such extended time as may be permitted by the Stock Exchanges during the Issue Period mentioned above, on all Working Days, i.e., between Monday and Friday, both inclusive, barring public holidays: (i) by the Members of the Syndicate or Trading Members of the Stock Exchange(s), as the case may be, at the centres mentioned in the Application Form through the non-ASBA mode, or (ii) in case of ASBA Applications, (a) directly by Designated Branches of SCSBs or (b) by the centres of the Members of the Syndicate or Trading Members of the Stock Exchange(s), as the case may be, only at the specified cities (Mumbai, Chennai, Kolkata, Delhi, Ahmedabad, Rajkot, Jaipur, Bengaluru, Hyderabad, Pune, Vadodara and Surat) ("**Specified Cities**"), except that on the Issue Closing Date, Application Forms will be accepted only between 10.00 a.m. and 3.00 p.m. (Indian Standard Time) and uploaded until 5.00 p.m (Indian Standard Time) or such extended time as may be permitted by the Stock Exchanges (after taking into account the total number of Applications received up to the closure of timings for acceptance of Application Forms as stated herein). Applicants may also make their Applications through Direct Online Applications using the online payment facility offered through the Stock Exchange(s) during the Issue Period, subject to such online payment facility being made available by the Stock Exchange(s) prior to the date of filing of the Prospectus by the Company with RoC.

Due to limitation of time available for uploading Applications on the Issue Closing Date, Applicants are advised to submit their Application Forms one day prior to the Issue Closing Date and, no later than 3.00 p.m (Indian Standard Time) on the Issue Closing Date. Applicants are cautioned that in the event a large number of Applications are received on the Issue Closing Date, there may be some Applications which are not uploaded due to lack of sufficient time to upload. Such Applications that cannot be uploaded will not be considered for allocation under the Issue.

Application Forms will only be accepted on Working Days. The Bonds are being issued at par and the full amount of the face value per Bond is payable on Application, except ASBA Application.

Neither the Company, nor the Members of the Syndicate or Trading Members of the Stock Exchanges shall be liable for any failure in uploading Applications due to failure in any software/hardware system or otherwise.

MINIMUM APPLICATION

5 Bonds in the multiples of one Bond thereafter (for all Series of Bonds, either taken individually or collectively).

ESCROW MECHANISM

Please refer "***Issue Procedure – Escrow Mechanism for Applicants other than ASBA Applicants***" and "***Issue Procedure – Payment into Escrow Account***" on page 202 and page 203 of this Prospectus, respectively.

ALLOTMENT OF BONDS

Deemed Date of Allotment

The Deemed Date of Allotment will be the date on which, the Board of Directors or Functional Authority approves the Allotment of Bonds for the Issue or such date as may be determined by the Board of Directors or Functional Authority and notified to the Designated Stock Exchange. All benefits relating to the Bonds including interest on Bonds (as specified by the Prospectus) shall be available from the Deemed Date of Allotment. The actual allotment of Bonds may take place on a date other than the Deemed Date of Allotment.

Group of Applications and Allocation Ratio

The Registrar will aggregate the applications based on the applications received through an electronic book from the stock exchanges and determine the valid applications for the purpose of drawing the basis of allocation. Grouping of the application received will be then done in the following manner:

For the purposes of the basis of allotment:

a) *Applications received from Category I Applicants:* Applications received from Applicants belonging to Category I shall be grouped together ("**QIB Portion**");

b) *Applications received from Category II Applicants:* Applications received from Applicants belonging to Category II, shall be grouped together("**Corporate Portion**");

c) *Applications received from Category III Applicants:* Applications received from Applicants belonging to Category III shall be grouped together; ("**High Networth Individual Portion**"); and

d) *Applications received from Category IV Applicants:* Applications received from Applicants belonging to Category IV shall be grouped together. ("**Retail Individual Investor Portion**")

Pursuant to the CBDT Notification, at least 40% of the Issue size shall be reserved for Retail Individual Investors.

For avoidance of doubt, the terms "**QIB Portion**", "**Corporate Portion**", "**High Net Worth Individual Portion**" and "**Retail Individual Investor Portion**" are individually referred to as a "**Portion"** and collectively referred to as **"Portions"**.

For the purposes of determining the number of Bonds available for allocation to each of the abovementioned Portions, the Company shall have the discretion of determining the number of Bonds to be allotted over and above the Base Issue Size, in case the Company opts to retain any oversubscription in the Issue up to Rs. 1,000 crore . The aggregate value of Bonds decided to be allotted over and above the Base Issue Size, (in case the Company opts to retain any oversubscription in the Issue), and/or the aggregate value of Bonds up to the Base Issue Size shall be collectively termed as the **"Overall Issue Size".**

Allocation Ratio

QIB Portion	Corporate Portion	High Networth Individual Portion	Retail Individual Investor Portion
15% of the Overall Issue Size	20% of the Overall Issue Size	25% of the Overall Issue Size	40% of the Overall Issue Size

Basis of Allotment

(a) *Allotments in the first instance:*

(i) Applicants belonging to the Category I (QIB Portion), in the first instance, will be allocated Bonds up to 15% of Overall Issue Size on first come first serve basis which would be determined on the basis of the date of upload of each Application into the electronic system of the Stock Exchanges;

(ii) Applicants belonging to the Category II (Corporate Portion), in the first instance, will be allocated Bonds up to 20% of Overall Issue Size on first come first serve basis which would be determined on the basis of date of upload of each Application into the electronic system of the Stock Exchanges;

(iii) Applicants belonging to the Category III (High Network Individual Portion), in the first instance, will be allocated Bonds up to 25% of Overall Issue Size on first come first serve basis which would be determined on the basis of date of upload of each Application in to the electronic system of the Stock Exchanges;

(iv) Applicants belonging to the Category IV (Retail Individual Investor Portion), in the first instance, will be allocated Bonds up to 40% of Overall Issue Size on first come first serve basis which would be determined on the basis of date of upload of each Application in to the electronic system of the Stock Exchanges.

Allotments, in consultation with the Designated Stock Exchange, shall be made on a first come first serve basis, based on the date of upload of each Application into the electronic system of the Stock Exchanges, in each Portion, subject to the Allocation Ratio.

(b) *Under Subscription:* If there is any under subscription in any Portion, priority in allotments will be given in the following order on a first come first serve basis in each Portion, based on the date of upload of each Application into the electronic system of the Stock Exchanges, in each Portion:

(i) Retail Individual Investor Portion
(ii) High Net worth Individual Portion
(iii) Corporate Portion
(iv) QIB Portion

(c) For each Portion, all Applications uploaded into the electronic system of the Stock Exchanges in the same day would be treated at par with each other. Allotment within a day would be on proportionate basis, where Bonds applied for exceeds Bonds to be allotted for each Portion respectively.

(d) *Allotments in case of oversubscription:* In case of oversubscription, allotments to the maximum extent, as possible, will be made on a first come first serve basis and thereafter on a proportionate basis in each Portion, determined based on the date of upload of each Application into the electronic system of the Stock Exchanges i.e. full allotment of Bonds to the Applicants on a first come first serve basis up to the date falling 1 day prior to the date of oversubscription and proportionate allotment of Bonds to the Applicants on the date of oversubscription.

(e) *Proportionate Allotments:* For each Portion, on the date of oversubscription:

(i) Allotments to the Applicants shall be made in proportion to their respective Application size, rounded off to the nearest integer.

(ii) If the process of rounding off to the nearest integer results in the actual allocation of Bonds being higher than the Issue size, not all Applicants will be allotted the number of Bonds arrived at after such rounding off. Rather, each Applicant whose Allotment size, prior to rounding off, had the highest decimal point would be given preference.

(iii) In the event, there are more than one Applicant whose entitlement remain equal after the manner of distribution referred to above, our Company will ensure that the basis of allotment is finalised by draw of lots in a fair and equitable manner.

(f) *Applicant applying for more than one Series of Bonds:* If an Applicant has applied for more than one Series of Bonds and if such Applicant is entitled to allocation of only a part of the aggregate number of Bonds applied for, the Series - wise allocation of Bonds to such Applicants shall be in proportion to the number of Bonds with respect to each Series of Bonds, applied for by such Applicant, subject to rounding off to the nearest integer, as appropriate in consultation with Lead Managers and the Designated Stock Exchange.

(g) Minimum allotment of 5 Bond and in multiples of 1 Bond thereafter would be made in case of each valid Application, subject to Basis of Allotment as mentioned above

All decisions pertaining to the basis of allotment of Bonds pursuant to the Issue shall be taken by our Company in consultation with the Lead Managers, and the Designated Stock Exchange and in compliance with the aforementioned provisions of the Prospectus. Any other queries/ issues in connection with the Applications will be appropriately dealt with and decided upon by the Company in consultation with the Lead Managers.

Our Company will allot Series 2A/ Series 2B Bonds (depending upon the category of applicants) to all valid applications, wherein the Applicants have not indicated their choice of the relevant Series of Bond.

Additional/Multiple Applications

Please refer "***Issue Procedure – Additional/Multiple Applications***" on page 196 of this Prospectus.

Form of Allotment and Denomination

The Allotment of Bonds shall be in dematerialized form as well as physical form. In terms of Regulation 4 (2) (d) of the SEBI Debt Regulations, the Company shall make public issue of Bonds in dematerialized form. However, in terms of Section 8(1) of the Depositories Act, the Company, at the request of the Investors who wish to hold the Bonds in physical form will fulfill such request. However, trading in Bonds shall be compulsorily in dematerialized form.

The Company shall take necessary steps to credit the Depository Participant account of the Applicant with the number of Bonds Allotted in dematerialized form. The Bondholders holding the Bonds in dematerised form shall deal with the Bonds in accordance with the provisions of the Depositories Act, Companies Act, 1956 (to the extent applicable)/ Companies Act, 2013, as the case may be, and rules and regulations notified thereunder, from time to time.

In case of Bonds held in physical form, whether on Allotment or on rematerialization of Bonds allotted in dematerlised form, a single certificate will be issued to the Bondholder for the aggregate amount ("**Consolidated Certificate**") for each Series of Bond. The applicant can also request for the issue of Bond certificates in denomination of the Market Lot.

In respect of Consolidated Certificates, we will, only on receipt of a request from the Bondholder within 30 Business Day of the request, split such Consolidated Certificates into smaller denominations in accordance with the applicable rules/regulations/act, subject to the minimum of Market Lot. No fees will be charged for splitting of Bond certificate(s) in Market Lots, but stamp duty payable, if any, would be borne by the Bondholder. The request for splitting should be accompanied by the original Consolidated Certificates which will, on issuance of the split Consolidated Certificate, be treated as cancelled by us.

PAYMENT OF REFUNDS

Refunds for Applicants other than ASBA Applicants

Within 12 Working Days of the Issue Closing Date, the Registrar to the Issue will dispatch refund orders/issue instructions for electronic refund, as applicable, of all amounts payable to unsuccessful Applicants (other than ASBA Applicants) and also any excess amount paid on Application, after adjusting for allocation/Allotment of Bonds. The Registrar to the Issue will obtain from the Depositories the Applicant's bank account details, including the MICR code, on the basis of the DP ID and Client ID provided by the Applicant in their Application Forms, for making refunds. For Applicants who receive refunds through ECS, direct credit, RTGS or NEFT, the refund instructions will be issued to the clearing system within 12 Working Days of the Issue Closing Date. A suitable communication will be dispatched to the Applicants receiving refunds through these modes, giving details of the bank where refunds will be credited with the amount and expected date of electronic credit of refund. Such communication will be mailed to the addresses (in India) of Applicants, as per

Demographic Details received from the Depositories. The Demographic Details would be used for mailing of the physical refund orders, as applicable.

Investors, who applied for Bonds in electronic form, are advised to immediately update their bank account details as appearing on the records of their Depository Participant. Failure to do so could result in delays in credit of refund to the investor at their sole risk and neither the Lead Managers nor the Company shall have any responsibility and undertake any liability for such delays on part of the investors.

Mode of refunds for Applicants other than ASBA Applicants

Payment of refund, if any, for Applicants other than ASBA Applicants would be done through any of the following modes:

1. Direct Credit – Applicants having bank accounts with the Refund Bank(s), as per Demographic Details received from the Depositories, will be eligible to receive refunds through direct credit. Charges, if any, levied by the Refund Bank(s) for the same would be borne by the Company.

2. NECS – Payment of refund would be done through NECS for applicants having an account at any of the centres where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the Magnetic Ink Character Recognition ("**MICR**") code from the Depositories.

3. RTGS – Applicants having a bank account at any of the centres where such facility has been made available and whose refund amount exceeds Rs. 0.02 crore, have the option to receive refund through RTGS provided the Demographic Details downloaded from the Depositories contain the nine digit MICR code of the Applicant's bank which can be mapped with RBI data to obtain the corresponding Indian Financial System Code ("**IFSC**"). Charges, if any, levied by the applicant's bank receiving the credit would be borne by the Applicant.

4. NEFT – Payment of refund will be undertaken through NEFT wherever the Applicant's bank has been assigned the IFSC which can be linked to an MICR code, if any, available to that particular bank branch. IFSC will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Applicants have registered their nine digit MICR number and their bank account number while opening and operating the beneficiary account, the same will be duly mapped with the IFSC of that particular bank branch and the payment of refund will be made to the applicants through this method. The process flow in respect of refunds by way of NEFT is at an evolving stage, hence use of NEFT is subject to operational feasibility, cost and process efficiency. If NEFT is not operationally feasible, the payment of refunds would be made through any one of the other modes as discussed in the sections.

5. For all other applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched through speed/registered post only to Applicants that have provided details of a registered address in India. Such refunds will be made by cheques, pay orders or demand drafts drawn on the relevant Refund Bank and payable at par at places where Applications are received. Bank charges, if any, for cashing such cheques, pay orders or demand drafts at other centres will be payable by the Applicants.

Mode of refunds for ASBA Applicants

In case of ASBA Applicants, the Registrar to the Issue will instruct the relevant SCSB to unblock funds in the relevant ASBA Account for withdrawn, rejected or unsuccessful or partially successful ASBA Applications within 12 Working Days of the Issue Closing Date.

INTEREST ON THE BONDS

For Bondholders falling under Category I, II and III, the Bonds under Series 1A, Series 2A and Series 3A shall carry interest at the coupon rate of 8.18% p.a., 8.54% p.a. and 8.67% p.a. respectively payable from, and including, the Deemed Date of Allotment up to, but excluding, their respective Maturity Dates, payable annually on the "Interest Payment Date", to the Bondholders as of the relevant Record Date. The effective yield to Category I, II and III Bondholders would be 8.18% p.a., 8.54% p.a. and 8.67% p.a. for the Series 1A, Series 2A and Series 3A respectively.

For Bondholders falling under Category IV, the Bonds under Series 1B, Series 2B and Series 3B shall carry interest at the coupon rate of 8.43% p.a., 8.79% p.a. and 8.92% p.a. respectively payable from, and including, the Deemed Date of Allotment up to, but excluding, their respective Maturity Dates, payable annually on the "Interest Payment Date", to the Bondholders as of the relevant Record Date. The effective yield to Category IV Bondholders would be 8.43% p.a., 8.79% p.a. and 8.92% p.a. for the Series 1B,Series 2B and Series 3B, respectively.

The coupon rates indicated under Series 1B, Series 2B and Series 3B shall be payable only on the Portion of Bonds allotted to RIIs in the Issue. Such coupon is payable only if on the Record Date for payment of interest, the Bonds are held by investors falling under RII Category viz Category IV.

In case the Bonds allotted against Series 1B, Series 2B and Series 3B are transferred by RIIs to Non-RIIs viz, QIBs, Corporates and/or High Networth Individuals, the coupon rate on such Bonds shall stand at par with coupon rate applicable on Series 1A, Series 2A and Series 3A respectively.

If the Bonds allotted against Series 1B, Series 2B and Series 3B are sold/ transferred by the RIIs to investor(s) who fall under the RII category as on the Record Date for payment of interest, then the coupon rates on such Bonds shall remain unchanged;

Bonds allotted against Series 1B, Series 2B and Series 3B shall continue to carry the specified coupon rate if on the Record Date for payment of interest, such Bonds are held by investors falling under RII Category;

If on any Record Date, the original RII allotee(s)/ transferee(s) hold the Bonds under Series 1B, Series 2B and Series 3B for an aggregate face value amount of over Rs. 10 lakh, then the coupon rate applicable to such RII allottee(s)/transferee(s) on Bonds under Series 1B, Series 2B, Series 3B shall stand at par with coupon rate applicable on Series 1A, Series 2A, and Series 3A, respectively;

Bonds allotted under Series 1A, Series 2A and Series 3A shall carry coupon rates indicated above till the respective maturity of Bonds irrespective of Category of holder(s) of such Bonds;

For the purpose of classification and verification of status of the RII Category of Bondholders, the aggregate face value of Bonds held by the Bondholders in all the Series of Bonds, allotted under the respective Issue shall be clubbed and taken together on the basis of PAN.

The last interest payment in each case will be made on the Maturity Date on a pro rata basis

The relevant of interest shall be paid on the first day April every year for the amount outstanding. The first interest payment will be made on April 1, 2014 for the period commencing from the Deemed Date of Allotment till March 31, 2014.The last interest payment will be made at the time of Redemption Date of bonds on a prorate basis.

Interest on Application and Refund Money

Interest on application monies received which are used towards allotment of Bonds

We shall pay interest on the amount for which Bonds are allotted to the Applicants (except ASBA Applicants) subject to deduction of income tax under the Income Tax Act, to any applicants to whom the Bonds are allotted pursuant to the Issue from the date of realization of application money through cheque(s)/demand draft(s)/ any other mode or the date of receipt of the Application (being the date of upload of each application on the electronic platform of the stock exchange(s)) whichever is later up to one day prior to the Deemed date of Allotment, at the rate of 8.18% p.a., 8.54% p.a. and 8.67% p.a. on Series 1A**,** Series 2A and Series 3A**,** respectively, for Allottees under Categories I, II and III and at the rate of 8.43% p.a., 8.79% p.a. and 8.92% p.a. on Series 1B**,** Series 2B and Series 3B**,** respectively, for Allottees under Categories IV . We may enter into an arrangement with one or more banks in one or more cities for direct credit of interest to the account of the Applicants. Alternatively, the interest warrant will be dispatched along with the Letter of Allotment/ Allotment Advice at the sole risk of the Applicant, to the sole/first Applicant. A tax deduction certificate will be issued for the amount of income tax so deducted.

Interest on application monies received which are liable to be refunded

We shall pay interest on application money which is liable to be refunded to the Applicants (except ASBA

Applicants) in accordance with the SEBI Debt Regulations, or other applicable statutory and/or regulatory requirements, subject to deduction of income tax under the Income Tax Act, as applicable, from the date of realization of the application money through cheque(s)/demand draft(s)/ any other mode or three days from the date of upload receipt of the Application (being the date of the Application on the electronic platform of the Stock Exchanges), whichever is later up to one day prior to the Deemed Date of Allotment, at the rate of 5% per annum. Such interest shall be paid along with the monies liable to be refunded. Interest warrant will be dispatched/credited (in case of electronic payment) along with the refund orders at the sole risk of the applicant, to the sole/first applicant. A tax deduction certificate will be issued for the amount of income tax so deducted.

Provided that, notwithstanding anything contained hereinabove, the Company shall not be liable to pay any interest on application and on monies liable to be refunded in case of (a) invalid applications or applications liable to be rejected, and/or (b) applications which are withdrawn by the applicant, and/or (c) refund monies to the ASBA Applicants, and/or (d) monies paid in excess of the amount of Bonds applied for in the Application Form. For more information, see "***Issue Procedure - Rejection of Application***" on page 205 of this Prospectus.

REDEMPTION

The Company will redeem at par, on the respective Maturity Dates of each Series of Bonds.

Bonds held in electronic form:

No action is required on the part of Bondholders on the Maturity Date(s).

Bonds held in physical form:

No action will ordinarily be required on the part of the Bondholder at the time of redemption, and the Maturity Amount will be paid to those Bondholders whose names appear in the Register of Bondholders maintained by the Company on the Record Date fixed for the purpose of redemption. However, the Company may require the Bond Certificate(s), duly discharged by the sole holder or all the joint-holders (signed on the reverse of the Consolidated Bond Certificate(s)) to be surrendered for redemption on Maturity Date and sent by the Bondholders by registered post with acknowledgment due or by hand delivery to the Registrar to the Issue or the Company or to such persons at such addresses as may be notified by the Company from time to time. Bondholders may be requested to surrender the Bond Certificate(s) in the manner stated above, not more than three months and not less than one month prior to the Maturity Date so as to facilitate timely payment.

PAYMENT OF INTEREST ON BONDS

Day Count Convention

Coupon/ interest rate will be computed on a 365 days-a-year basis on the principal outstanding on the Bonds. Where the coupon/ interest period (start date to end date) includes February 29, coupon/ interest rate will be computed on 366 days-a-year basis, on the principal outstanding on the Bonds.

Effect of holidays on payments

If the date of payment of coupon/ interest or principal or redemption or any date specified does not fall on a Working Day, the succeeding Working Day will be considered as the effective date. Coupon/ Interest and principal or other amounts, if any, will be paid on the succeeding Working Day. In case the date of payment of coupon/ interest falls on a holiday, the payment will be made on the next Working Day, without any interest for the period overdue. In case the date of redemption falls on a holiday, the payment will be made on the next Working Day without interest for the period overdue.

Manner & Modes of Payment

For Bonds held in electronic form:

No action is required on the part of Bondholders on the Maturity Date. Payment on the Bonds will be made to those Bondholders whose name appears first in the register of beneficial owners maintained by the Depository, on the Record Date. **The Company's liability to Bondholders for payment or otherwise will stand extinguished from the Maturity Date or on dispatch of the amounts payable by way of principal and/or**

interest to the Bondholders. Further, the Company will not be liable to pay any interest, income or compensation of any kind accruing subsequent to the Maturity Date.

The Bondholders' respective bank account details will be obtained from the Depository for payments. **Applicants are therefore advised to immediately update their bank account details as appearing on the records of their DP. Failure to do so could result in delays in credit of payments to applicants at their sole risk, and neither the Company, the Members of the Syndicate, Trading Members of the Stock Exchange(s), Escrow Collection Bank(s), SCSBs, Registrar to the Issue nor the Stock Exchanges will bear any responsibility or liability for the same.**

For Bonds held in physical form

The bank details will be obtained from the Registrar to the Issue for effecting payments.

Moreover, the Company, Lead Managers and Registrar to the Issue will not be responsible for any delay in receipt of credit of interest, refund or Maturity Amount so long as the payment process has been initiated in time.

All payments to be made by the Company to the Bondholders will be made through any of the following modes, in the following order of preference:

(a) ***Direct Credit***

Applicants having bank accounts with the Refund Bank(s), as per Demographic Details received from the Depository, will be eligible to receive payments through direct credit. Charges, if any, levied by the Refund Bank for the same would be borne by the Company.

(b) ***NECS***

Applicants having a bank account at any of the centres notified by RBI, as per Demographic Details received from the Depository, will be eligible to receive payments through NECS. This mode of payment is subject to availability of complete bank account details with the Depository, including the MICR code, bank account number, bank name and bank branch. The corresponding IFSC will be obtained from the RBI website as at a date prior to the date of payment, duly mapped with the relevant MICR code.

(c) ***RTGS***

Applicants having a bank account with a bank branch which is RTGS enabled, as per the information available on the website of RBI and as per records received from the Depository, will be eligible to receive payments through RTGS in the event the payment amount exceeds Rs. 0.02 crore. This mode of payment is subject to availability of complete bank account details with the Depository, including the MICR code, bank account number, bank name and bank branch. Charges, if any, levied by the Refund Bank for the same would be borne by the Company. Charges, if any, levied by the Applicant's bank receiving the credit would be borne by the Applicant. The corresponding IFSC will be obtained from the RBI website as at a date prior to the date of payment, duly mapped with the relevant MICR code.

(d) ***NEFT***

Applicants having a bank account with a bank branch which is NEFT enabled, as per records received from the Depository, will be eligible to receive payments through NEFT. This mode of payment is subject to availability of complete bank account details with the Depository, including the MICR code, bank account number, bank name and bank branch. The corresponding IFSC will be obtained from the RBI website as at a date prior to the date of payment, duly mapped with the relevant MICR code.

(e) ***Demand Draft/ Cheque/ Pay Order***

For all other Applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be dispatched by Registered/Speed Post, only to Applicants that have provided details of a registered address in India. Such refunds will be made by cheques, pay orders or demand drafts drawn on the Refund Bank and payable at par at places where the Applications are received. Bank Charges, if any, for cashing such cheque, pay orders or demand drafts at other centres will be payable by the Applicants.

Printing of Bank Particulars on Interest Warrants

As a matter of precaution against possible fraudulent encashment of payment orders/warrants due to loss or misplacement, the particulars of the Applicant's bank account are mandatorily required to be given for printing on the orders/warrants. Applications without these details are liable to be rejected. In relation to Bonds applied for and held in dematerialised form, these particulars would be taken directly from the Depositories. In case of Bonds held in physical form on account of rematerialisation, Applicants are advised to submit their bank account details with the Company or the Registrar to the Issue at least seven days prior to the Record Date, failing which the orders/warrants will be dispatched to the postal address (in India) of the Bondholder as available in the register of beneficial owners maintained by the Depository, at the sole risk of the Bondholder. Bank account particulars will be printed on the orders/warrants which can then be deposited only in the account specified.

Record Date

The record date for payment of interest on the Bonds or the Maturity Amount will be 15 days prior to the date on which such amount is due and payable under the Prospectus ("**Record Date**"). In the event the Record Date falls on a Saturday, Sunday or a public holiday in New Delhi or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881, the succeeding Working Day shall be considered as the Record Date. In case of redemption of Bonds, the trading in the Bonds shall remain suspended between the Record Date and the date of redemption.

TRANSFER OF THE BONDS

The provisions relating to transfer and transmission and other related matters in respect of our shares contained in the Companies, 1956 (to the extent applicable)/ Companies Act, 2013, as the case may be and the Company's Articles of Association will apply, *mutatis mutandis* (to the extent applicable to debentures) to the Bonds.

Transfer of Bonds held in dematerialized form

In respect of Bonds held in the dematerialized form, transfers of the Bonds may be effected, only through the Depositories where such Bonds are held, in accordance with the Depositories Act and/or rules as notified by the Depositories from time to time. The Bondholder shall give delivery instructions containing details of the prospective purchaser's DP's account to his DP. If a prospective purchaser does not have a demat account, the Bondholder may rematerialize his or her Bonds and transfer them in a manner as specified below.

Transfer of Bonds in physical form

The Bonds may be transferred by way of a duly executed transfer deed or other suitable instrument of transfer as may be prescribed by the Company for the registration of transfer of Bonds. Purchasers of Bonds are advised to send the Consolidated Bond Certificate to the Company or to such persons as may be notified by the Company from time to time. If a purchaser of the Bonds in physical form intends to hold the Bonds in dematerialized form, the Bonds may be dematerialized by the purchaser through his or her DP in accordance with the Depositories Act and/or rules as notified by the Depositories from time to time.

The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date, failing which the interest and/or Maturity Amount for the Bonds will be paid to the person whose name appears in the register of bond holders maintained by the Depositories. In such cases, any claims will be settled *inter se* between the parties and no claim or action will be brought against the Company or the Registrar to the Issue.

TAXATION

For details, please see "***Statement of Tax Benefits***" on page 63 of this Prospectus.

Bondholder Not a Shareholder

The Bondholders will not be entitled to any of the rights and privileges available to equity and/or preference shareholders of the Company.

Rights of Bondholders

Provided below is an indicative list of certain significant rights available to the Bondholders. The final rights of the Bondholders will be as per the Bond Trust Deed.

(a) The Company will maintain at its Registered Office or such other place as permitted by law a register of Bondholders ("**Register of Bondholders**") containing such particulars as required by Section 152 of the Companies Act. In terms of Section 152A of the Companies Act, the Register of Bondholders maintained by a Depository for any Bond in dematerialised form under Section 11 of the Depositories Act, 1996 ("**Depositories Act**") will be deemed to be a Register of Bondholders for this purpose.

(b) The Bonds will not, except as provided in the Companies Act, confer on Bondholders any rights or privileges available to members of the Company including the right to receive notices or annual reports of, or to attend and / or vote, at the Company's general meeting(s). However, if any resolution affecting the rights of the Bondholders is to be placed before the shareholders, such resolution will first be placed before the concerned Bondholders for their consideration. In terms of Section 219(2) of the Companies Act, Bondholders will be entitled to a copy of the balance sheet on a specific request made to the Company.

(c) The rights, privileges and conditions attached to the Bonds may be varied, modified and/or abrogated with either (i) the consent in writing of the holders of at least three-fourths of the outstanding amount of the Bonds; or (ii) the sanction of at least three-fourths of the Bondholders present and voting at a meeting of the Bondholders ("**Special Resolution**"), provided that nothing in such consent or resolution will be operative against the Company, where such consent or resolution modifies or varies the terms and conditions governing the Bonds if modification, variation or abrogation is not acceptable to the Company.

(d) The Bondholder or, in case of joint-holders, the person whose name stands first in the register of beneficial owners maintained by the Depository will be entitled to vote in respect of such Bonds, either by being present in person or, where proxies are permitted, by proxy, at any meeting of the concerned Bondholders summoned for such purpose and every such Bondholder will be entitled to one vote on a show of hands and, on a poll, his or her voting rights will be in proportion to the outstanding nominal value of Bonds held by him or her on every resolution placed before such meeting of the Bondholders.

(e) Bonds may be rolled over with the consent in writing of the holders of at least three-fourths of the outstanding amount of the Bonds or with the sanction of a Special Resolution passed at a meeting of the Bondholders convened with at least 21 days prior notice for such roll-over and in accordance with the SEBI Debt Regulations. The Company will redeem the Bonds of all the Bondholders who have not given their positive consent to the roll-over.

The above rights of Bondholders are merely indicative. The final rights of the Bondholders will be as per the terms of the Prospectus and Bond Trust Deed.

Joint-holders

Where two or more persons are holders of any Bond(s), they will be deemed to hold the same as joint holders with benefits of survivorship subject to the Company's Articles of Association and applicable law.

Nomination

In accordance with Section 109A of the Companies Act, the sole/first Bondholder, with other joint Bondholders (being individuals), may nominate any one person (being an individual) who, in the event of death of the sole Bondholder or all the joint Bondholders, as the case may be, will become entitled to the Bonds. A nominee entitled to the Bonds by reason of the death of the original Bondholder(s) will become entitled to the same benefits to which he would be entitled if he were the original Bondholder. Where the nominee is a minor, the Bondholder(s) may make a nomination to appoint, in the prescribed manner, any person to become entitled to Bonds in the event of the Bondholder's death during minority. A nomination will stand rescinded on a sale/transfer/alienation of Bonds by the person nominating. A buyer will be entitled to make a fresh nomination in the manner prescribed. Fresh nomination can be made only on the prescribed form available on request at the Company's Registered and Corporate Office or with the Registrar to the Issue or at such other addresses as may be notified by the Company.

The Bondholders are advised to provide the specimen signature of the nominee to the Company to expedite the transmission of the Bond(s) to the nominee in the event of demise of the Bondholders. The signature can be provided in the Application Form or subsequently at the time of making fresh nominations. This facility of providing the specimen signature of the nominee is purely optional.

In accordance with Section 109B of the Companies Act, any person who becomes a nominee by virtue of Section 109A of the Companies Act, will on the production of such evidence as may be required by the Board, elect either to register himself or herself as holder of Bonds; or to make such transfer of the Bonds, as the deceased holder could have made.

Further, the Board may at any time issue notice requiring any nominee to choose either to be registered himself or to transfer the Bonds, and if the notice is not complied with within a period of 90 days, the Board may thereafter withhold payment of all dividend, bonuses or other monies payable in respect of the Bonds, until the requirements of the notice have been complied with.

In case of Application for allotment of Bonds in dematerialised form, there is no need to make a separate nomination with the Company. Nominations registered with the respective DP of the Applicant will prevail. If Applicants want to change their nomination, they are advised to inform their respective DP.

Events of Default

Subject to the terms of the Bond Trust Deed, the Bond Trustee at its discretion may, or if so requested in writing by the holders of at least three-fourths of the outstanding amount of the Bonds or with the sanction of a Special Resolution, passed at a meeting of the Bondholders, (subject to being indemnified and/or secured by the Bondholders to its satisfaction), give notice to the Company specifying that the Bonds, in whole but not in part are and have become due and repayable on such date as may be specified in such notice *inter alia* if any of the event of default occurs. The complete list of Event of Default(s) shall be as specified in the Bond Trust Deed.

The amount(s) so payable by the Company on the occurrence of one or more Event(s) of Default shall be as detailed in the Bond Trust Deed. If an Event of Default occurs, which is continuing, the Bond Trustee may, with the consent of the Bondholders, obtained in accordance with the Bond Trust Deed, and with prior written notice to the Company, take an action in terms of the Bond Trust Deed.

Bond Trustee

The Company has appointed IDBI Trusteeship Services Limited to act as Bond Trustee for the Bondholders. IDBI Trusteeship Services Limited has by its letter dated September 27, 2013 given its consent for its appointment as Bond Trustee to the Issue and for its name to be included in this Prospectus and in all the subsequent periodical communications sent to the holders of the Bonds issued, pursuant to this Issue and pursuant to Regulation 4(4) of the Debt Regulations.

Further, the Company shall enter into Bond Trust Deed with the Bond Trustee within one month from the Issue Closing Date, the terms of which will govern the appointment and functioning of the Bond Trustee and specify the powers, authorities and obligations of the Bond Trustee. Under the terms of the Bond Trust Deed, the Company will covenant with the Bond Trustee that it will pay the Bondholders the principal amount on the Bonds on the relevant Maturity Date and also that it will pay the interest due on Bonds at the rate/on the date(s) specified under the Bond Trust Deed.

The Bondholders will, without further act or deed, be deemed to have irrevocably given their consent to the Bond Trustee or any of their agents or authorised officials to do all such acts, deeds, matters and things in respect of or relating to the Bonds as the Bond Trustee may in their absolute discretion deem necessary or require to be done in the interest of the Bondholders. Any payment made by the Company to the Bond Trustee on behalf of the Bondholders will discharge the Company *pro tanto* to the Bondholders. All the rights and remedies of the Bondholders will vest in and will be exercised by the Bond Trustee without reference to the Bondholders. No Bondholder will be entitled to proceed directly against the Company unless the Bond Trustee, having become so bound to proceed, failed to do so. The Bond Trustee will protect the interest of the Bondholders in the event of default by the Company in regard to timely payment of interest and repayment of principal and they will take necessary action at the Company's cost.

Pre-Issue Advertisement

Subject to Section 30 of the Companies Act, 2013, the Company will, on or before the Issue Opening Date, publish a pre-Issue advertisement in the form prescribed under the SEBI Debt Regulations, in one national daily newspaper with wide circulation. Material updates, if any, between the date of filing of the Prospectus with the RoC and the date of release of the statutory pre-Issue advertisement will be included in the statutory pre-Issue advertisement.

Impersonation

Attention of the Applicants is specifically drawn to sub-section (1) of Section 38 of the Companies Act, 2013 reproduced below:

"*Any person who:*

(a) *makes or abets making of an application in a fictitious name to a company for acquiring, or subscribing for, its securities; or*

(b) *makes or abets making of multiple applications to a company in different names or in different combinations of his name or surname for acquiring or subscribing for its securities; or*

(c) *otherwise induces directly or indirectly a company to allot, or register any transfer of, securities to him, or to any other person in a fictitious name,*

shall be liable for action under section 447."

Listing

The provisions of sub-section(1) of Section 40 of the Companies Act, 2013 prescribes that every company making public offer shall, before making such offer, make an application to one or more recognised stock exchange or exchanges and obtain permission for the securities to be dealt with in such stock exchange or exchanges. The Company has obtained in-principle approval for the Issue from NSE and BSE, vide its letter no. NSE/LSIT/218220-W, dated October 8, 2103 and letter no. DSC/SP/PI-BOND/07/13-14, dated October 8, 2013, respectively.

The Company will use best efforts to ensure that all steps for the completion of the necessary formalities for listing at the Designated Stock Exchanges are taken within 12 Working Days of the Issue Closing Date.

In the event of non-subscription to any one or more of the Series of the Bonds, such Series(s) of Bonds will not be listed.

Utilisation of Issue Proceeds

The funds raised through this issue will be utilized for *inter-alia* meeting the debt requirement for ongoing construction projects including recoupment of expenditure already incurred.

The main objects clause of our Memorandum of Association enables us to undertake the activities for which the funds are being raised by us in the Issue. Further, we confirm that the activities we have been carrying out until now are in accordance with the objects clause of our Memorandum of Association.

In accordance with SEBI Debt Regulations, the Company is required to not utilise the proceeds of the Issue for providing loans to or acquisitions of shares of any person who is a part of the same group as the Company or who is under the same management as the Company or any Subsidiary or Associate Company of the Company. The Company is a public sector enterprise and, as such, we do not have any identifiable 'group' companies or 'companies under the same management'. Further, the Issue proceeds shall not be utilized towards full or part consideration for the purchase or any acquisition, including by way of a lease, of any property.

Further, in accordance with the SEBI Debt Regulations and the Debt Listing Agreement as well as the Bond Trust Deed, the Issue proceeds will be kept in separate Escrow Account(s) and the Company will have access to such funds only after creation of Security for the Bonds and/or as per applicable law.

For more information (including with respect to interim use of the Issue proceeds), see "***Objects of the Issue***" on page 61 of this Prospectus.

Monitoring & Reporting of Utilisation of Issue Proceeds

In terms of the SEBI Debt Regulations, there is no requirement for appointment of a monitoring agency in relation to the use of proceeds of the Issue. The Board shall monitor the utilisation of the proceeds of the Issue.

The end-use of the proceeds of the Issue, duly certified by the Statutory Auditors, will be reported in the Company's annual reports and other reports issued by the Company to relevant regulatory authorities, as applicable, including the Stock Exchanges in relation to the Company's reporting obligations under the Debt Listing Agreement. Such reports and term sheets will also be filed by the Company with the Infrastructure Division, Department of Economic Affairs, MoF, within three months from the end of the financial year.

Further, the Company confirms that funds raised by the Company from previous public issues and private placements of bonds have been utilised for the Company's business as stated in the respective offer documents, and as reported to the Stock Exchanges in relation to the Company's reporting obligations under the Debt Listing Agreement, as applicable.

For more information (including with respect to interim use of the Issue proceeds), see "***Objects of the Issue***" on page 61 of this Prospectus.

Other Undertakings by the Company

The Company undertakes that:

(a) Complaints received in respect of the Issue will be attended to by the Company expeditiously and satisfactorily;

(b) Necessary cooperation to the Credit Rating Agency(ies) will be extended in providing true and adequate information until the obligations in respect of the Bonds are outstanding;

(c) The Company will take necessary steps for the purpose of getting the Bonds listed within the specified time, i.e., within 12 Working Days of the Issue Closing Date;

(d) Funds required for dispatch of refund orders/Allotment Advice/Bond certificates will be made available by the Company to the Registrar to the Issue;

(e) The Company will forward details of utilisation of the Issue Proceeds, duly certified by the Statutory Auditor, to the Bond Trustee at the end of each half year.

(f) The Company will provide a compliance certificate to the Bond Trustee on an annual basis in respect of compliance with the terms and conditions of the Issue of Bonds as contained in the Prospectus.

(g) The Company will disclose the complete name and address of the Bond Trustee in its annual report.

Ranking of the Bonds

The Bonds would constitute direct and secured obligations of the Company and will rank *pari passu inter se* to the claims of other secured creditors of the Company having the same security and superior to the claims of any unsecured creditors of the Company, now existing or in the future, subject to any obligations preferred under applicable law.

DRR

Pursuant to Regulation 16 of the SEBI Debt Regulations and Section 117C of the Companies Act, any company that intends to issue debentures shall create a debenture redemption reserve ("**DRR**") to which adequate amounts shall be credited out of the profits of the company until the redemption of the debentures. Further, the Ministry of Company Affairs ("**MCA**") has, through its circular dated February 11, 2013, specified that the companies (other than PFIs, All India Financial Institutions and NBFCs) including manufacturing and infrastructure companies shall create a DRR to the extent of 25% of the value of the debentures issued through public issue. Accordingly, the Company shall create DRR of 25% of the value of Bonds issued and allotted in terms of the Prospectus, or such a percentage as may be required under the relevant law as amended from time to time, for the redemption of the Bonds. The Company shall credit adequate amounts to the DRR from its profits every year until the Bonds are redeemed. The amounts credited to the DRR shall not be utilised by the company for any purpose other than for the redemption of the Bonds.

Guarantee/Letter of Comfort

The Issue is not backed by a guarantee or letter of comfort or any other document and/or letter with similar intent.

Replacement of Bond Certificates

In case of Bonds in physical form, if a Bond certificate is mutilated or defaced then on production thereof to the Company, the Company shall cancel such certificate and issue a new or duplicate certificate in lieu thereof, however, they will be replaced only if the certificate numbers and the distinctive numbers are legible. If any Bond certificate is lost, stolen or destroyed, then, on proof thereof to the satisfaction of the Company and on furnishing such indemnity as the Company may deem adequate and on payment of any expenses incurred by the Company in connection with proof of such destruction or theft or in connection with such indemnity the Company shall issue a new or duplicate Bond certificate. A fee may be charged by the Company not exceeding such sum as may be prescribed by applicable law for each new or duplicate Bond certificate issued hereunder except certificates in replacement of those which are old, decrepit or worn out or defaced or where the pages for recording transfers have been fully utilised.

Put/Call Option

There is no put or call option for the Bonds.

Future Borrowings

The Company will be entitled at any time in the future during the term of the Bonds or thereafter to borrow or raise loans or create encumbrances or avail of financial assistance in any form, and also to issue promissory notes or debentures or any other securities in any form, manner, ranking and denomination whatsoever, subject to applicable consents, approvals or permissions that may be required under any statutory, regulatory, contractural requirement and to any eligible persons whatsoever, subject to applicable consents, approvals or permissions that may be required under any statutory/regulatory/contractual requirement, and to change its capital structure including through the issue of shares of any class, on such terms and conditions as the Company may deem appropriate, without requiring the consent of, or intimation to, the Bondholders or the Bond Trustee in this connection.

Lien

The Company will have the right of set-off and lien, present as well as future on the moneys due and payable to the Bondholder or deposits held in the account of the Bondholder, whether in single name or joint name, to the extent of all outstanding dues by the Bondholder to the Company.

Lien on Pledge of Bonds

Subject to applicable laws, the Company, at its discretion, may note a lien on pledge of Bonds if such pledge of Bond is accepted by any bank or institution for any loan provided to the Bondholder against pledge of such Bonds as part of the funding.

Procedure for Rematerialisation of Bonds

Bondholders who wish to hold the Bonds in physical form may do so by submitting a request to their DP at any time after Allotment in accordance with the applicable procedure stipulated by the DP, in accordance with the Depositories Act and/or rules as notified by the Depositories from time to time. For more information, see "***Terms of the Issue*–*Form of Allotment and Denomination***" on page 173 of this Prospectus.

Sharing of Information

The Company may, at its option, use its own, as well as exchange, share or part with any financial or other information about the Bondholders available with the Company, its Subsidiary(ies) and affiliates and other banks, financial institutions, credit bureaus, agencies, statutory bodies, as may be required. **Neither the Company nor its Subsidiaries and affiliates nor its or their respective agents will be liable for use of the aforesaid information.**

Notices

All notices to the Bondholders required to be given by the Company or the Bond Trustee will be published in one English language newspaper having wide circulation and/or, will be sent by post/courier to the Bondholders from time to time, only to Applicants that have provided a registered address in India.

Jurisdiction

The Bonds, the Bond Trust Deed and other relevant documents shall be governed by and construed in accordance with the laws of India. The courts of New Delhi will have exclusive jurisdiction for the purposes of the Issue.

ISSUE PROCEDURE

This section applies to all Applicants. ASBA Applicants and Applicants making Direct Online Applications using the online payment facility of the Stock Exchanges should note that the ASBA and Direct Online Applications processes involve application procedures which may be different from the procedures applicable to Applicants who apply for Bonds through any of the other permitted channels and accordingly should carefully read the provisions applicable to ASBA and Direct Online Applications, respectively.

All Applicants are required to make payment of the full Application Amount with the Application Form. ASBA Applicants are required to ensure that the ASBA Account has sufficient credit balance such that an amount equivalent to the full Application Amount can be blocked by the SCSBs.

*ASBA Applicants may submit their ASBA Applications to the Members of the Syndicate or Trading Members of the Stock Exchanges only in the Specified Cities or directly to the Designated Branches of SCSBs. Applicants other than ASBA Applicants are required to submit their Applications to the Members of the Syndicate or Trading Members of the Stock Exchanges at the centres mentioned in the Application Form or make Direct Online Applications using the online payment facility of the Stock Exchanges. For further information, please refer to "**Issue Procedure-Submission of Duly Completed Application Forms**" on page 204 of this Prospectus*

This section has been prepared based on SEBI Circular No. CIR./IMD/DF-1/20/2012 dated July 27, 2012 and is subject to the Stock Exchanges putting in place the necessary systems and infrastructure for implementation of the abovementioned circular, including the systems and infrastructure required in relation to Direct Online Applications through the electronic platform and online payment facility to be offered by Stock Exchanges and accordingly is subject to any further clarification, notification, modification, direction, instructions and/or correspondence that may be issued by the Stock Exchanges and/or SEBI.

More specifically pursuant to a letter dated September 18, 2013, the Lead Managers have sought an exemption/clarification from SEBI from complying with paragraph 3.2.3 of the aforementioned circular in connection with this Issue and to allow the Company to effect allotments of the Bonds through the Issue on the basis of the date of uploading of applications on the electronic platform of the stock exchange(s) and not on a date and time priority basis. SEBI vide its letter no. IMD/DOF-1/BM/VA/OW/ 24431/2010 dated September 24, 2013 has provided the approval for allotment of bonds in the Issue should be made on the basis of date of upload of each application in the electronic platform of the Stock Exchange However, on the date of oversubscription, the allotment should be made to the applicants on proportionate basis.

Applicants are accordingly advised to carefully read this Prospectus, Application Form, and the Abridged Prospectus in relation to any proposed investment. The information below is given for the benefit of the investors. The Company, the Registrar to the Issue, and the Lead Managers shall not be liable for any amendment or modification or changes in applicable laws or regulations, which may occur after the date thereof.

Trading Members of the Stock Exchanges who wish to collect and upload Applications in the Issue on the electronic application platform provided by the Stock Exchanges will need to approach the respective Stock Exchanges and follow the requisite procedures prescribed by the relevant Stock Exchange. ***The Members of the Syndicate, the Company and the Registrar to the Issue shall not be responsible or liable for any errors or omissions on the part of the Trading Members of the Stock Exchanges in connection with the responsibility of such Trading Members of the Stock Exchanges in relation to collection and upload of Applications in the Issue on the electronic platform and online payment facility to be provided by the Stock Exchanges.*** *Further, the relevant Stock Exchanges shall be responsible for addressing investor grievances arising from Applications through Trading Members registered with such Stock Exchanges.*

For purposes of the Issue, the term "Working Day" shall mean all days excluding Sundays or a public holiday in India or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881, except with reference to Issue Period and Record Date, where working days shall mean all days, excluding Saturdays, Sundays and public holiday in India or at any other payment centre notified in terms of the Negotiable Instruments Act, 1881.

PROCEDURE FOR APPLICATION

Availability of Prospectus, Abridged Prospectus and Application Forms

Physical copies of the Abridged Prospectus containing salient features of the Issue together with Application Forms may be obtained from:

(a) The Company's Registered and Corporate Office;
(b) Offices of the Lead Managers;
(c) Offices of the Consortium Member;
(c) Trading Members of the Stock Exchanges; and
(d) Designated Branches of SCSBs.

Electronic Application Forms will be available on the websites of the Stock Exchanges ,the Lead Manager and Consortium Members and the SCSBs that permit submission of ASBA Applications electronically. A unique application number ("**UAN**") will be generated for every Application Form downloaded from the websites of the Stock Exchanges. Hyperlinks to the websites of the Stock Exchanges for this facility will be provided on the websites of the Lead Managers and the SCSBs. In addition, online beneficiary account portals may provide a facility of submitting Application Forms online to their account holders.

Trading Members of the Stock Exchanges can download Application Forms from the websites of the Stock Exchanges. Further, Application Forms will be provided to Trading Members of the Stock Exchanges at their request. Our Company may also provide Application Forms for being downloaded and filled at such website as it may deem fit.

On a request being made by any Applicant before the Issue Closing Date, physical copies of the Prospectus and Application Form can be obtained from the Company's Registered and Corporate Office, as well as offices of the Lead Managers. Electronic copies of the Prospectus will be available on the websites of the Lead Managers, the Stock Exchanges, SEBI and the SCSBs.

Who Can Apply

Category I ("Qualified Institutional Buyers") ("QIBs")**	Category II ("Corporates") **	Category III ("High Networth Individuals") ("HNIs")	Category IV("Retail Individual Investors") ("RIIs")*
• Public financial institutions as defined in Section 4A of the Companies Act, • Indian Alternative Investment Funds eligible to invest under the SEBI (Alternative Investment Funds) Regulations, 2012; • Scheduled commercial banks, • Mutual funds registered with SEBI, • State industrial development corporations, • Insurance companies registered with the Insurance Regulatory and Development Authority, • Provident funds with a minimum corpus of Rs. 25 crore, • Pension funds with a minimum corpus of Rs. 25 crore, • The National Investment Fund set up by resolution F. No. 2/3/2005-DD-II dated November 23, 2005 of the GoI, published in the Gazette of India, • Insurance funds set up and managed by the army,	• Companies within the meaning of section 2(20) of the Companies Act, 2013, • Limited Liability Partnerships registered under the provisions of the LLP Act, • Statutory corporations, • Trusts, • Partnership firms in the name of partners, • Cooperative banks, • Regional rural banks, • Societies registered under the applicable laws in India, • Association of Persons, and • Other domestic legal entities registered under applicable laws in India which are authorised to invest in Bonds	The following investors applying for an amount aggregating to more than Rs. 10 lakh across all Series of Bonds in the Issue • Resident Individual Investors • Hindu Undivided Families applying through the Karta	The following investors applying for an amount aggregating up to and including Rs. 10 lakh across all Series of Bonds in the Issue • Resident Individual Investors • Hindu Undivided Families through the Karta

Category I ("Qualified Institutional Buyers") ("QIBs")**	Category II ("Corporates") **	Category III ("High Networth Individuals") ("HNIs")	Category IV("Retail Individual Investors") ("RIIs")*
navy, or air force of the Union of India, and • Insurance funds set up and managed by the Department of Posts, India which are authorized to invest in Bonds.			

**With regard to Section 372A(3) of the Companies Act, 1956, kindly refer to General Circular No. 6/ 2013, dated March 14, 2013 Ministry of Corporate Affairs, GoI clarifying that in cases where the effective yield on tax free bonds is greater than the prevailing bank rate, there shall be no violation of Section 372A(3) of the Companies Act, 1956.*

Participation of any of the aforementioned persons or entities is subject to the applicable statutory and/or regulatory requirements in connection with the subscription to Indian securities in the nature of the Bonds by such persons or entities. Applicants are advised to ensure that Applications made by them do not exceed the investment limits 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, subscribing to, or seeking Allotment of Bonds pursuant to the Issue.

The Lead Managers and their respective associates and affiliates are permitted to subscribe in the Issue.

Persons not eligible to Apply

The following persons and entities will not be eligible to participate in the Issue and any Applications from such persons and entities are liable to be rejected:

- Minors without a guardian name.* A guardian may apply on behalf of a minor. However, Applications by minors must be made through Application Forms that contain the names of both the minor Applicant and the guardian;
- Persons Resident Outside India and Foreign nationals (including Non-resident Indians, Foreign Institutional Investors and Qualified Foreign Investors);
- Venture Capital Fund and Foreign Venture Capital Investor;
- Overseas Corporate Bodies; and
- Person ineligible to contract under applicable statutory/regulatory requirements.
- Any other caterogry of investors not mentioned in Catergory I, II, III and IV above.

*Applicant shall ensure that guardians competent to contract under Indian Contract Act 1972.

Based on information provided by the Depositories, the Company will have the right to accept Applications belonging to an account for the benefit of a minor (under guardianship). In case of Applications for Allotment of Bonds in dematerialised form, the Registrar to the Issue shall verify the foregoing on the basis of records provided by the Depositories based on the DP ID and Client ID provided by the Applicants in the Application Form and uploaded to the electronic platform of the Stock Exchanges.

The concept of OCBs (meaning any company, partnership firm, society and other corporate body or overseas trusts irrevocably owned/held directly or indirectly to the extent of at least 60% by NRIs), which was in existence until 2003, was withdrawn by the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies) Regulations, 2003. Accordingly, OCBs are not permitted to invest in the Issue.

Nothing in the Prospectus constitutes an offer of Bonds for sale in the United States or any other jurisdiction where it is unlawful to do so. The Bonds have not been and will not be registered, listed or otherwise qualified in any jurisdiction outside India and may not be offered or sold, and Bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction. In particular, the Bonds have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S.

persons (as defined in Regulations under the Securities Act) except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. The Company has not registered and does not intend to register under the U.S. Investment Company Act in reliance on section 3(c) (7) thereof.

No offer to the public (as defined under Directive 2003/71/EC, together with any amendments and implementing measures thereto the "Prospectus Directive") have been or will be made in respect of the Issue or otherwise in respect of the Bonds, in any Member State of the European Economic Area which has implemented the Prospectus Directive (a "Relevant Member State") except for any such offer made under exemption available under the Prospectus Directive, provided that no such offer result in a requirement to publish or supplement a prospectus pursuant to the Prospectus Directive, in respect of the Issue or otherwise in respect of the Bonds.

Any forwarding, distribution or reproduction of this document in whole or in part is unauthorised. Failure to comply with this directive may result in a violation of the Securities Act or the applicable laws of other jurisdictions. Any investment decision should be made on the basis of the final terms and conditions of the bonds and the information contained in the Prospectus.

Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/consents/approvals in connection with applying for, subscribing to, or seeking allotment of Bonds pursuant to the Issue.

The information below is given for the benefit of Applicants. The Company and the Lead Managers are not liable for any amendment or modification or changes in applicable laws or regulations, which may occur after the date of this Prospectus.

Modes of Making Applications

Applicants may use any of the following facilities for making Applications:

(a) ASBA Applications through the Members of the Syndicate or Trading Members of the Stock Exchanges only in the Specified Cities ("**Syndicate ASBA**"). See "***Issue Procedure- Submission of ASBA Applications***" on page 192 of this Prospectus;

(b) ASBA Applications through Designated Branches of SCSBs. See "***Issue Procedure- Submission of ASBA Applications***" on page 192 of this Prospectus; and

(c) Non-ASBA Applications through Members of the Syndicate or Trading Members of the Stock Exchanges at centres mentioned in the Application Form. See "***- Issue Procedure-Submission of Non-ASBA Applications (other than Direct Online Applications)***" on page 193 of this Prospectus.

(d) Non-ASBA Applications for Allotment in physical form through the Members of the Syndicate or Trading Members of the Stock Exchanges at centres mentioned in the Application Form. See "***Issue Procedure-Submission of Non- ASBA Applications for Allotment of the Bonds in physical form***" on page 191 of this Prospectus.

Note – *Applicants are requested to note that in terms of the Circular No. CIR./IMD/DF-1/20/2012 dated July 27, 2012 issued by SEBI (",**Debt Application Circular**"), SEBI has mandated issuers to provide, through a recognized stock exchange which offers such a facility, an online interface enabling direct application by investors to a public issue of their debt securities with an online payment facility ("**Direct Online Application Mechanism**"). In this regard, SEBI has, through the Debt Application Circular, directed recognized stock exchanges in India to put in necessary systems and infrastructure for the implementation of the Debt Application Circular and the Direct Online Application Mechanism. In the event that the relevant Stock Exchanges put in necessary systems, infrastructure and processes in place so as to enable the adoption of the Direct Online Application Mechanism prior to the Issue Opening Date, we shall offer eligible investors desirous of applying in the Issue the option to make Applications through the Direct Online Application Mechanism.*

If such systems, infrastructures or processes are put in place by the relevant Stock Exchange(s) after the filing of this Prospectus but prior to the Issue Opening Date, the methods and procedure for relating to the Direct Online Application Mechanism shall be widely disseminated by us through a public notice in a reputed national daily *newspaper.*

Applications by certain categories of Applicants

Applications by Mutual Funds

No MF scheme may invest more than 15% of its NAV in debt instruments issued by a single company which are rated not below investment grade by a credit rating agency authorised to carry out such activity. Such investment limit may be extended to 20% of the NAV of the scheme with the prior approval of the board of trustees and the board of the asset management company ("**AMC**").

A separate Application can be made in respect of each scheme of an MF; such Applications will not be treated as multiple Applications. Applications made by the AMCs or custodians of an MF must clearly indicate the name of the scheme for which Application is being made. In case of Applications made by MFs, the Application Form must be accompanied by certified true copies of their (i) SEBI registration certificate; (ii) trusts deed (iii) resolution authorising investment and containing operating instructions; and (iv) specimen signatures of authorised signatories. **Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

Applications by Trusts

Applications made by a Trusts, settled under the Indian Trusts Act, 1882, or any other statutory and/or regulatory provision governing the settlement of trusts in India, must be accompanied by a (i) certified true copy of the registered instrument for creation of such Trusts, (ii) power of attorney, if any, in favour of one or more trustees thereof; and (iii) such other documents evidencing registration thereof under applicable statutory/regulatory requirements. Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.

Further, any society applying for Bonds must ensure that (a) they are authorised under applicable statutory/regulatory requirements and their constitution instrument to hold and invest in bonds, (b) they have obtained all necessary approvals, consents or other authorisations, which may be required under applicable statutory and/or regulatory requirements to invest in bonds, and (c) applications made by them do not exceed the investment limits or maximum number of Bonds that can be held by them under applicable statutory and or regulatory provisions.

Application by Indian Alternative Investments Funds

Application made by Indian Alternative Investments Funds eligible to invest in accordance with the Alternative Investment Funds Regulations, 2012, for Allotment of the Bonds must be accompanied by certified true copies of: (i) SEBI registration certificate; (ii) a resolution authorising investment and containing operating instructions, memorandum and articles of associations; and (iii) specimen signatures of authorised signatories. **Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

Application by Scheduled Commercial Banks, Co-operative Banks and Regional Rural Banks

Scheduled commercial banks, co-operative banks and regional rural bamks can apply in the Issue based on their own investment limits and approvals. The Application Form must be accompanied by certified true copies of their (i) memorandum and articles of association/charter of constitution; (ii) power of attorney; (iii) resolution authorising investments/containing operating instructions; (iv) specimen signatures of authorised signatories; and (v) PAN Card. **Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

Pursuant to SEBI Circular no. CIR/CFD/DIL/1/2013 dated January 2, 2013, SCSBs making applications on their own account using ASBA facility, should have a separate account in their own name with any other SEBI registered SCSB. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications.

Application by Insurance Companies

The Application Form must be accompanied by certified copies of their (i) certificate of registration issued by IRDA; (ii) memorandum and articles of association; (iii) resolution authorising investment and containing operating instructions; (iv) power of attorney; and (v) specimen signatures of authorised signatories. **Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

Applications by PFIs

In case of Applications by PFIs authorised to invest in the Bonds, the Application Form must be accompanied by certified true copies of: (i) any Act/rules under which they are incorporated; (ii) board resolution authorising investments; and (iii) specimen signature of authorised person. **Failing this, the Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.**

Applications by Provident Funds and Pension Funds

In case of Applications by Indian provident funds and pension funds authorised to invest in the Bonds, the Application Form must be accompanied by certified true copies of: (i) any Act/rules under which they are incorporated; (ii) power of attorney, if any, in favour of one or more trustees thereof; (iii) board resolution authorising investments; (iv) such other documents evidencing registration thereof under applicable statutory/regulatory requirements; (v) specimen signature of authorised person; (vi) certified copy of the registered instrument for creation of such fund/trusts; and (vii) tax exemption certificate issued by income tax authorities, if exempt from income tax. **Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

Applications by National Investment Fund

In case of Applications by National Investment Fund, the Application Form must be accompanied by certified true copies of: (i) resolution authorising investment and containing operating instructions; and (ii) specimen signature of authorised person. **Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor.**

Applications by Companies, Limited Liability Partnership and Bodies Corporate

In case of Applications by companies, limited liability partnership and bodies corporate, the Application Form must be accompanied by certified true copies of: (i) any Act/Rules under which they are incorporated; (ii) board resolution/ resolution authorising investments; and (iii) specimen signature of authorised person. **Failing this, the Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.**

Applications under Power of Attorney

In case of Applications made pursuant to a power of attorney by Applicants in Category I and Category II, a certified copy of the power of attorney or the relevant resolution or authority, as the case may be, with a certified copy of the memorandum of association and articles of association and/or bye laws must be submitted with the Application Form. In case of Applications made pursuant to a power of attorney by Applicants in Category III and Category IV, a certified copy of the power of attorney must be submitted with the Application Form. **Failing this, the Company reserves the right to accept or reject any Application in whole or in part, in either case, without assigning any reason therefor. The Company, in its absolute discretion, reserves the right to relax the above condition of attaching the power of attorney with the Application Forms subject to such terms and conditions that the Company and the Lead Managers may deem fit.**

Applications by Partnership Firms

The Application must be accompanied by certified true copies of: (i) Partnership Deed; (ii) Any documents evidencing registration thereof under applicable statutory/regulatory requirements; (iii) Resolution authorizing investment and containing operating instructions (Resolution); (iv) Specimen signature of authorized person. Failing this, our Company reserves the right to accept or reject any Applications in whole or in part, in either case, without assigning any reason therefor.

Brokers having online demat account portals may also provide a facility of submitting the Application Forms (ASBA as well as non-ASBA Applications) online to their account holders. Under this facility, a broker receives an online instruction through its portal from the Applicant for making an Application on his/ her behalf. Based on such instruction, and a power of attorney granted by the Applicant to authorise the broker, the broker makes an Application on behalf of the Applicant.

APPLICATION FOR ALLOTMENT OF BONDS IN PHYSICAL AND DEMATERIALISED FORM

Application for allotment in physical form

Submission of Non- ASBA Applications for Allotment of the Bonds in physical form

Applicants can also apply for Allotment of the Bonds in physical form by submitting duly filled in Application Forms to the Members of the Syndicate or the Trading Members of the Stock Exchanges, with the accompanying account payee cheques or demand drafts representing the full Application Amount and KYC documents as specified under "***– Applications by certain Categories of Applicants***" and "***- Additional instructions for Applicants seeking Allotment of the Bonds in physical form***" at pages 189 and 199 of this Prospectus, respectively. The Members of the Syndicate and Trading Members of the Stock Exchanges shall, on submission of the Application Forms to them, verify and check the KYC documents submitted by such Applicants and upload details of the Application on the electronic platforms of Stock Exchanges, following which they shall acknowledge the uploading of the Application Form by stamping the acknowledgment slip with the date and time and returning it to the Applicant.

On uploading of the Application details, the Members of the Syndicate and Trading Members of the Stock Exchanges will submit the Application Forms, with the cheque/demand draft to the Escrow Collection Bank(s), which will realise the cheque/demand draft, and send the Application Form and the KYC documents to the Registrar to the Issue, who shall check the KYC documents submitted and match Application details as received from the electronic platforms of Stock Exchanges with the Application Amount details received from the Escrow Collection Bank(s) for reconciliation of funds received from the Escrow Collection Bank(s). In case of discrepancies between the two databases, the details received from the electronic platforms of Stock Exchanges will prevail, except in relation to discrepancies between Application Amounts. The Members of the Syndicate/Trading Members of the Stock Exchanges are requested to note that all Applicants are required to be banked with only the designated branches of Escrow Collection Bank(s). On Allotment, the Registrar to the Issue will dispatch Bond certificates/Allotment Advice to the successful Applicants to their addresses as provided in the Application Form. **If the KYC documents of an Applicant are not in order, the Registrar to the Issue will withhold the dispatch of Bond Certificates pending receipt of complete KYC documents from such Applicant. In such circumstances, successful Applicants should provide complete KYC documents to the Registrar to the Issue at the earliest. In such an event, any delay by the Applicant to provide complete KYC documents to the Registrar to the Issue will be at the Applicant's sole risk and neither the Company, the Registrar to the Issue, the Escrow Collection Bank(s), nor the Members of the Syndicate will be liable to compensate the Applicants for any losses caused to them due to any such delay, or liable to pay any interest on the Application Amounts for such period during which the Bond certificates are withheld by the Registrar to the Issue. Further, the Company will not be liable for any delays in payment of interest on the Bonds Allotted to such Applicants, and will not be liable to compensate such Applicants for any losses caused to them due to any such delay, or liable to pay any interest for such delay in payment of interest on the Bonds.**

For instructions pertaining to completing Application Form please see "***- General Instructions***" and "***- Additional Instructions for Applicants seeking allotment of Bonds in physical form***" on pages 193 and 199 of this Prospectus, respectively.

Please note that allotment of bonds in physical form can be done only if applicant does not hold any Demat account.

Application for allotment in dematerialised form

Submission of ASBA Applications

Applicants may also apply for Bonds using the ASBA facility. ASBA Applications can be submitted only by Applicants opting for Allotment in dematerialised form. ASBA Applications can be submitted through either of the following modes:

a) Physically or electronically to the Designated Branches of SCSB with whom the ASBA Account is maintained. In case of ASBA Application in physical mode, the ASBA Applicant will submit the Application Form at the relevant Designated Branch of the SCSB. The Designated Branch will verify if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the ASBA Application, prior to uploading such ASBA Application into the electronic platform of the Stock Exchanges. **If sufficient funds are not available in the ASBA Account, the respective Designated Branch will reject such ASBA Application and will not upload such ASBA Application in the electronic platform of the Stock Exchanges.** If sufficient funds are available in the ASBA Account, the Designated Branch will block an amount equivalent to the Application Amount and upload details of the ASBA Application in the electronic platform of the Stock Exchanges. The Designated Branch of the SCSBs will stamp the Application Form. In case of Application in the electronic mode, the ASBA Applicant will submit the ASBA Application either through the internet banking facility available with the SCSB, or such other electronically enabled mechanism for application and blocking funds in the ASBA Account held with SCSB, and accordingly registering such ASBA Applications.

b) Physically through the Members of the Syndicate or Trading Members of the Stock Exchanges only at the Specified Cities, i.e., Syndicate ASBA. ASBA Applications submitted to the Members of the Syndicate or Trading Members of the Stock Exchanges at the Specified Cities will not be accepted if the SCSB where the ASBA Account, as specified in the ASBA Application, is maintained has not named at least one branch at that Specified City for the Members of the Syndicate or Trading Members of the Stock Exchanges, as the case may be, to deposit ASBA Applications. A list of such branches is available at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries.

On receipt of the Application Form by the Members of the Syndicate or Trading Members of the Stock Exchanges, as the case may be, an acknowledgement will be issued by giving the counter foil of the Application Form with the date stamp to the ASBA Applicant as proof of having accepted the Application. Thereafter, the details of the Application will be uploaded in the electronic platform of the Stock Exchanges and the Application Form will be forwarded to the relevant branch of the SCSB, in the relevant Specified City, named by such SCSB to accept such ASBA Applications from the Members of the Syndicate or Trading Members of the Stock Exchanges, as the case may be. A list of such branches is available at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries. On receipt of the ASBA Application, the relevant branch of the SCSB will perform verification procedures and check if sufficient funds equal to the Application Amount are available in the ASBA Account, as mentioned in the ASBA Form. **If sufficient funds are not available in the ASBA Account, the relevant ASBA Application is liable to be rejected.** If sufficient funds are available in the ASBA Account, the relevant branch of the SCSB will block an amount equivalent to the Application Amount mentioned in the ASBA Application. The Application Amount will remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the amount against the Allotted Bonds to the Public Issue Account(s), or until withdrawal/failure of the Issue or withdrawal/rejection of the Application Form, as the case may be.

ASBA Applicants must note that:

(a) Physical Application Forms will be available with the Designated Branches of SCSBs and with the Members of the Syndicate at the Specified Cities; and electronic Application Forms will be available on the websites of the SCSBs and the Stock Exchanges at least one day prior to the Issue Opening Date. Trading Members of the Stock Exchanges can download Application Forms from the websites of the Stock Exchanges. Application Forms will also be provided to Trading Members of the Stock Exchanges at their request. The Application Forms would be serially numbered. Further, the SCSBs will ensure that the Abridged Prospectus is made available on their websites.

(b) The Designated Branches of SCSBs will accept ASBA Applications directly from ASBA Applicants only during the Issue Period. The SCSB will not accept any ASBA Applications directly from ASBA Applicants after the closing time of acceptance of Applications on the Issue Closing Date. However, in case of Syndicate ASBA, the relevant branches of SCSBs at Specified Cities can accept ASBA Applications from the Members of the Syndicate or Trading Members of the Stock Exchanges, as the case may be, after the closing time of acceptance of Applications on the Issue Closing Date. For further information on the Issue programme, see "***Terms of the Issue – Issue Period***" on page 170 of this Prospectus.

(c) In case of Applications through Syndicate ASBA, the physical Application Form will bear the stamp of the Members of the Syndicate or Trading Members of the Stock Exchanges, as the case may be; if not, the same will be rejected. **Application Forms submitted directly to the SCSBs should bear the stamp of the SCSBs, if not, the same are liable to be rejected.**

ASBA Applicants can invest in dematerialised form only.

For instructions pertaining to completing Application Form please see "***- General Instructions***" on page 193 of this Prospectus.

Submission of Non-ASBA Applications (other than Direct Online Applications)

Applicants must use the Application Form, which will be serially numbered, bearing the stamp of the relevant Member of the Syndicate or Trading Member of the Stock Exchanges at centres mentioned in the Application Form, as the case may be, from whom such Application Form is obtained. Such Application Form must be submitted to the relevant Member of the Syndicate or Trading Member of the Stock Exchanges, as the case may be, with the cheque or bank draft for the Application Amount, before the closure of the Issue Period. The Stock Exchanges may also provide Application Forms for being downloaded and filled. Accordingly, Applicants may download Application Forms and submit the completed Application Forms together with cheques/demand drafts to the Members of the Syndicate or Trading Member of the Stock Exchanges at centres mentioned in the Application Form. On submission of the completed Application Form, the relevant Members of the Syndicate or Trading Member of the Stock Exchanges, as the case maybe, will upload the Application Form on the electronic platform provided by the Stock Exchanges, and once an Application Form has been uploaded, issue an acknowledgement of such upload by stamping the acknowledgement slip attached to the Application Form with the relevant date and time and return the same to the Applicant. Thereafter, the Application Form together with the cheque or bank draft will be forwarded to the Escrow Collection Bank(s) for realisation and further processing.

The duly stamped acknowledgment slip will serve as a duplicate Application Form for the records of the Applicant. The Applicant must preserve the acknowledgment slip and provide the same in connection with: (a) any cancellation/withdrawal of their Application; (b) queries in connection with Allotment and/or refund(s) of Bonds; and/or (c) all investor grievances/complaints in connection with the Issue.

For instructions pertaining to completing Application Form please see "***- General Instructions***" on page 193 of this Prospectus.

INSTRUCTIONS FOR COMPLETING THE APPLICATION FORM

General Instructions

(a) Applications must be made only in the prescribed Application Form.

(b) Applications must be completed in block letters in English as per the instructions contained in the Prospectus, Abridged Prospectus and Application Form.

(c) Application should be in single or joint names (not exceeding three names). In case of Applications in joint names for Allotment of Bonds in dematerialized form, the names should be in the same order as appearing in the records of the Depository Participant.

(d) If the Application is submitted in joint names, the Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the depository account held in joint names. If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the

Application Form.

(e) Applications must be for a minimum of 5 Bonds and in multiples of one Bond thereafter. For the purpose of fulfilling the requirement of minimum application of 5 Bonds, an Applicant may choose to apply for 5 Bonds of the same Series or across different Series. Applicants may apply for one or more Series of Bonds Applied for in a single Application Form.

(f) Thumb impressions and signatures other than in English/Hindi/Gujarati/Marathi or any of the other languages specified in the Eighth Schedule to the Constitution of India must be attested by a Magistrate or Notary Public or a Special Executive Magistrate under his official seal.

(g) Applicants should hold a valid PAN allotted under the Income Tax Act and mention it in the Application Form.

(h) Applicants must tick the relevant box for the 'Category of Investor' provided in the Application Form.

(i) Applicants must tick the relevant box for the 'Mode of Application' provided in the Application Form, choosing either ASBA or Non-ASBA mechanism.

(j) ASBA Applicants should correctly mention the ASBA Account number and ensure that funds equal to the Application Amount are available in the ASBA Account.

(k) Applications should be made by the Karta in case of HUFs. Applicants are required to ensure that the PAN details of the HUF are mentioned and not those of the Karta.

(l) **No separate receipts will be issued for the Application Amount payable on submission of the Application Form.** However, the Lead Managers, Consortium Members, Trading Members of the Stock Exchanges at centres mentioned in the Application Form or the Designated Branches of the SCSBs, as the case may be, will acknowledge the receipt of the Application Forms by stamping the date and returning to the Applicants an acknowledgement slip which will serve as the duplicate of the Application Form for the records of the Applicant.

The Company, the Members of the Syndicate, Trading Members of the Stock Exchanges at centres mentioned in the Application Form, Designated Branches of SCSBs, and the Registrar to the Issue will not be liable for errors in data entry due to submission of incomplete or illegible Application Forms.

The Company shall Allot Series 2A Bonds for Caterogy I, II and III Applicants and Series 2B Bonds for Category IV Applicants to all valid Applications where the Applicants have not indicated their choice of the relevant Series in the Application Form.

Applicant's Beneficiary Account and Bank Account Details

Applicants applying for Allotment in dematerialised form must mention their DP ID and Client ID in the Application Form, and ensure that the name provided in the Application Form is exactly the same as the name in which the Beneficiary Account is held. In case the Application Form for Allotment in dematerialised form is submitted in joint names, it should be ensured that the Beneficiary Account is held in the same joint names and in the same sequence in which they appear in the Application Form. **In case the DP ID, Client ID and PAN mentioned in the Application Form for Allotment in dematerialised form and entered into the electronic system of the Stock Exchanges do not match with the DP ID, Client ID and PAN available in the Depository database or in case PAN is not available in the Depository database, the Application Form for Allotment in dematerialised form is liable to be rejected. Further, Application Forms submitted by Applicants applying for Allotment in dematerialised form, whose beneficiary accounts are inactive, will be rejected.**

On the basis of the DP ID and Client ID provided by the Applicant in the Application Form for Allotment in dematerialised form and entered into the electronic system of the Stock Exchanges, the Registrar to the Issue will obtain from the Depositories the Demographic Details of the Applicant including PAN, address, bank account details for printing on refund orders/sending refunds through electronic mode, Magnetic Ink Character Recognition ("MICR") Code and occupation. These Demographic Details would be used for giving Allotment Advice and refunds (including through physical refund warrants, direct credit, NECS, NEFT and RTGS), if any, to the Applicants. Hence, Applicants are advised to immediately update their Demographic Details as appearing on the records of the DP and ensure that they are true and correct, and carefully fill in their Beneficiary Account details in the Application Form. **Failure to do so could result in delays in dispatch/credit of refunds to Applicants and delivery of Allotment Advice at the Applicants' sole risk, and neither the Company, the Members of the Syndicate, Trading Members of the Stock Exchanges, Escrow Collection Bank(s) at centres mentioned in the Application Form, SCSBs, Registrar to the Issue nor the Stock Exchanges will bear any responsibility or liability for the same.**

The Demographic Details would be used for correspondence with the Applicants including mailing of Allotment Advice and printing of bank particulars on refund orders or for refunds through electronic transfer of funds, as applicable. Allotment Advice and physical refund orders would be mailed at the address (in India) of the Applicant as per Demographic Details received from the Depositories. Delivery of refund orders/ Allotment Advice may be delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such event, the address and other details provided by the Applicant (other than ASBA Applicants and Applicants using Direct Online Applications through the online payment facility of the Stock Exchanges) in the Application Form would be used only to ensure dispatch of refund orders. In case of refunds through electronic modes detailed in the Prospectus, refunds may be delayed if bank particulars obtained from the DP are incorrect. **Any such delay will be at such Applicants' sole risk and neither the Company, the Members of the Syndicate, Trading Members of the Stock Exchanges, Escrow Collection Bank(s) at centres mentioned in the Application Form, SCSBs, Registrar to the Issue nor the Stock Exchanges will be liable to compensate the Applicant for any losses caused to the Applicant due to any such delay, or to pay any interest for such delay.**

In case of Applications made under power of attorney, the Company in its absolute discretion, reserves the right to permit the holder of the power of attorney to request the Registrar to the Issue that for the purpose of printing particulars on the refund order and mailing of refund orders/ Allotment Advice, the demographic details obtained from the Depository of the Applicant will be used. By signing the Application Form, the Applicant would be deemed to have authorised the Depositories to provide to the Registrar to the Issue, on request, the required Demographic Details available on their records. The Demographic Details provided by the Applicant in the Application Form would not be used for any purpose by the Registrar to the Issue except in relation to the Issue.

With effect from August 16, 2010, the beneficiary accounts of Applicants for whom PAN details have not been verified shall be suspended for credit and no credit of Bonds pursuant to the Issue will be made into the accounts of such Applicants. Application Forms submitted by Applicants whose beneficiary accounts are inactive shall be rejected. Furthermore, in case no corresponding record is available with the Depositories, which matches the three parameters, namely, DP ID, Client ID and PAN, then such Application are liable to be rejected.

PAN

Any Application Form without the PAN (or submitting the GIR number instead of the PAN) is liable to be rejected, irrespective of the amount of transaction. In accordance with SEBI circular dated April 27, 2007, the PAN would be the sole identification number for the participants transacting in the Indian securities market, irrespective of the amount of transaction. Therefore, the Applicant (in the case of Applications made in joint names, the first Applicant) should mention the PAN allotted under the Income Tax Act in the Application Form. For minor Applicants applying through the guardian, it is mandatory to mention the PAN of minor Applicant. However, Applications on behalf of the Central or State Government officials and officials appointed by the courts in terms of SEBI circular dated June 30, 2008 and Applicants residing in the state of Sikkim may be exempt from the requirement to specify their PAN for transacting in the Indian securities market in terms of SEBI circular dated July 20, 2006. However, the exemption for the Central or State Government and the officials appointed by the courts and for Applicants residing in the State of Sikkim is subject to the DPs verifying the veracity of such claims by collecting sufficient documentary evidence in support of their claims. At the time of ascertaining the validity of these Applications, the Registrar to the Issue will check under the Depository records for the appropriate description under the PAN field, i.e., either Sikkim category or exempt category.

Joint Applications

Applications by Applicants applying for Allotment in dematerialised form can be in single or joint names (not exceeding three). If the Application Form is submitted in joint names, the Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the depository account held in joint names. In case of Applications in joint names for Allotment of Bonds, the names of the Applicants should be the same and appearing in the same order as on the records of the DP. In case of Applications in joint names, any payments will be made out in favour of the first Applicant and any communications will be addressed to the first Applicant whose name should also appear as the first holder of the depository account held in joint names. If the depository account is held in joint names, the Application Form should contain the name and PAN of the person whose name appears first in the depository account and signature of only this person would be required in the Application Form. This Applicant would be deemed to have signed on behalf of joint holders and would be required to give confirmation to this effect in the Application Form.

Additional/Multiple Applications

For purposes of Allotment of Bonds in the Issue, Applications will be grouped based on the PAN, i.e., Applications under the same PAN will be grouped together and treated as one Application. Two or more Applications will be deemed to be multiple Applications if the sole or first applicant is one and the same. For the sake of clarity, two or more applications shall be deemed to be a multiple Application for the aforesaid purpose if the PAN number of the sole or the first applicant is one and the same.

An Applicant is allowed to make one or more Applications for the Bonds for the same or other Series of Bonds, subject to a minimum Application size as mentioned in the Prospectus. **Any Application for an amount below the aforesaid minimum Application size will be deemed as an invalid application and shall be rejected.** However, multiple Applications by the same individual Applicant aggregating to a value exceeding Rs. 10 lakh shall deem such individual Applicant to be a Category III Applicant and all such Applications shall be grouped in the Category III Portion, for the purpose of determining the basis of Allotment to such Applicant. Applications made by any person in individual capacity and in capacity as a Karta of an HUF and/or as second or third Applicant in case of Applications made in joint names will not be treated as a multiple Application. Moreover, a separate Application can be made in respect of each scheme of an MF; such Applications will not be treated as multiple Applications.

Dos:

1. Check if you are eligible to apply as per the terms of the Prospectus, Abridged Prospectus and applicable law.

2. Read all the instructions carefully and complete the Application Form in the prescribed form

3. Ensure that you have obtained all necessary approvals from the relevant statutory and/or regulatory authorities to apply for, subscribe to and/or seek Allotment of Bonds pursuant to the Issue.

4. If the Application Form is submitted in joint names, the Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the depository account held in joint names.

5. Ensure that signatures other than in the languages specified in the Eighth Schedule to the Constitution of India are attested by a Magistrate or a Notary Public or a Special Executive Magistrate under official seal.

6. In case of an HUF applying through its Karta, the Applicant is required to specify the name of an Applicant in the Application Form as "XYZ Hindu Undivided Family applying through *PQR*", where *PQR* is the name of the Karta.

7. Ensure that the Application Forms (for non-ASBA Applicants) are submitted at the Collection Centres provided in the Application Forms, bearing the stamp of a Member of the Syndicate or a Trading Members of the Stock Exchange, as the case may be.

8. Ensure that the DP ID, Client ID and PAN mentioned in the Application Form are correct and match the details available in the Depository's database, and that the beneficiary account is activated for Allotment/trading of Bonds in dematerialised form.

9. Ensure that you have been given a transaction registration slip ("**TRS**") and an acknowledgment as

proof of having accepted the Application Form.

10. Ensure that the name(s) provided in the Application Form is exactly the same as the name(s) in which the beneficiary account is held with the DP. In case the Application Form is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the Application Form.

11. Except in the case of ASBA Applications and Direct Online Applications using the online payment facility offered through the Stock Exchanges, Applicants are requested to write their names and Application serial number on the reverse of the instruments by which the payments are made.

12. Tick the relevant box for the 'Category of Investor' provided in the Application Form.

13. Tick the relevant box for the 'Mode of Application' provided in the Application Form, choosing either ASBA or Non-ASBA mechanism.

14. Tick the Series of Bonds in the Application Form that you wish to apply for.

15. Ensure that you have obtained all necessary approvals from the relevant statutory and/or regulatory authorities to apply for, subscribe to and/or seek Allotment of the Bonds.

16. Ensure that the Application Forms are submitted to a Member of the Syndicate or Trading Member of a Stock Exchange, as the case may be, for Applications other than ASBA Applications/Direct Online Applications, before the closure of Application hours on the Issue Closing Date. For information on the Issue programme, see "***Terms of the Issue – Issue Period***" on page 170 of this Prospectus.

17. In case of revision of an Application during the Issue Period, ensure that you have first withdrawn your original Application and then submit a fresh Application.

18. Ensure that the Demographic Details including PAN are updated, true and correct in all respects.

19. Permanent Account Number: It shall be mandatory for subscribers to the Issue to furnish their Permanent Account Number and any Application Form, without the PAN is liable to be rejected, irrespective of the amount of transaction.

20. Applicants (other than ASBA Applicants) are requested to write their names and Application Form number on the reverse of the instruments by which the payments are made.

Don'ts:

1. Do not apply if you are not competent to contract under the Indian Contract Act, 1872 or if you are otherwise ineligible to acquire Bonds under applicable law or your relevant constitutional documents or otherwise.

2. Do not apply such that the number of Bonds applied for exceeds the Overall Issue size , and/or investment limit applicable to you under applicable laws or regulations.

3. Do not make an Application for lower than the minimum Application size.

4. Do not send Application Forms by post; instead submit the same to a Member of the Syndicate, Trading Member of a Stock Exchange or Designated Branch of an SCSB, as the case may be. Applicants other than ASBA Applicants should not submit the Application Form directly to the Escrow Collection Bank(s).

5. Do not submit incorrect details of the DP ID, Client ID and PAN or provide details for a beneficiary account which is suspended or for which details cannot be verified by the Registrar to the Issue. Do not submit the GIR number instead of the PAN.

6. Do not pay the Application Amount in cash, by money order or by postal order or by stockinvest.

7. Do not submit the Application Forms without the full Application Amount for the number of Bonds applied for.

8. Do not submit Applications on plain paper or on incomplete or illegible Application Forms.

9. Do not submit an Application in case you are not eligible to acquire Bonds under applicable law or your relevant constitutional documents or otherwise.

10. Do not submit an Application that does not comply with the securities law of your respective jurisdiction.

11. Do not submit the GIR number instead of the PAN as the Application is liable to be rejected on this ground;

12. Do not submit an Application to the Escrow Collection Bank(s), unless such Escrow Collection Bank is a Designated Branch of a SCSB where the ASBA Account is maintained, in case of ASBA Application.

13. Do not apply if you are a person ineligible to apply for Bond under the Issue including Applications by Persons Resident Outside India, (inter-alia including NRIs who are (i) based in the USA, and/or, (ii) domiciled in the USA, and/or, (iii) residents/citizens of the USA, and/or, (iv) subject to any taxation laws of the USA);

14. Applicants other than ASBA Applicants should not submit the Application Form directly to the Escrow Collection Banks/ Bankers to the Issue, and the same will be rejected in such cases; and

15. Do not make an application of the Bonds on multiple copies taken of a single form.

Additional Instructions Specific to ASBA Applicants

Dos:

1. Check if you are eligible to apply under ASBA;

2. Ensure that you tick the ASBA option in the Application Form and provide correct details of your ASBA Account including bank account number/bank name and branch;

3. Ensure that your Application Form is submitted either at a Designated Branch of a SCSB where the ASBA Account is maintained or with the Members of the Syndicate or Trading Members of the Stock Exchanges at the Specified Cities, and not directly to the Escrow Collection Bank(s) (assuming that such bank is not an SCSB) or to the Company or the Registrar to the Issue;

4. Before submitting physical Application Form with the Member of the Syndicate at the Specified Cities ensure that the SCSB, whose name has been filled in the Application Form, has a branch in that centre.

5. In case of ASBA Applications through Syndicate ASBA, before submitting the physical Application Form to a Member of the Syndicate, at the Specified Cities or Trading Member of the Stock Exchanges, ensure that the SCSB where the ASBA Account, as specified in the Application Form, is maintained has named at least one branch in that specified city for the Members of the Syndicate or Trading Members of the Stock Exchanges, as the case may be, to deposit Application Forms (A list of such branches is available at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries);

6. Ensure that the Application Form is signed by the ASBA Account holder in case the ASBA Applicant is not the account holder; and

7. Ensure that the ASBA Account holder has funds equal to the Application Amount in the ASBA Account before submitting the Application Form.

8. Ensure that you have correctly ticked, provided or checked the authorization box in the Application Form, or otherwise have provided an authorization to the SCSB via the electronic mode, for blocking funds in the ASBA Account equivalent to the Application Amount mentioned in the Application Form;

9. In terms of SEBI Circular no. CIR/CFD/DIL/1/2013 dated January 2, 2013, SCSBs making applications on their own account using ASBA facility, should have a separate account in their own name with any other SEBI registered SCSB. Further, such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications; and

10. Ensure that you have received an acknowledgement from the Designated Branch or the Member of the Syndicate or Trading Member of the Stock Exchange, as the case may be for submission of the Application Form.

Don'ts:

1. Do not submit the Application Amount in any mode other than through blocking of Application Amount in the ASBA Accounts;

2. Do not submit the Application Form to the Members of the Syndicate or Trading Members of the Stock Exchanges, as the case may be, at a location other than the Specified Cities.

3. Do not send your physical Application Form by post; instead submit the same to a Designated Branch of an SCSB or Member of the Syndicate or Trading Members of the Stock Exchanges, as the case may be, at the Specified Cities; and

4. Do not submit more than five Application Forms per ASBA Account.

ASBA Applications submitted to the Members of the Syndicate or Trading Members of the Stock Exchanges at the Specified Cities will not be accepted if the SCSB where the ASBA Account, as specified in the Application Form, is maintained has not named at least one branch at that specified city for the Members of the Syndicate or Trading Members of the Stock Exchanges, as the case may be, to deposit such Application Forms. A list of such branches is available at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries. **See "-** ***Rejection of Applications*****" on page** 205 **of this Prospectus for information on rejection of Applications.**

For further instructions, Applicants are advised to read the Prospectus, Abridged Prospectus and Application Form.

ADDITIONAL INSTRUCTIONS FOR APPLICANTS SEEKING ALLOTMENT OF BONDS IN PHYSICAL FORM

Any Applicant who subscribes to the Bonds in physical form shall undertake the following steps:

- **Complete the Application Form in all respects, by providing all the information including PAN and Demographic Details. However, do not provide DP details in the Application Form.** The requirement for providing DP details shall be mandatory only for Applicants who wish to subscribe to the Bonds in dematerialised form.

- Provide the following documents with the Application Form:

  (a) Self-attested copy of the PAN card or proof of identification in case of Applications by or on behalf of the Central or State Government and the officials appointed by the courts and by Applicants residing in the State of Sikkim; and

  (b) Self-attested copy of proof of residence. Any of the following documents shall be considered as a verifiable proof of residence:

    - ration card issued by the GoI; or
    - valid driving license issued by any transport authority of the Republic of India; or

- electricity bill (not older than three months); or
- landline telephone bill (not older than three months); or
- valid passport issued by the GoI; or
- voter's identity card issued by the GoI; or
- passbook or latest bank statement issued by a bank operating in India; or
- registered leave and license agreement or agreement for sale or rent agreement or flat maintenance bill.
- AADHAR letter, issued by Unique Identification Authority of India, GoI.

(c) Self-attested copy of a cancelled cheque of the bank account to which the amounts pertaining to payment of refunds, interest and redemption, as applicable, should be credited. **In the absence of such cancelled cheque, the Company reserves the right to reject the Application or to consider the bank details given on the Application Form at its sole discretion. In such case the Company, the Lead Managers and the Registrar to the Issue shall not be liable for any delays/errors in payment of refund and/or interest.**

The Applicant shall be responsible for providing the above information accurately. Delays or failure in credit of the payments due to inaccurate details shall be at the sole risk of the Applicants and neither the Lead Managers nor the Company shall have any responsibility and undertake any liability for the same. Applications for Allotment of the Bonds in physical form, which are not accompanied with the abovestated documents, may be rejected at the sole discretion of the Company.

In relation to the issuance of the Bonds in physical form, note the following:

1. An Applicant has the option to seek Allotment of Bonds in either dematerialised or physical mode. **No partial Application for the Bonds shall be permitted; any such partial Application is liable to be rejected.**

2. **Any Applicant who provides Depository Participant details in the Application Form shall be Allotted the Bonds in dematerialised form only, irrespective of whether such applicant has provided the details required for Allotment in physical form. Such Applicant shall not be Allotted Bonds in physical form.**

3. In case of Bonds issued in physical form, the Company will issue one certificate to the holders of the Bonds for the aggregate amount of the Bonds for each of the Series of Bonds that are applied for (each such certificate, a ("**Consolidated Bond Certificate**").

4. The Company shall dispatch the Consolidated Bond Certificate to the (Indian) address of the Applicant provided in the Application Form, within the time and in the manner stipulated under the Companies Act, 1956 (to the extent not applicable)/ Companies Act, 2013, as the case may be, read with the Company's Articles of Association.

All terms and conditions disclosed in relation to the Bonds held in physical form pursuant to rematerialisation shall be applicable *mutatis mutandis* to the Bonds issued in physical form.
The Applicant shall be responsible for providing the above information and KYC documents accurately. Delay or failure in credit of payments or receipt of Allotment Advice or Bond certificates due to inaccurate or incomplete details shall be at the sole risk of the Applicants and the Lead Managers, the Company and the Registrar to the Issue shall have no responsibility and undertake no liability in this relation. In case of Applications for Allotment of Bonds in physical form, which are not accompanied with the aforestated documents, Allotment of Bonds in physical form may be held in abeyance by the Registrar to the Issue, pending receipt of KYC documents.

Please note that allotment of bonds in physical form can be done only if applicant does not hold any Demat account.

Consolidated list of documents required for various categories

For the sake of simplicity we hereby provide the details of documents mandatorily required to be submitted by various categories of Applicants (who have applied for Allotment of the Bonds in dematerialised form) while submitting the Application Form:

Type of Investors	Mandatory documents to be submitted with application form (in addition to the documents required for applications for Allotment of Bonds in physical form)
Public financial institutions, commercial banks authorized to invest in the Bonds, companies within the meaning of section 3 of the Companies Act and bodies corporate registered under the applicable laws in India and authorized to invest in the Bonds; State Industrial Development Corporations; Companies; bodies corporate and societies registered under the applicable laws in India and authorized to invest in the Bonds	The Application must be accompanied by certified true copies of: • Any Act/ Rules under which they are incorporated • Board Resolution authorizing investments • Specimen signature of authorized person
Insurance companies registered with the IRDA	The Application must be accompanied by certified copies of • Any Act/Rules under which they are incorporated • Registration documents (i.e. IRDA registration) • Resolution authorizing investment and containing operating instructions (Resolution) • Specimen signature of authorized person
Provident Funds, Pension Funds and National Investment Fund	The Application must be accompanied by certified true copies of: • Any Act/Rules under which they are incorporated • Board Resolution authorizing investments • Specimen signature of authorized person
Mutual Funds	The Application must be also accompanied by certified true copies of: • SEBI registration Certificate and trust deed (SEBI Registration) • Resolution authorizing investment and containing operating instructions (Resolution) • Specimen signature of authorized person
Applicants through a power of attorney under Category I and II	The Application must be also accompanied by certified true copies of: • A certified copy of the power of attorney or the relevant resolution or authority, as the case may be • A certified copy of the memorandum of association and articles of association and/or bye laws and/or charter documents, as applicable, must be lodged along with the Application Form. • Specimen signature of power of attorney holder/authorized signatory as per the relevant resolution.
Resident Indian individuals under Categories III & IV	N.A.
Resident HUF under Categories III and IV	The Application must be also accompanied by certified true copies of: • Self-attested copy of PAN card of HUF. • Bank details of HUF i.e. copy of passbook/bank statement/cancelled cheque indicating HUF status of the applicant. • Self-attested copy of proof of Address of karta, identity proof of karta.
Power of Attorney under Category III and Category IV	The Application must be also accompanied by certified true copies of: • A certified copy of the power of attorney has to be lodge with the Application Form
Partnership firms in the name of the partners	• Partnership Deed

Type of Investors	Mandatory documents to be submitted with application form (in addition to the documents required for applications for Allotment of Bonds in physical form)
Limited Liability partnership formed and registered under the provisions of the Limited Liability Partnership Act, 2008 (No. 6 of 2009)	• Any documents evidencing registration thereof under applicable statutory/ regulatory requirements. • Resolution authorizing investment and containing operating instructions (Resolution) • Specimen signature of authorized person.

PAYMENT INSTRUCTIONS

The entire Application Amount is payable at the time of submitting the Application Form. In case of ASBA Applicants, the entire Application Amount will be blocked in the ASBA Account. In case of Allotment of a lesser number of Bonds than applied for, the Company will refund the excess amount paid on Application to the Applicant (or the excess amount shall be unblocked in the ASBA Account, as the case may be).

Payment mechanism for ASBA Applicants

ASBA Applicants are required to specify the ASBA Account number in the Application Form. ASBA Applications submitted to the Members of the Syndicate or Trading Members of the Stock Exchanges at the Specified Cities will be uploaded onto the electronic platform of the Stock Exchanges and deposited with the relevant branch of the SCSB at the specified city named by such SCSB to accept such ASBA Applications from the Members of the Syndicate or Trading Members of the Stock Exchanges, as the case may be (A list of such branches is available at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries). The relevant branch of the SCSB will perform verification procedures and block an amount in the ASBA Account equal to the Application Amount specified in the ASBA Application.

For ASBA Applications submitted directly to the SCSBs, the relevant SCSB will block an amount in the ASBA Account equal to the Application Amount specified in the ASBA Application, before entering the ASBA Application into the electronic platform. SCSBs may provide the electronic mode of Application either through an internet enabled application and banking facility or such other secured, electronically enabled mechanism for application and blocking of funds in the ASBA Account. For ASBA Applications, the SCSBs, will block Application Amount only against/in a funded deposit account and ensure that clear demarcated funds are available for ASBA Applications and no lien shall be marked against credit limits/overdraft facility of account holders for ASBA Application, in accordance with SEBI circular CIR/CFD/DIL/12/2012 dated September 13, 2012

ASBA Applicants should ensure that they have funds equal to the Application Amount in the ASBA Account before submitting the ASBA Application to the Members of the Syndicate or Trading Members of the Stock Exchanges, as the case may be, at the Specified Cities or to the Designated Branches of SCSBs. An ASBA Application where the corresponding ASBA Account does not have sufficient funds equal to the Application Amount at the time of blocking the ASBA Account is liable to be rejected.

The Application Amount will remain blocked in the ASBA Account until approval of the Basis of Allotment and consequent transfer of the amount to the Public Issue Account(s), or until withdrawal/failure of the Issue or until withdrawal/rejection of the Application Form, as the case may be. Once the Basis of Allotment is approved, the Registrar to the Issue will send an appropriate request to the controlling branch of the SCSB for unblocking the relevant ASBA Accounts and for transferring the amount pertaining to Bonds allocable to the successful ASBA Applicants to the Public Issue Account(s). In case of withdrawal/failure of the Issue/refund, the blocked amount will be unblocked on receipt of such information from the Registrar to the Issue.

Escrow Mechanism for Applicants other than ASBA Applicants

We shall open Escrow Accounts with one or more Escrow Collection Banks in whose favour the Applicants (except for ASBA Applicants) shall draw cheques or demand drafts. All Applicants would be required to pay the full Application Amount at the time of the submission of the Application Form. Cheques or demand drafts for the Application Amount received from Applicants would be deposited by the Members of the Syndicate and Trading Members, as the case may be, in the Escrow Accounts.

Each Applicant (except for ASBA Applicants) shall draw a cheque or demand draft for the Application

Amount as per the following terms:

a) The payment instruments from the resident Applicants shall be payable into the Escrow Account drawn in favour of "Escrow Account NHPC Public Issue".

b) Payments should be made by cheque, or a demand draft drawn on any bank (including a co-operative bank), which is situated at, and is a member of or sub-member of the bankers' clearing house located at the centre where the Application Form is submitted. Outstation cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and Applications accompanied by such cheques or bank drafts are liable to be rejected.

c) The monies deposited in the Escrow Account will be held for the benefit of the Applicants until the Designated Date.

d) On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Account, Non Resident Escrow Account as per the terms of the Escrow Agreement into the Public Issue Account, Non Resident Public Issue Accounts. The Escrow Collection Banks shall also, upon receipt of instructions from the Lead Managers and the Registrar, transfer all amounts payable to Applicants, who have not been allotted Bonds to the Refund Accounts.

The Escrow Collection Bank(s) shall transfer the funds from the Escrow Account into the Public Issue Account(s), as per the terms of the Escrow Agreement and the Prospectus.

The Company will open Escrow Account(s) with each of the Escrow Collection Bank(s) in whose favour the Applicants (other than ASBA Applicants) will make out the cheque or demand draft in respect of their Application.

Cheques or demand drafts received for the full Application Amount from Applicants/payments received through the online payment facility offered by Stock Exchanges would be deposited in the Escrow Account(s). All cheques/bank drafts accompanying the Application should be crossed "A/c Payee only" and made payable to "Escrow Account NHPC Public Issue".

Application Amounts paid through the online payment facility of the Stock Exchanges will also be deposited in the Escrow Account(s).

The Escrow Collection Bank(s) will maintain the monies in the Escrow Account(s) until documents for creation of security for the Bonds are executed. The Escrow Collection Bank(s) will not exercise any lien whatsoever over the monies deposited therein and will hold the monies therein in trusts for the Applicants. On the Designated Date, the Escrow Collection Bank(s) will transfer the funds represented by Allotment of Bonds (other than in respect of Allotment to successful ASBA Applicants) from the Escrow Account(s), as per the terms of the Escrow Agreement, into the Public Issue Account(s)), provided that the Company will have access to such funds only after receipt of final listing and trading approvals from the Stock Exchanges and execution of the Bond Trust Deed. The balance amount after transfer to the Public Issue Account(s) will be transferred to the Refund Account. Payments of refund to the relevant Applicants will be made from the Refund Account as per the terms of the Escrow Agreement and the Prospectus.

Payment into Escrow Account

Each Applicant will draw a cheque or demand draft or remit the funds electronically through the mechanisms for the Application Amount as per the following terms:

(a) All Applicants would be required to pay the full Application Amount for the number of Bonds applied for, at the time of the submission of the Application Form.

(b) The Applicants will, with the submission of the Application Form, draw a cheque/demand draft for the full Application Amount in favour of the Escrow Account and submit the same to Escrow Collection Bank(s). **If the payment is not made favouring the Escrow Account with the Application Form, the Application is liable to be rejected. Application Forms accompanied by cash, stock invest, money order or postal order will not be accepted.**

(c) The cheque/demand draft for payment into the Escrow Account should be drawn in favour of "Escrow Account NHPC Public Issue".

(d) Payments should be made by cheque or demand draft drawn on any bank (including a cooperative bank) which is situated at and is a member of or sub-member of the bankers' clearing house located at the centre where the Application Form is submitted. **Outstation cheques, post-dated cheques and cheques/bank drafts drawn on banks not participating in the clearing process will not be accepted and Applications accompanied by such cheques or bank drafts are liable to be rejected. Cash/stockinvest/money orders/postal orders will not be accepted. Cheques without the nine digit MICR code are liable to be rejected.**

(e) Applicants are advised to provide the number of the Application Form on the reverse of the cheque or bank draft to avoid misuse of instruments submitted with the Application Form.

(f) The monies deposited in the Escrow Accounts will be held for the benefit of the Applicants (other than ASBA Applicants) till the Designated Date.

(g) On the Designated Date, the Escrow Collection Banks shall transfer the funds from the Escrow Accounts as per the terms of the Escrow Agreement into the Public Issue Account(s) with the Bankers to the Issue and the refund amount shall be transferred to the Refund Account.

Payment by cash/stockinvest/money order

Payment through cash/stockinvest/money order will not be accepted in the Issue.

Online Applications

The Company may decide to offer an online Application facility for the Bonds, as and when permitted by applicable laws, subject to the terms and conditions prescribed.

SUBMISSION OF DULY COMPLETED APPLICATION FORMS

Mode of Submission of Application Forms	To whom the Application Form has to be submitted
Direct Online Applications	Online submission through the electronic platform and online payment facility offered by the Stock Exchanges.
ASBA Applications	(i) If using physical Application Form, (a) to the Members of the Syndicate or Trading Members of the Stock Exchanges only at the Specified Cities ("**Syndicate ASBA**"), or (b) to the Designated Branches of SCSBs where the ASBA Account is maintained; or (ii) If using electronic/ online Application Form, to the SCSBs, electronically through internet banking facility, if available.
Non-ASBA Applications (other than Direct Online Applications)	The Members of the Syndicate or Trading Members of the Stock Exchanges. Note: Applications for Allotment in physical form can be made only by using non-ASBA Applications (other than Direct Online Applications).

No separate receipts will be issued for the Application Amount payable on submission of Application Form. However, the Lead Managers/Consortium Member/Trading Members of Stock Exchanges will acknowledge the receipt of the Application Forms by stamping the date and returning to the Applicants an acknowledgement slip which will serve as a duplicate Application Form for the records of the Applicant.

Syndicate ASBA Applicants must ensure that their ASBA Applications are submitted to the Members of the Syndicate or Trading Members of the Stock Exchanges only at the Specified Cities. ASBA Applications submitted to the Members of the Syndicate or Trading Members of the Stock Exchanges at the Specified Cities will not be accepted if the SCSB where the ASBA Account, as specified in the ASBA Application, is maintained has not named at least one branch at that Specified City for the Members of the Syndicate or Trading Members of the Stock Exchanges, as the case may be, to deposit ASBA Applications. A list of such branches is available at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries. For information on the Issue programme and timings for submission of Application Forms, see "***Terms of the Issue – Issue Period***" on page 170 of this Prospectus.

Applicants other than ASBA Applicants are advised not to submit Application Forms directly to Escrow Collection Bank(s); and the same are liable to be rejected and the Applicants will not be entitled to any compensation whatsoever.

Submission of ASBA Applications

Please refer "***– Submission of ASBA Applications***" on page 192 of this Prospectus.

Submission of Non-ASBA Applications (other than Direct Online Applications)

Please refer "***– Submission of Non-ASBA Applications(other than Direct Online Applications)***" on page 193 of this Prospectus.

Submission of Non- ASBA Applications for Allotment of the Bonds in physical form

Please refer "***– Submission of Non-ASBA Applications for Allotment of Bonds in the physical form***" on page 191 of this Prospectus.

REJECTION OF APPLICATIONS

The Company reserves its full, unqualified and absolute right to accept or reject any Application in whole or in part and in either case without assigning any reason thereof. Applications would be liable to be rejected on one or more technical grounds, including but not restricted to the following:

- Applications where a registered address in India is not provided for the Applicant.
- Applications by persons who are not eligible to acquire Bonds of the Company in terms of applicable laws, rules, regulations, guidelines and approvals, including Applications by persons not competent to contract under the Indian Contract Act, 1872 (including a minor without a guardian name) and Applications by OCBs.
- In case of partnership firms, Bonds may be registered in the names of the individual partners and no firm as such will be entitled to apply. However, a limited liability partnership firm can apply in its own name.
- In case of Applications under power of attorney or by corporates, trusts, societies, etc., relevant documents are not submitted.
- Applications accompanied by Stockinvest/money order/postal order/cash.
- Applications for an amount below the minimum Application size. However, our Company may allot Bonds up to the value of application monies paid, if such application monies exceed the minimum application size as prescribed hereunder.
- Applications for amounts greater than the maximum permissible amounts prescribed by the regulations and applicable law.
- Applications without payment of the entire Application Amount. However, the Company may Allot Bonds up to the value of Application Amounts paid, if such Application Amounts exceed the minimum Application size prescribed hereunder.
- Application Amount paid not tallying with the number of Bonds applied for. However, the Company may Allot Bonds up to the value of Application Amounts paid, if such Application Amounts exceed the minimum Application size prescribed hereunder.
- Applications for a number of Bonds which is not in a multiple of one. However, the Company may allot Bonds upto lower integer if such Application Amount exceeds one Bond.
- Submission of more than five ASBA Applications per ASBA Account.
- PAN not mentioned in the Application Form, except for Applications by or on behalf of the Central or State Government and the officials appointed by the courts and by Applicants residing in the State of Sikkim, provided such claims have been verified by the DPs.
- GIR number furnished instead of PAN.
- DP ID, Client ID and bank account not mentioned in the Application Form, in case of Allotment in dematerialised form.
- ASBA Applications not having details of the ASBA Account to be blocked.

- Authorisation to the SCSB for blocking funds in the ASBA Account not provided.
- Signature of sole and/or joint Applicants missing. In case of joint Applicants, the Application Forms not being signed by each of the joint Applicants (in the same sequence as they appear in the records of the Depository).
- ASBA Application Forms not signed by the ASBA Account holder, if the ASBA Account holder is different from the Applicant.
- Application Forms submitted to the Members of the Syndicate or Trading Members of the Stock Exchanges does not bear the stamp of the relevant Member of the Syndicate or Trading Member of the Stock Exchanges, as the case may be. ASBA Applications submitted directly to the Designated Branches of SCSBs does not bear the stamp of the SCSB and/or the Designated Branch and/or Member of the Syndicate or Trading Members of the Stock Exchanges, as the case may be.
- In case of Allotment in dematerialised form, no corresponding record is available with the Depositories that matches three parameters, namely, DP ID, Client ID and PAN or if PAN is not available in the Depository database.
- With respect to ASBA Applications, inadequate funds in the ASBA Account to enable the SCSB to block the Application Amount specified in the ASBA Application Form at the time of blocking such Application Amount in the ASBA Account or no confirmation is received from the SCSB for blocking of funds.
- Applications by persons debarred from accessing capital markets, by SEBI or any other regulatory authority.
- Applications not uploaded on the terminals of the Stock Exchanges.
- Applications uploaded after the expiry of the allocated time on the Issue Closing Date, unless extended by the Stock Exchanges, as applicable.
- Applications by Applicants whose beneficiary accounts have been 'suspended for credit' pursuant to the circular issued by SEBI on July 29, 2010 bearing number CIR/MRD/DP/22/2010.
- ASBA Applications submitted to the Members of the Syndicate or Trading Members of the Stock Exchanges at locations other than the Specified Cities or at a Designated Branch of a SCSB where the ASBA Account is not maintained, and ASBA Applications submitted directly to an Escrow Collection Bank (assuming that such bank is not a SCSB), to the Company or the Registrar to the Issue.
- Application Forms not delivered by the Applicant within the time prescribed as per the Application Form, and the Prospectus(es) and as per the instructions in the Application Form and the Prospectus(es).
- Application Form accompanied with more than one payment instructions/ cheque.
- Date of Birth for first/sole Applicant for persons applying for Allotment of Bonds in physical form not mentioned in the Application Form.
- SCSB making an ASBA application (a) through an ASBA Account maintained with its own self or (b) through an ASBA account maintained through a different SCSB not in its own name, or (c) through an ASBA Account maintained through a different SCSB in its own name, which ASBA Account is not utilised for the purpose of applying in public issue.
- With respect to non-ASBA Applicants, Applications where clear funds are not available in Applicants Accounts as per final certificates from Escrow Collection Bank(s).
- Applications by persons/entities who have been debarred from accessing the capital markets by SEBI.
- Where PAN details in the Application Form and as entered into the electronic platform of the stock exchange(s), are not as per the records of the Depositories.
- In case of Applicants applying for the Bonds in physical form, if the address of the Applicant is not provided in the Application Form.

ASBA Applications submitted to the Members of the Syndicate or Trading Members of the Stock Exchanges at the Specified Cities will not be accepted if the SCSB where the ASBA Account, as specified in the ASBA Form, is maintained has not named at least one branch at that Specified City for the Members of the Syndicate or Trading Members of the Stock Exchanges, as the case may be, to deposit ASBA Applications (A list of such branches is available at http://www.sebi.gov.in/sebiweb/home/list/5/33/0/0/Recognised-Intermediaries).

For information on certain procedures to be carried out by the Registrar to the Issue for finalisation of the Basis of Allotment, see "- ***Information for Applicants***" on page 209 of this Prospectus. For information on payment of refunds, see "***Terms of the Issue - Payment of Refunds***" on page 173 of this Prospectus.

ELECTRONIC REGISTRATION OF APPLICATIONS

(a) The Members of the Syndicate, Trading Members of the Stock Exchanges and Designated Branches of SCSBs, as the case may be, will register Applications using the online facilities of the Stock Exchanges. There will be at least one online connection in each city where Applications are being accepted. Direct Online Applications will be registered by Applicants using the electronic platform offered by the Stock Exchanges. **The Company, the Members of the Syndicate, Trading Members of the Stock Exchanges, Escrow Collection Bank(s) and the Registrar to the Issue are not responsible for any acts, mistakes or errors or omission and commissions in relation to: (i) Applications accepted by the SCSBs, (ii) Applications uploaded by the SCSBs, (iii) Applications accepted but not uploaded within the time permitted by the Stock Exchanges by the SCSBs, (iv) Applications accepted and uploaded by the SCSBs without blocking funds in the ASBA Accounts, (v) Applications accepted by the Trading Members of the Stock Exchanges, or (v) any Online Direct Applications.**

(b) In case of apparent data entry error by the Lead Managers, Members of the Syndicate, Trading Members of the Stock Exchanges, Escrow Collection Bank(s) or Designated Branches of SCSBs, as the case may be, in entering the Application Form number in their respective schedules other things remaining unchanged, the Application Form may be considered as valid and such exceptions may be recorded in minutes of the meeting submitted to the Designated Stock Exchange.

(c) The Stock Exchanges will offer an electronic facility for registering Applications, which will be available during the Issue Period on the terminals of the Consortium Member and sub-Brokers, Trading Members of the Stock Exchanges and the SCSBs. The Members of the Syndicate and Trading Members of the Stock Exchanges can also set up facilities for offline electronic registration of Applications subject to the condition that they will subsequently upload the offline data file into the online facilities for Applications on a regular basis, and before the expiry of the allocated time on the Issue Closing Date. On the Issue Closing Date, the Members of the Syndicate, Trading Members of the Stock Exchanges and Designated Branches of SCSBs will upload Applications until such time as may be permitted by the Stock Exchanges. This information will be available with the Members of the Syndicate, Trading Members of the Stock Exchanges and Designated Branches of SCSBs on a regular basis. **A high inflow of Applications on the Issue Closing Date may lead to some Applications received on such day not being uploaded; such Applications will not be considered for allocation. Applicants are therefore advised to submit their Applications well in advance of the closing time of acceptance of Applications on the Issue Closing Date.** For further information on the Issue programme, see "***Terms of the Issue – Issue Period***" on page 170 of this Prospectus.

(d) At the time of registering each Application, other than ASBA Applications and Direct Online Applications, the Members of the Syndicate or Trading Members of the Stock Exchanges will enter the requisite details of the Applicants in the online system including:

- Application Form number
- PAN of the sole/first Applicant
- Investor category and sub-category
- DP ID
- Client ID
- Series of Bonds applied for
- Number of Bonds Applied for in each Series of Bond
- Price per Bond
- Application amount
- Cheque number

(e) With respect to ASBA Applications submitted directly to the SCSBs at the time of registering each Application, the Designated Branches will enter the requisite details of the Applicants in the online system including:

- Application Form number
- PAN of the sole/first Applicant
- Investor category and sub-category
- DP ID
- Client ID

- Series of Bonds applied for
- Number of Bonds Applied for in each Series of Bond
- Price per Bond
- Bank code for the SCSB where the ASBA Account is maintained
- Bank account number
- Application amount

(f) With respect to ASBA Applications submitted to the Members of the Syndicate or Trading Members of the Stock Exchanges at the Specified Cities, at the time of registering each Application, the requisite details of the Applicants will be entered in the online system including:

- Application Form number
- PAN of the sole/first Applicant
- Investor category and sub-category
- DP ID
- Client ID
- Series of Bonds applied for
- Number of Bonds Applied for in each Series of Bond
- Price per Bond
- Bank code for the SCSB where the ASBA Account is maintained
- Location of Specified City
- Bank account number
- Application amount

(g) A system generated acknowledgement slip will be issued to the Applicant as a proof of the registration of each Application. **It is the Applicant's responsibility to obtain the acknowledgement slip stamped with date and time from the Members of the Syndicate, Trading Members of the Stock Exchanges and Designated Branches of the SCSBs, as the case may be. Registration of the Application by the Members of the Syndicate, Trading Members of the Stock Exchanges and Designated Branches of SCSBs, as the case may be, does not guarantee that Bonds will be allocated/Allotted by the Company. The acknowledgement slip will be non-negotiable and by itself will not create any obligation of any kind.**

(h) Applications can be rejected on the technical grounds listed on page 205 of this Prospectus or if all required information is not provided or the Application Form is incomplete in any respect.

(i) The permission granted by the Stock Exchanges to use their network and software of the online system should not in any way be deemed or construed to mean that the compliance with various statutory and other requirements by the Company and/or the Lead Managers are cleared or approved by the Stock Exchanges; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the compliance with the statutory and other requirements nor does it take any responsibility for the financial or other soundness of the Company, the management or any scheme or project of the Company; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Prospectus; nor does it warrant that the Bonds will be listed or will continue to be listed on the Stock Exchanges.

(j) Only Applications that are uploaded on the online system of the Stock Exchanges will be considered for allocation/Allotment. The Members of the Syndicate, Trading Members of the Stock Exchanges and Designated Branches of SCSBs will capture all data relevant for the purposes of finalising the Basis of Allotment while uploading Application data in the electronic systems of the Stock Exchanges. In order that the data so captured does not match with the Depository details, the Members of the Syndicate, Trading Members of the Stock Exchanges and Designated Branches of SCSBs will have up to one Working Day after the Issue Closing Date to modify/verify certain selected fields uploaded in the online system during the Issue Period after which the data will be sent to the Registrar to the Issue for reconciliation with the data available with the NSDL and CDSL.

BASIS OF ALLOTMENT

Please refer "***Terms of the Issue – Basis of Allotment***" on page 171 of this Prospectus.

PAYMENT OF REFUNDS

Please refer "***Terms of the Issue – Payment of Refunds***" on page 173 of this Prospectus.

ALLOTMENT OF BONDS AND ISSUANCE OF ALLOTMENT ADVICE

The Company reserves, in its absolute and unqualified discretion and without assigning any reason therefor, the right to reject any Application in whole or in part. The unutilised portion of the Application Amount(s) will be refunded to the Applicant by an account payee cheque/demand draft. In case the cheque payable at par facility is not available, the Company reserves the right to adopt any other suitable mode of payment.

The Company will use best efforts to ensure that all steps for completion of the necessary formalities for Allotment, listing and commencement of trading at the Stock Exchanges where the Bonds are proposed to be listed are taken within 12 Working Days of the Issue Closing Date. The Company will ensure dispatch of Allotment Advice/refund orders within 12 Working Days of the Issue Closing Date and/or issue instructions for credit of Bonds to the respective beneficiary accounts with DPs for successful Applicants who have been Allotted Bonds in dematerialised form within 12 Working Days of the Issue Closing Date. Allotment Advice for successful Applicants who have been Allotted Bonds in dematerialised form will be mailed to their addresses (in India) as per the Demographic Details received from the Depositories.

The Company will credit the Allotted Bonds to the respective beneficiary accounts/dispatch the Allotment Advice/refund orders, as the case may be, by speed/registered post at the Applicant's sole risk within 12 Working Days of the Issue Closing Date. The Company and every officer in default will be liable to pay interest at applicable rate for delay beyond 8 days from the time the Company becomes liable to repay any amount on account of refund, as may be prescribed under of the Companies Act, 1956 (to the extent applicable)/ Companies Act, 2013, as the case may be.

The Company will provide adequate funds required for dispatch of refund orders and Allotment Advice, as applicable, to the Registrar to the Issue.

OTHER INFORMATION

Information for Applicants

In case of ASBA Applications submitted to the SCSBs, in terms of SEBI circular dated April 22, 2010, the Registrar to the Issue will reconcile the compiled data received from the Stock Exchanges and all SCSBs, and match the same with the Depository database for correctness of DP ID, Client ID and PAN. The Registrar to the Issue will undertake technical rejections based on the electronic details and the Depository database. In case of any discrepancy between the electronic data and the Depository records, the Company, in consultation with the Designated Stock Exchange, the Lead Managers and the Registrar to the Issue, reserves the right to proceed as per the Depository records for such ASBA Applications or treat such ASBA Applications as rejected.

In case of ASBA Applicants submitted to the Members of the Syndicate and Trading Members of the Stock Exchanges at the Specified Cities, the Basis of Allotment will be based on the validation by the Registrar to the Issue of the electronic details with the Depository records, and the complete reconciliation of the final certificates received from the SCSBs with the electronic details in terms of SEBI circular dated April 29, 2011. The Registrar to the Issue will undertake technical rejections based on the electronic details and the Depository database. In case of any discrepancy between the electronic data and the Depository records, the Company, in consultation with the Designated Stock Exchange, the Lead Managers and the Registrar to the Issue, reserves the right to proceed as per the Depository records or treat such ASBA Application as rejected.

In case of non-ASBA Applications and Direct Online Applications, the Basis of Allotment will be based on the validation by the Registrar to the Issue of the electronic details with the Depository records, and the complete reconciliation of the final certificates received from the Escrow Collection Bank(s) with the electronic details in terms of SEBI circular dated April 22, 2010 and SEBI circular dated April 29, 2011. The Registrar to the Issue will undertake technical rejections based on the electronic details and the Depository database. In case of any discrepancy between the electronic data and the Depository records, the Company, in consultation with the Designated Stock Exchange, the Lead Managers, the Registrar to the Issue, reserves the right to proceed as per the Depository records or treat such Applications as rejected.

Based on the information provided by the Depositories, the Company will have the right to accept Applications belonging to an account for the benefit of a minor (under guardianship). In case of Applications for a higher number of Bonds than specified for that category of Applicant, only the maximum amount permissible for such category of Applicant will be considered for Allotment.

Withdrawal of Applications during the Issue Period

Withdrawal of Direct Online Applications

Direct Online Applications may be withdrawn in accordance with the procedure prescribed by the Stock Exchanges.

Withdrawal of ASBA Applications

ASBA Applicants may withdraw their ASBA Applications during the Issue Period by submitting a request to a Member of the Syndicate, Trading Member of the Stock Exchanges or a Designated Branch of an SCSB, as the case may be, through whom the ASBA Application had been placed. In case of ASBA Applications submitted to the Members of the Syndicate or Trading Members of the Stock Exchanges at the Specified Cities, on receipt of the request for withdrawal from the ASBA Applicant, the relevant Member of the Syndicate or Trading Member of the Stock Exchanges, as the case may be, will do the requisite, including deletion of details of the withdrawn ASBA Application Form from the electronic platform of the Stock Exchanges. In case of ASBA Applications submitted directly to the Designated Branch of the SCSB, on receipt of the request for withdrawal from the ASBA Applicant, the relevant Designated Branch will do the requisite, including deletion of details of the withdrawn ASBA Application Form from the electronic platform of the Stock Exchanges and unblocking funds in the ASBA Account directly.

Withdrawal of Non-ASBA Applications (other than Direct Online Applications)

Non-ASBA Applicants can withdraw their Applications during the Issue Period by submitting a request for the same to the Member of the Syndicate or Trading Member of the Stock Exchanges, as the case may be, through whom the Application had been made. On receipt of the request for withdrawal from the Applicant, the relevant Member of the Syndicate or Trading Member of the Stock Exchanges, as the case may be, will do the requisite, including deletion of details of the withdrawn ASBA Application Form from the electronic platform of the Stock Exchanges.

Withdrawal of Applications after the Issue Period

In case an Applicant wishes to withdraw the Application after the Issue Closing Date, the same can be done by submitting a withdrawal request to the Registrar to the Issue prior to the finalisation of Allotment. The Registrar to the Issue will delete the withdrawn Application from the electronic file provided by the Stock Exchanges and issue instruction to the SCSB for unblocking the ASBA Account (in case of ASBA Applications).

Revision of Applications

Applicants may revise/modify their Application details during the Issue Period, as allowed/permitted by the Stock Exchanges, by submitting a written request to a Member of the Syndicate/Trading Member of the Stock Exchanges/Designated Branch of an SCSB, as the case may be. However, for the purpose of Allotment, the date of original upload of the Application will be considered in case of such revision/modification. **Revision of Applications is not permitted after the expiry of the time for acceptance of Application Forms on the Issue Closing Date.**

Depository Arrangements for Applicants Applying for Allotment in Dematerialised Form

The Company has made depository arrangements with NSDL and CDSL for issue and holding of the Bonds in dematerialised form. Tripartite Agreements have been executed between the Company, the Registrar to the Issue and both the Depositories. As per the Depositories Act, Bonds issued by us can be held in a dematerialised form. In this context:

i. The Company has entered into Tripartite Agreements dated October 10, 2007 with the Registrar to the Issue and NSDL and dated July 6, 2007 with the Registrar to the Issue and CDSL, respectively for offering depository option to the Applicants.

ii. An Applicant must have at least one beneficiary account with any of the DPs of NSDL or CDSL prior to making the Application.

iii. The Applicant must necessarily provide the DP ID and Client ID details in the Application Form.

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

v. Applications can be in single or joint names (not exceeding three names). If the Application Form is submitted in joint names, the Application Form should contain only the name of the first Bidder whose name should also appear as the first holder of the depository account held in joint names..

vi. Non-transferable Allotment Advice/refund orders will be directly sent to the Applicant by the Registrar to the Issue.

vii. It may be noted that Bonds in electronic form can be traded only on Stock Exchanges having electronic connectivity with NSDL or CDSL. BSE and NSE have connectivity with NSDL and CDSL.

viii. Interest or other benefits with respect to Bonds held in dematerialised form will be paid to those Bondholders whose names appear on the list of beneficial owners provided by the Depositories to us as on Record Date. In case of those Bonds for which the beneficial owner is not identified by the Depository as on the Record Date/book closure date, the Company would keep in abeyance the payment of interest or other benefits, until such time that the beneficial owner is identified by the Depository and conveyed to the Company, whereon the interest or benefits will be paid to the beneficiaries, as identified, within a period of 30 days.

ix. Trading of the Bonds on the floor of the Stock Exchanges will be in dematerialised form only.

See "- ***Instructions for completing the Application Form - Applicant's Beneficiary Account and Bank Account Details***" on page 194 of this Prospectus.

The Bonds will cease to trade from the Record Date prior to the Maturity Date.

Trading of Bonds on the floor of the Stock Exchanges will be in dematerialised form only in multiples of one Bond.

Allottees will have the option to re-materialise the Bonds Allotted in the Issue as per the Companies Act and the Depositories Act.

Interest in case of Delay

The Company undertakes to pay interest in connection with any delay in Allotment, dematerialised credit and refunds, beyond the time limits prescribed under applicable statutory and/or regulatory requirements, at such rates as stipulated under applicable statutory and/or regulatory requirements.

Impersonation

Please refer "***Terms of the Issue – Impersonation***" on page 181 of this Prospectus.

Pre-closure/ Extension

The Company, in consultation with the Lead Managers, reserves the right to close the Issue at any time prior to the Issue Closing Date. In the event of such early closure or extension of the subscription list of the Issue, the Company shall ensure that public notice of such early closure/extension is published on or before such early date of closure or the Issue Closing Date, as applicable, through advertisement(s) in a leading national daily newspaper.The Company will Allot Bonds with respect to the Applications received at/until the time of such pre-closure in accordance with the Basis of Allotment as described in "***- Terms of the Issue-Basis of Allotment***" on page 171 of this Prospectus.

Filing of the Prospectus with the RoC

A copy of the Prospectus will be filed with the RoC, in accordance with Sections 56 and 60 of the Companies Act, 1956 and other applicable provisions of the Companies Act, 2013.

Communications

Communications in connection with Applications made in the Issue should be addressed to the Registrar to the Issue, quoting all relevant details including the full name of the sole/first Applicant, Application Form number, Applicant's DP ID, Client ID and PAN, number of Bonds applied for, date of the Application Form, name and address of the Member of the Syndicate, Trading Member of the Stock Exchanges or Designated Branch of the SCSB, as the case may be, where the Application was submitted, and cheque/draft number and issuing bank thereof, or with respect to ASBA Applications, the ASBA Account number in which an amount equivalent to the Application Amount was blocked.

Applicants may contact the Compliance Officer and/or the Registrar to the Issue in case of any pre-Issue or post-Issue related problems such as non-receipt of Allotment Advice, refunds, interest on Application Amount or credit of Bonds in the respective beneficiary accounts, as the case may be.

Grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the relevant SCSB. Grievances relating to Direct Online Applications may be addressed to the Registrar to the Issue, with a copy to the relevant Stock Exchange.

SECTION VII - MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION*

The Regulations contained in Table 'A' in the First Schedule to the Companies Act shall not apply to the Company, but the Regulations for the management of the Company and for the observance by the members thereof and their representatives, shall, subject to any exercise of the statutory powers of the Company with reference to the repeal or alteration of, or addition to, its regulations by special resolution, or as prescribed by the Companies Act, be such as are contained in these Articles. Words and expressions used below shall have the meaning contained in the Interpretation clause.

INTERPRETATION

Interpretation Clause	*1*	*In the interpretation of the Memorandum of Association and these Articles the following expressions shall have the following meanings, unless repugnant to the subject or context:-*
The Act or the said Act		*"The Act" or the "said Act" means "The Companies Act, 1956" as amended upto date or other Act or Acts for the time being in force in India containing the provisions of the Legislature in relation to Companies.*
Beneficial Owner[1]		*"Beneficial Owner" means the beneficial owner as defined in clause (a) of sub-section (1) of Section 2 of the Depositories Act, 1996.*
The Board or Board of Directors		*"The Board" or the "Board of Directors" means a meeting of the Directors duly called and constituted or as the case may be, the Directors assembled at a Board or the requisite number of Directors entitled to pass a circular resolution in accordance with the Act.*
Capital		*"Capital" means the Capital for the time being raised or authorised to be raised for the purpose of the Company.*
Chairman		*"Chairman" means the Chairman of the Board of Directors for the time being of the Company.*
The Company or this company		*"The Company" or "This Company" means "NHPC*[1] *Limited".*
Dematerialisation[2]		*"Dematerialisation" is the process by which shareholder/ debenture holder can get physical share/debenture certificates converted into electronic balances in his account maintained with the participant of a Depository.*
Depository[3]		*"Depository" shall mean a company formed and registered under the Companies Act, 1956 and which has been granted a certificate of registration to act as a depository under the Securities & Exchange Board of India Act, 1992.*
Depositories Act[4]		*"Depositories Act" means Depositories Act, 1996 or any statutory modification or re-enactment thereof.*
Directors		*"Directors" means the Directors for the time being of the Company or, as the case may be, Directors assembled at a Board.*
Dividend[5]		*"Dividend" includes interim dividend and bonus shares.*
Executor or Administrator		*"Executor" or "Administrator" means a person who has obtained Probate or Letters of Administration, as the case may be, from some competent court.*
Gender		*Words importing the masculine gender also include the feminine gender.*

[1] Inserted vide Special Resolution passed at EGM held on 13.03.2007
[2] Inserted vide Special Resolution passed at EGM held on 13.03.2007
[3] Inserted vide Special Resolutation passed at EGM held on 13.03.2007
[4] Inserted vide Special Resolution passed at EGM held on 13.03.2007
[5] Amended vide Special Resolution passed at EGM held on 13.03.2007

Government	*"Government" means the Central Government.*
Government Corporation	*"Government Corporation" means (i) a Corporation established by the Government under any law in force for the time being; and (ii) a Government company as defined in the Act.*
Lien[6]	*"Lien" shall mean any right, title or interest existing or creating or purporting to exist or created by way of or in the nature of sale, agreement to sell, pledge, hypothecation, license, hire purchase, lease tenancy, mortgage, charge, co-ownership, trespass, squatting, attachment or other process of any court, tribunal, or authority, statutory liabilities which are recoverable by a sale of property or any other third party rights or encumbrance generally.*
Month	*"Month" means a calendar month.*
Office	*"Office" means the Registered office for the time being of the Company.*
Person[7]	*"Person" include any individual, company, firm, association, trust or any other organization or entity including and, governmental or political sub-division, ministry, department or agency thereof.*
Plural number	*Words importing the plural number also includes the singular number.*
Postal Ballot[8]	*"Postal Ballot" includes voting by shareholders by postal or electronic mode instead of voting by being present personally in a general meeting of the Company.*
The President	*"The President" means the President of India.*
Register[9]	*"Register of Members /Debenture holders" means Register of Members/Debenture holders to be kept pursuant to provisions of the Act and also register and Index of beneficial owners maintained by the Depository(ies) under Section 11 of the Depositories Act, 1996.*
Registrar	*"Registrar" means the Registrar of Companies of the State in which the Registered office of the Company is situated.*
Registered Owner[10]	*"Registered Owner" means a depository whose name is entered as such in the records of the company.*
Rematerialisation[11]	*"Rematerialisation" is the process of conversion of electronic holdings back into the physical form and issue of fresh share/debenture certificate(s) in favour of the share/debenture holder(s).*
These Presents or Regulations	*"These Presents" or "Regulations" means these Articles of Association as originally framed or altered from time to time and include Memorandum where the context so requires.*
Seal	*"Seal" means the Common Seal for the time being of the Company.*
SEBI[12]	*"SEBI" means the Securities & Exchange Board of India.*

[6] Inserted vide Special Resolution passed at EGM held on 13.03.2007
[7] Amended vide Special Resolution passed at EGM held on 13.03.2007
[8] Inserted vide Special Resolution passed at EGM held on 13.03.2007
[9] Amended vide Special Resolution passed at EGM held on 13.03.2007
[10] Inserted vide Special Resolution passed at EGM held on 13.03.2007
[11] Inserted vide Special Resolution passed at EGM held on 13.03.2007
[12] Inserted vide Special Resolution passed at EGM held on 13.03.2007

Security[13]		*"Security" means shares or debentures of the company, American/Global Depository Receipt, Euro bonds, other foreign currency instruments, and such other securities as may be specified by SEBI from time to time.*
Singular number		*Words importing the singular number include the plural number.*
Shares		*"Shares" means the shares or stock into which the capital is divided and the interest corresponding with such shares or stock.*
Writing		*"Writing" shall include printing and lithography and any other mode or modes of representing or reproducing words in a visible form.*
Expression in the Act to bear the same meaning in Articles		*Subject as aforesaid, any words or expression defined in the Act shall, except where the subject or context forbids, bear the same meaning in these Articles.*
Marginal Notes		*The marginal notes hereto shall not affect the construction hereof.*
Table 'A' not to apply	*2*	*The Regulations in Table 'A' in the First Schedule to the Act, shall not apply to the Company except so far as the same are repeated or contained in or expressly made applicable by these Articles or by the Act.*
Company to be Governed by these Articles	*3*	*The Regulations for the management of the Company and for the observance of the members thereof and their representatives shall, subject as aforesaid and to any exercise of the statutory powers of the company in reference to the repeal or alteration of or addition to its Articles of Association by Special Resolution, as prescribed or permitted by the Act, be such as are contained in these Articles.*
Company is a Private Company	*4*[14]	*Deleted*
		CAPITAL AND SHARES
Capital	*5*[15]	*The Share capital of the Company is Rs 15,000,00,00,000 (Rupees Fifteen thousand crore Only*[161] *divided into 1500,00,00,000(Fifteen hundred crore only) Equity Shares of Rs 10/-*[17] *each.*
Allotment of Shares	*6*[18]	*Subject to the provisions of Section 81 of the Act and these Articles, the shares in the capital of the Company for the time being shall be under the control of the Directors who may issue, allot or otherwise dispose of the same or any of them to such persons, in such proportion and on such terms and conditions and either at a premium or at par or (subject to the compliance with the provisions of Section 79 of the Act) at a discount and at such time as they may from time to time think fit and subject to the provisions of Section 77A of the Act with the sanction of the Company in the General Meeting to give to any person or persons the option or right to call for any shares either at par or premium during such time and for such consideration as the Directors think fit, and may issue and allot shares in the capital of the Company on payment in full or part of any property sold and transferred or for any services rendered to the Company in the conduct of its business and any shares which may so be allotted may be issued as fully paid-up shares and if so issued shall be deemed to be fully paid shares.* *Provided that option or right to call of shares shall not be given to any person or persons without the sanction of the Company in the General Meeting.*

[13] Inserted vide Special Resolution passed at EGM held on 13.03.2007
[14] Deleted vide Special Resolution passed at EGM held on 02.04.1986
[15] Authorised Share Capital raised to Rs. 15,000 Crore divided into 1500,00,000 Equity Shares of Rs. 1000/- each vide special resolution passed at EGM held at 13.03.2007.
[16] Authorised Share Capital raised to Rs. 15,000 Crore divided into 1500,00,000 Equity Shares of Rs. 1000/- each vide special resolution passed at EGM held at 13.03.2007.
[17] Equity shares of the face value of Rs. 1000/- each splitted into 100 equity shares of Rs. 10/- each vide Special Resolution passed at EGM held on 13.03.2007.
[18] Amended vide Special Resolution passed at EGM held on 13.03.2007

CERTIFICATES

Members' right to certificates	*7*[19]	*Subject to the requirements of Listing Agreement and the bye-laws of the Stock Exchanges, every member shall be entitled, without payment, to one or more certificates in marketable lots, for all the Shares/ Debentures of each class or denomination registered in his name, or if the Directors so approve (upon paying such fees as the Directors may from time to time determine) to several certificates, each for one or more of such Shares /Debentures and the Company shall complete and have ready for delivery such certificates within three months from the date of allotment unless the conditions of issue thereof otherwise provide, or within one month of the receipt of application of registration of transfer, transmission, sub-division, consolidation or renewal of any of its Share/Debentures, as the case may be. Every certificate of Shares/ Debenture shall be under the seal of the company and shall specify the number and distinctive numbers of Shares/Debentures in respect of which it is issued and amount paid-up thereon and shall be in such form as the directors may prescribe or approve, provided that in respect of a Share(s)/debenture(s) held jointly by several persons, the Company shall not be bound to issue more than one certificate and delivery of a certificate of Shares/ Debentures to one of several right holders shall be sufficient delivery to all such holders.* *Provided that in case of securities held by the Member/Bond/Debenture holder in dematerialised form, no Share/Bond /Debenture Certificate(s) shall be issued.*
Issue of new certificates in place of one defaced, lost or destroyed	*8*[20]	*If any security certificate be worn out, defaced mutilated or torn or if there be no further space on the back thereof for endorsement of transfer upon production and surrender thereof to the Company, a new certificate may be issued in lieu thereof, and if any certificate be lost or destroyed then upon proof thereof to the satisfaction of the Company and on execution of such indemnity as the Company deem adequate being given, a new certificate in lieu thereof shall be given to the party entitled to such lost or destroyed certificate. Every certificate under the Articles shall be issued without payment of fees.* *Provided that notwithstanding what is stated above, the Directors shall comply with such Rules or Regulations or requirements of any Stock Exchange or the Rules made under the Act or the rules made under Securities Contracts (Regulation) Act, 1956 or any other Act, or rules applicable in this behalf.*
Calls on Shares/ Debenture	*8A*[21]	*The Board of Directors may from time to time, make calls upon the members or debenture-holders in respect of any moneys unpaid on their shares or debentures and specify the time or times of payments and each member or debenture holder shall pay to the Company at the time or times so specified the amount called on his shares/debentures.* *Provided however that the Directors may from time to time at their discretion extend the time fixed for the payment of any call.*
When interest on Calls is payable	*8B*[22]	*If the sum payable in respect of any call be not paid on or before the day appointed for payment thereof the holder for the time being or allottee of the share/debenture in respect of which a call shall have been made, shall pay interest on the same at such rate as the Board of Directors shall fix, from the day appointed for the payment thereof to the day of actual payment, but the Board of Directors may waive payment of such interest wholly or in part.*
Calls paid in advance	*8C*[23]	*The Directors may, if they think fit, subject to the provisions of Section 92 of the Act, agree to and receive from any member willing to advance the same whole or any part of the moneys due upon the shares held by him beyond the sums actually called for, and upon the amount so paid or satisfied in advance, or so much thereof as from time to time exceeds the amount of the calls then made upon the*

[19] Amended vide Special Resolution passed at EGM held on 13.03.2007
[20] Amended vide Special Resolution passed at EGM held on 13.03.2007
[21] Inserted vide Special Resolution passed at EGM held on 13.03.2007
[22] Inserted vide Special Resolution passed at EGM held on 13.03.2007
[23] Inserted vide Special Resolution passed at EGM held on 13.03.2007

shares in respect of which such advance has been made, the Company may pay interest at such rate, as may be decided by Directors provided that money paid in advance of calls shall not confer a right to participates in profits or dividend. The Directors may at any time repay the amount so advanced.

The members shall not be entitled to any voting rights in respect of the moneys so paid by him until the same would but for such payment, become presently payable.

The provisions of these Articles shall mutatis mutandis apply to the calls on debentures of the Company.

Company lien on all shares or debentures	*8D(a)*[24]	*The Company shall have a first and paramount lien upon all the shares/ debentures (other than fully paid-up shares/debentures and in case of partly paid Shares/debentures the company's lien shall be restricted to moneys called or payable at a fixed time in respect of such shares/debentures) registered in the name of each member/ debentureholder (whether solely or jointly with others) and upon the proceeds of sale thereof for all moneys(whether presently payable or not) called or payable at a fixed time in respect of such shares/debentures and no equitable interest in any share/ debenture shall be created except upon the footing and condition that this Article will have full effect. Any such lien shall extend to all dividends, bonuses and interest from time to time declared accrued in respect of such shares/debentures. Unless otherwise agreed the registration of a transfer of shares/debentures shall operate as a waiver of the company's lien, if any, on such shares/debentures. The Directors may at any time declare any shares/debentures wholly or in part to be exempt from the provisions of this clause.*
Enforcement of lien by Sale[25]	*(b)*	*The Company may sell, in such manner as the Board thinks fit, any shares or debentures on which the Company has a lien provided that no sale shall be made:-* *(i)* *Unless a sum in respect of which the lien exists is presently payable, or* *(ii)* *Until the expiration of 14 days after a notice in writing stating and demanding payment of such part of the amount in respect of which the lien exists as is presently payable, has been given to the registered holder for the time being of the share or debenture or the person entitled thereto by reason of his death or insolvency.*
	(c)	*(i)* *To give effect to any such sale the Board may authorise some persons to transfer the shares or debentures sold to the purchase thereof.* *(ii)* *The purchaser shall be registered as the holder of shares or debentures comprised in any such transfer.*
	(d)	*(i)* *The proceeds of the sale shall be received by the Company and applied in payment of such part of the amount in respect of which the lien exists as is presently payable.* *(ii)* *The residue, if any, shall subject to a lien for sums not presently payable as existed upon the shares or debentures before the sale be paid to the person entitled to the shares or debentures at the date of the sale.*
Forfeiture of Shares/Debentures	*8E*[26]	*(i)* *If a member or debenture-holder fails to pay any call or the allotment money which was deferred or kept as term deposit as a condition of subscription or instalment of a call on the day appointed for payment thereof, the Board may, at any time thereafter during such time as any part of the call or allotment money or instalment remains unpaid serve a notice on him requiring payment of so much call or instalment as is unpaid, as together with any interest which may have accrued.*

[24] Inserted vide Special Resolution passed at EGM held on 13.03.2007
[25] Inserted vide Special Resolution passed at EGM held on 13.03.2007
[26] Inserted vide Special Resolution passed at EGM held on 13.03.2007

(ii) The notice aforesaid shall:

(a) name a further day (not being earlier than the expiry of fourteen days from the date of service of the notice) on or before which the payment required by the notice is to be made, and.

(b) state that, in the event of the non-payment on or before the day so named, the shares or debentures in respect of which the call was made will be liable to be forfeited.

(c) if the requirements of any such notice as aforesaid are not complied with any share or debenture in respect of which the notice has been given, may at any time thereafter, before the payment required by the notice has been made, be forfeited by a resolution of the Board to that effect.

(iii) A forfeited share or debenture may be sold or otherwise disposed off on such terms and in such manner as the Board thinks fit.

(iv) At any time before a sale or disposal as aforesaid the Board may cancel the forfeiture on such terms as it thinks fit.

Effect of Forfeiture — 8F[27]

(i) A person whose shares or debentures have been forfeited shall cease to be a member or holder in respect of the forfeited shares or debentures, but shall notwithstanding the forfeiture remain liable to pay to the Company all moneys which, at the date of forfeiture, were presently payable by him to the Company in respect of the share or debenture.

(ii) The liability of such person shall cease if and when the company shall have received payment in full of all such moneys in respect of the shares or debentures.

Declaration and other provisions for forfeiture — 8G[28]

(i) A duly verified declaration in writing that the declarant is a Director, Manager or the Secretary of the Company and that a share or debenture in the Company has been duly forfeited on the date stated in the declaration, shall be conclusive evidence of the facts therein stated, as against all persons claiming to be entitled to the share or debenture.

(ii)

(iii) The Company may receive the consideration, if any, given for the share or debenture on any sale or disposal thereof and may execute a transfer of the share or debenture in favour of the persons to whom the share or debenture is sold or disposed of.

(iv) The transferee shall thereupon be registered as the holder of the share or debenture.

(v) The transferee shall not be bound to see to the application of the purchase money, if any, nor shall his title to the share or debenture be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale or disposal of the share or debenture.

(vi) The provision of these regulations as to forfeiture shall apply in the case of non-payment of any sum which, by the term of issue of a share or debenture, becomes payable at a fixed time, whether on account of the nominal value of the share or debenture or by way of premium as if the same had been payable by virtue of a call duly made and notified.

Surrender of — 8H[29] The Board may accept from any Shareholder/ debenture-holder on such terms

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[27] Inserted vide Special Resolution passed at EGM held on 13.03.2007
[28] Inserted vide Special Resolution passed at EGM held on 13.03.2007

Debentures/Shares		*and conditions as shall be agreed a surrender of all or any of his shares/debentures.*
Register and Index of Members / Debentureholder	*8I*[30]	*The Company shall cause to be kept at its Registered Office or at such other place as may be decided by the Board of Directors, the Register and Index of Members/ Debenture holders in accordance with Section 150 and 151 and other applicable provisions of the Companies Act, 1956 and the Depositories Act, 1996 with the details of Shares/ Debentures held in physical and dematerialised form in any medium as may be permitted by law including in any form of electronic medium.* *The Register and Index of Beneficial Owner maintained by a Depository under Section 11 of the Depositories Act, 1996 shall also deemed to be the Register and Index of Members/Debenture holders for the purpose of the Companies Act, 1956 and any amendment or re-enactment thereof. The Company shall have power to keep in any State or Country outside India, a Register of Members / Debenture holders for the resident in that State or Country.*
		TRANSFER AND TRANSMISSION OF SHARES
Transfer & Transmission of Shares/Debenture[31]	*9(a)*	*Subject to the provisions of the Listing Agreements between the Company and the Stock Exchanges, in the event that the proper documents have been lodged, the Company shall register the transfer of securities in the name of the transferee except;* *When the transferee is in exceptional circumstances, not approved by the Directors in accordance with the provisions contained herein;* *When any statutory prohibition or any attachment or prohibitory order of a competent authority restrains the Company from transferring the securities out of the name of the transferor when the transferor objects to the transfer provided he serves on the company within a reasonable time a prohibitory order of a court of competent jurisdiction.*
	(b)	*Subject to the provisions of Section 111 and 111A of the Act, the provisions of the Listing Agreement with the Stock Exchanges and Section 22A of the Securities Contracts (Regulation) Act, 1956, the Directors may, at their own absolute and uncontrolled discretion and by giving reasons, decline to register or acknowledge any transfer of shares whether fully paid or not and the right of refusal, shall not be affected by the circumstances that the proposed transferee is already a member of the Company but in such cases, the Directors shall within one month from the date on which the instrument of transfer was lodged with the Company, send to the transferee and transferor notice of the refusal to register such transfer provided that registration of transfer shall not be refused on the ground of the transferor being either alone or jointly with any other or persons indebted to the Company on any account whatsoever except when the Company has a lien on the shares. Transfer of shares/ debentures in whatever lot shall not be refused.*
	(c)	*The instrument of transfer in case of shares/ debentures held in physical form shall be in writing and all provisions of Section 108 of the Companies Act, 1956 and statutory modification thereof for the time being shall be duly complied with in respect of all transfer of shares and registration thereof.*
	(d)	*No fee shall be charged for registration of transfer, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, power of attorney or similar other document.*
	(e)	*A common form of transfer of shares or debentures as the case may be, shall be used by the Company.*

[29] Inserted vide Special Resolution passed at EGM held on 13.03.2007
[30] Inserted vide Special Resolution passed at EGM held on 13.03.2007
[31] Amended vide Special Resolution passed at EGM held on 13.03.2007

Register of Transfers — 10[32]

The Company shall keep the Registers of Transfer of Shares and Transfer of Debentures and therein enter the particulars of several transfers or transmission of any share or debenture.

Execution of Transfer — 11[33]

The instrument of transfer of any share or debenture in the company shall be executed both by the transferor and transferee, and the transferor shall be deemed to remain holder of the share or debenture until the name of the transferee is entered in the Register of Members or debenture-holder in respect thereof.

NOMINATION — 11A[34]

(i) Every Share/Bond/Debenture holder and a Depositor under the Company's Public Deposit Scheme (Depositor) of the Company may at any time, nominate in the prescribed manner, a person to whom his shares/Bonds/Debentures or deposits in the company shall vest in the event of his death.

(ii) Where the Shares or Bonds or Debentures or Deposits in the Company are held by more than one person jointly, the joint holder may together nominate, in the prescribed manner, a person to whom all the rights in the shares or bonds or debentures or deposits in the company, as the case may be, shall vest in the event of death of all the joint holders.

(iii) Notwithstanding anything contained in any other law for the time being in force or in disposition, whether testamentary or otherwise, in respect of such Shares/Bonds /Debentures or Deposits in the Company, where a nomination made in the prescribed manner purport to confer on any person the right to vest the Shares/Bonds/ Debentures or Deposits in the Company, the nominee shall on the death of the Share / Bond / Debenture holder or a Depositor, as the case may be, on the death of the joint holders become entitled to all the rights in such Shares/Bonds /Debentures or deposits, as the case may be, all the joint holders in relation to such Shares /Bonds / Debentures or Deposits, to the exclusion of all persons, unless the nomination is varied, cancelled in the prescribed manner.

(iv) Where the nominee is a minor, it shall be lawful for the holder of the Share/ Bonds/ Debentures or deposits, to make the nomination to appoint, in the prescribed manner, any person to become entitled to Shares /Bonds / Debentures or deposits in the Company, in the event of his death, during the minority.

TRANSMISSION OF SECURITIES BY NOMINEE — 11B[35]

A nominee, upon production of such evidence as may be required by the Board and subject as hereinafter provided, elect, either.

(i) To be registered himself as holder of the Share/Bond/Debenture or Deposits, as the case may be; or.

(ii) To make such transfer of the Share/Bond/Debenture or deposits, as the case may be, as deceased Share/Bond/ Debenture holder or Depositor could have made;

(iii) If the nominee elects to be registered as holder of the Share/Bond/Debenture or Deposits, himself, as the case may be, he shall deliver or send to the Company a notice in writing signed by him stating that he so elects and such notice shall be accompanied with the death certificate of the deceased Share/Bond/Debenture holder or Depositor, as the case may be,

(iv) A nominee shall be entitled to the same dividends and other advantages to which he would be entitled to, if he were the registered holder of the Share/Bond/Debenture or Deposits except that he shall not, before being registered as a member in respect of his Share/Bond/Debenture or Deposits be entitled in respect of it to exercise any right conferred by membership in relation to meetings of the Company.

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[32] Amended vide Special Resolution passed at EGM held on 02.04.1986
[33] Amended vide Special Resolution passed at EGM held on 02.04.1986
[34] Inserted vide Special Resolution passed at EGM held on 13.03.2007
[35] Inserted vide Special Resolution passed at EGM held on 13.03.2007

Provided further that the Board may, at any time, give notice requiring any such person to elect either to be registered himself or to transfer the Share/Bond/Debenture or Deposits, and if the notice is not complied with within ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable or rights accuring in respect of the Share/Bond/Debenture or deposits, until the requirements of the notice have been complied with.

Transmission of Shares etc.

12[36] *Nothing contained in Article 9 shall prejudice any power of the company to register as Shareholder or debenture holder, any person to whom the right to any share or debenture in the company has been transmitted by operation of law.*

12A[37] *"The Company opt for its shares and other securities to be dealt with also under the provisions of the Depositories Act, 1996 and the Rules and Regulations framed thereunder or with reference thereto and may take all such steps including entering into the agreement(s) with the depository (ies) for rendering its shares and securities eligible to be held in dematerialised and fungible form. The Company may also take all such other steps as required by the said Depositories Act, Rules and Regulations and other incidental or consequential steps. And it is expressly declared that nothing contained in these Articles which is contrary to or inconsistent with the provisions of the said Depositories Act and the Rules and Regulations framed thereunder or with the reference thereto, shall apply to shares and securities of the Company which are being dealt with under the said Depositories Act, Rules and Regulations or to any other matter relating thereto for which provisions are made in the Depositories Act, Rules and Regulations as aforesaid and which under the Act, or under the said Depositories Act, Rules and Regulations is required to be dealt with thereunder, including but not limited to transfer of security effected by the transferor and the transferee both of whom are entered as beneficial owners in the records of a depository.*

INCREASE REDUCTION AND ALTERATION OF CAPITAL

Increase Of Capital

13[38] *Subject to the provisions of the Act, the Company in General Meeting may increase the share capital by such sum to be divided into shares of such amount, as the resolution shall prescribe.*

Terms of issue of Debenture

13A[39] *Any debentures, debenture-stock or other securities may be issued at a discount, premium or otherwise and may be issued on condition that they shall be convertible into shares of any denomination and with any privileges and conditions as to redemption, surrender, drawing, allotment of shares, attending (but not voting) at the General Meeting, appointment of Directors and otherwise debentures with the right to conversion into or allotment of shares shall be issued only with the consent of the Company in the General Meeting by a Special Resolution.*

On what condition new shares may be issued

14[40] *New shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto as the general meeting resolving upon the creation thereof shall direct. Provided that no shares (not being preference share) shall be issued carrying voting rights or rights in the company as to dividend, capital or otherwise, which are disproportionate to the rights attaching to the holders of other shares (not being preference shares).*

Further Issue of Share

14A(1)[41] *Where at the time after the expiry of two years from the formation of the Company or at any time after the expiry of one year from the allotment of shares in the Company made for the first time after its formation, whichever is earlier, it is proposed to increase the subscribed capital of the Company by allotment of further shares either out of the un-issued capital or out of the increased share capital then;*

[36] Amended vide Special Resolution passed at EGM held on 02.04.1986
[37] Inserted vide Special Resolution passed at EGM held on 10.12.2001
[38] Amended vide Special Resolution passed at EGM held on 13.03.2007
[39] Inserted vide Special Resolution passed at EGM held on 13.03.2007
[40] Amended vide Special Resolution passed at EGM held on 13.03.2007
[41] Inserted vide Special Resolution passed at EGM held on 13.03.2007

(a) Such further shares shall be offered to the persons who at the date of the offer, are holders of the equity shares of the Company, in proportion as near as circumstances admit, to the capital paid-up on that shares at the date.

(b) Such offer shall be made by a notice specifying the number of shares offered and limiting a time not being less than thirty days from the date of the offer and the offer if not accepted, will be deemed to have been declined.

(c) The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in sub clause(b) hereof shall contain a statement of this right, provided that the Directors may decline, without assigning any reason to allot any shares to any person in whose favour any member may renounce the shares offered to him.

(d) After expiry of the time specified in the aforesaid notice or on receipt of earlier intimation from the person to whom such notice is given that he declines to accept the shares offered, the Board of Directors may dispose off them in such manner and to such person(s) as they may think, in their sole discretion, fit.

14A(2)[42] *Notwithstanding anything contained in sub-clause (1) hereof, the further shares aforesaid may be offered to any person (whether or not those persons include the persons referred to in clause (a) of sub-clause (1) hereof) in any manner whatsoever.*

(a) If a special resolution to that affect is passed by the Company in General Meeting, or
(b) Where no such special resolution is passed, if the votes cast (whether on a show of hands or on a poll as the case may be) in favour of the proposal contained in the resolution moved in general meeting (including the casting vote, if any, of the chairman) by the members who, being entitled to do so, vote in person, or where proxies are allowed, by proxy, exceed the votes, if any, cast against the proposal by members, so entitled and voting and the Central Government is satisfied on an application made by the Board of Directors in this behalf that the proposal is most beneficial to the Company.

14A(3)[43] *Nothing in sub-clause(c) of (1) hereof shall be deemed:*
(a) To extend the time within which the offer should be accepted; or
(b) To authorise any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.

14A(4)[44] *Nothing in this Article shall apply to the increase of the subscribed capital of the Company caused by the exercise of an option attached to the debenture issued or loans raised by the Company.*

(i) To convert such debentures or loans into shares in the Company; or

(ii) To subscribe for shares in Company (whether such option is conferred in these Articles or otherwise).

Provided that the terms of issue of such debentures or the terms of such loans include a term providing for such option and such term;

[42] Inserted vide Special Resolution passed at EGM held on 13.03.2007
[43] Inserted vide Special Resolution passed at EGM held on 13.03.2007
[44] Inserted vide Special Resolution passed at EGM held on 13.03.2007

(a) *either has been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity the rules, if any, made by that Government in this behalf; and*

(b) *in the case of debentures or loans or other than debentures issued to or loans obtained from Government in this behalf, has also been approved by a special resolution passed by the Company in General Meeting before the issue of the debentures or raising of the loans.*

When to be offered to existing members	*15*	*The new shares (resulting from an increase of capital as aforesaid) may be issued or disposed off in accordance with the provisions of Article 6.*
Same as original capital	*16*	*Except so far as otherwise provided by the conditions of issue or by these Articles, any capital raised by the creation of new shares shall be considered part of the original capital and shall be subject to the provisions herein contained with reference to the payment of calls and instalments, transfer and transmission, forfeiture, lien, surrender, voting and otherwise.*
Buy back of Shares	*16A*[45]	*Notwithstanding contained in these Articles and in pursuance of Section 77A, 77AA and 77B of the Act, the Company, may buy- back its own shares or other specified securities as the Board of Directors may consider appropriate subject to such approvals and sanctions as may be necessary and subject to such limits, restrictions, terms and conditions, etc. as may be required under the provisions of the Act/Regulations/Rules applicable from time to time including the amendment(s), if any, thereto.*
Reduction of Capital	*17*[46]	*Subject to the provision of Section 100-104 of the Act, the Company may from time to time, by Special resolution, reduce its capital by paying off capital or cancelling capital which has been lost or is unrepresented by available assets or is superfluous or by reducing the liability on the shares or otherwise as may deem expedient, and capital may be paid off upon the footing that it may be called upon, again or otherwise, and the Board may, subject to the provisions of the Act, accept surrenders of shares.*
Sub-division and consolidation of shares	*18*[47]	*Subject to the provisions of the Act the Company in a General Meeting, may from time to time sub-divide or consolidate its shares or any of them and exercise any of the other powers conferred by Sub-Section (i) (a) to (e) of Section 94 of the Act, and shall file with the Registrar such notice in exercise of any such powers as may be required by the Act.*
		UNDERWRITING & BROKERAGE[48]
Payment of commission	*19*[49]	*Subject to provisions of Section 76 of the Act, the Company may, at any time, pay a commission/incentive to any person in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any shares in or debentures of the Company or procuring or agreeing to procure subscriptions whether absolute or conditional for any shares in, or debentures of the company provided that the commission/ incentive shall not exceed in the case of shares five percent of the price at which the shares are issued*
		and in the case of debenures two and a half percent of the price at which the debentures are issued. Such commission / incentive may be satisfied by payment of cash or allotment of fully or partly paid shares/debentures or partly in one way and partly in the other.
Payment of Brokerage	*20*[50]	*The Company may also pay a reasonable and lawful sum of brokerage or fee in*

(A) [45] Inserted vide Special Resolution passed at AGM held on 16.09.2013
[46] Amended vide Special Resolution passed at EGM held on 13.03.2007
[47] Amended vide Special Resolution passed at EGM held on 13.03.2007
[48] Inserted vide Special Resolution passed at EGM held on 17.03.1997
[49] Inserted vide Special Resolution passed at EGM held on 17.03.1997
[50] Inserted vide Special Resolution passed at EGM held on 17.03.1997

lieu of brokerage.

BORROWING POWERS

*Powers to borrow**	*21*[51]	*Subject to the provisions of Section 58A, 292 and 293 of the Act, and Government Guidelines issued from time to time, the Board may by means of resolution passed at meetings of the Board from time to time, accept deposits or borrow and/ or secure the payment of any sum or sums of money for the purpose of the Company.*
Issue at discount etc. or with special privileges*	*22*	*Subject to Section 79 and 117 of the Act, any bonds may be issued at a discount, premium or otherwise and with any special privileges as to redemption, surrender, drawings and allotment of shares.*
Notice of General meetings	*23*	*At least Twenty One clear days' notice in writing, specifying the place, day and hour of general meetings, with a statement of the business to be transacted at the meeting shall be served on every member in the manner provided by the Act but with the consent, in writing, of all the members entitled to receive notice of same, any general meeting may be convened by such shorter notice and in such manner as those members may think fit.*
Omission to give notice not to invalidate a resolution passed	*24*	*The accidental omission to give notice to or the non-receipt thereof by any member shall not invalidate any resolution passed at any such meeting.*
Quorum	*25*[52]	*Five members present in person shall be quorum for a general meeting of the Company.*
Chairman of General Meeting	*26*	*The Chairman of the Board of Directors or in his absence the Vice-Chairman shall be entitled to take the Chair at every general meeting but if neither the Chairman nor the Vice-Chairman is to be present within fifteen minutes after the time appointed for holding such meeting or is unwilling to act as Chairman, the members present shall choose, another Director as Chairman and, if no Director shall be present or if all the Directors present decline to take the Chair, then the members present shall choose one of their member to be Chairman.*
Chairman's decision conclusive	*27*	*The chairman of any meeting shall be the sole judge of the validity of every vote tendered at such meeting. The Chairman present at the taking of a poll shall be the sole judge of the validity of every vote tendered at such poll.*
		VOTES OF MEMBERS
Votes	*28*	*Every member entitled to vote and present in person or by proxy shall have one vote on a show of hands and upon a poll one vote for each share held by him.*
Postal ballot	*28A*[53]	*Notwithstanding anything contained in the Articles of the Company, the Company do adopt the mode of passing resolutions by the members of the Company by means of Postal Ballot(which includes voting by electronic mode) and/or other ways as may be prescribed in the Companies (Passing of Resolution by Postal Ballot) Rules, 2001 in respect of the matters specified in said rules as modified from time to time instead of transacting such business in a general meeting of the company subject to compliances with the procedure for such postal ballot and/or other requirements prescribed in the rules in this regard.*
Votes in respect of shares of deceased member	*29*	*Any person entitled under the transmission clause to transfer any shares may vote at a General meeting in respect thereof as if he was the registered holder of such shares provided that at least 72 hours before the time of holding the meeting or adjourned meeting, as the case may be, at which he proposes to vote, he shall satisfy the Directors of his right to transfer such shares unless the*

[51] Amended vide Special Resolution passed at EGM held on 02.04.1986
* Amended vide Special Resolution passed at EGM held on 13.03.2007
[52] Amended vide Special Resolution passed at EGM held on 02.04.1986
[53] Inserted vide Special Resolution passed at EGM held on 13.03.2007

Directors shall have previously admitted his right to vote at such meeting in respect thereof.

Form of proxy 30 *Every instrument of proxy for a specified meeting or otherwise shall as nearly as circumstances will admit be in the form or to the effect following :*

NHPC[54] LIMITED

I.., a member of ....do hereby appoint……..of...(of failing him)....................... of... as my proxy to attend and vote for me and on my behalf at the Annual/Extraordinary General Meeting of the Company to be held on the .... day of................................ and at any adjournment hereof.

As witness my hand this.. day of ....

Signed by the said...................

Company not bound to recognize any interests in shares other than that of the registered holders 31 *Save as herein otherwise provided, the Directors shall be entitled to treat the person whose name appears on the register of members as the holder of any share as the absolute owner thereof and accordingly shall not (except as ordered by a court of competent jurisdiction or as by law required) be bound to recognize any benami trust or equitable contingent or other claim to or interest in such share on the part of any person whether or not it shall have expressed or implied notice thereof.*

BOARD OF DIRECTORS

32[55] *The business of the Company shall be managed by a Board of Directors subject to the compliance of conditions stipulated in Department of Public Enterprises OM No. 11/36/97-Finance dated 9th October, 1997 read with OM No. 18(24)/2003-GM-GL-65 dated 05th August, 2005 or as amended time to time.*

Number of Directors 33[56] *The president shall, from time to time, determine the number of Directors of the Company and which shall be not less than 4 and not more than 15. Provided the number of Independent directors in any case shall not be less than 50% of the actual strength of the Board.*

Appointment of the Board of Directors 34 *(i)(a) The Chairman shall be appointed by the President. All other members of the Board of Directors including Vice-Chairman shall be appointed by the President in consultation with the Chairman of the Company. No such consultation will be necessary in case of appointment of Directors representing the Government.*

(b) The Directors shall be paid such salary and/or allowances as the President may, from time to time determine. Subject to the provisions of Section 314 of the Act, such reasonable additional remuneration as may be fixed by the President may be paid to any one or more of the Directors for extra or special services rendered by him or them or otherwise.

(ii) The Chairman will be appointed subject to such terms and conditions as may be determined by the President.

(iii)[57] Two-third (any fraction to be rounded off to the next number) Directors of the Company shall be persons whose period of office shall be liable to determination by rotation and save as otherwise expressly provided in the Act, be appointed by the Company in General Meeting.

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[54] Amended vide Special Resolution passed at EGM held on 13.03.2008
[55] Substituted vide Special Resolution passed at the AGM held on 05.08.2008
[56] Amended vide Special Resolution passed at the EGM held on 21.04.2008
[57] Inserted vide Special Resolution passed at EGM held on 13.03.2007

At every Annual General Meeting of the Company held next after the date of General Meeting in which first Directors are appointed, in accordance with section 255 of the Act, one-third of such Directors for the time being liable to retire by rotation or if their number is not three or a multiple of three, than the number nearest to one-third, shall retire from office.

Directors to retire by rotation at every Annual General Meeting shall be those (other than the Chairman cum Managing Director of the Company and such other non-retiring Directors, if any) who have been longest in Office since their last appointment but as between persons who become Directors on the same day, those who are to retire shall, unless otherwise agreed among themselves, by determined by lot.

A retiring Director shall be eligible for re-election. The Company at the Annual General Meeting in which Director retires, may fill-up the vacated office by appointing the retiring Directors or some other person thereto.

If the place of retiring Director is not so filled up and the meeting has not expressly resolved not to fill the vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a public holiday, at the same time and place, and if at the adjourned meeting also the place of retiring Director is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring Director shall be deemed to have been re-appointed at the adjourned meeting, unless;

(i) at that meeting or at the pervious meeting, a resolution for the re-appointment of such Director has been put to the meeting and lost.

(ii) The retiring Director has by a notice in writing addressed to the Company or its Board of Directors, expressed his unwillingness to be so re-appointed.

(iii) he is not qualified or is disqualified for appointment.

(iv) A resolution, whether special or ordinary, is required for his appointment by virtue of any provisions of the Act.

(v) The proviso to sub-section (2) of Section 263 is applicable to the case.

(iv)[58] A Director representing the Government Department shall retire on his ceasing to be an official of that Department.

(v) The President may, from time to time or any time remove any part time Director, from office at his absolute discretion. Chairman and whole-time Directors may be removed from office in accordance with the terms of appointment or if no such terms are specified, on the expiry of '3 months' notice issued in writing by the President with immediate effect on payment of the pay in lieu of the notice period.

(vi)[59] President shall have the right to fill any vacancy of the office of the Directors including Chairman & Managing Director appointed by him, caused by removal, resignation, death or otherwise and to substitute any Director, including Chairman, in place of existing Director.

Alternate Director 35 *In place of a Director who is out of India or is about to go out of India or who expects to be absent for not less than three months from the State in*

[58] Amended vide Special Resolution passed at EGM held on 13.03.2007
[59] Amended vide Special Resolution passed at EGM held on 13.03.2007

		which meeting of the Directors are ordinarily held, the President may appoint, in consultation with the Chairman of the Company, any person to be an Alternate Director during his absence out of India or his absence of not less than three months from the State in which the meetings of the Board are ordinarily held and such appointee, whilst he holds office as an Alternate Director, shall be entitled to notice of meetings of the Board and to attend and to vote thereat accordingly.
Additional Directors	*Article 35A*[60]	*Subject to the provisions of Section 260 and 264 of the Act, the Board shall have power, at any time and from time to time to appoint a person appointed by the President of India as an additional director on the Board, but such that the total number of directors shall not at any time exceed the maximum number fixed by the Articles. Any director so appointed shall hold office only upto the date of the next Annual General Meeting of the Company but shall be eligible for re-appointment.*
Chairman	*36*	*(i) The President may, from time to time, appoint the Chairman or any of the Directors to the office of Managing Director(s) of the Company for such term and such remuneration (whether by way of salary or otherwise) as he may think fit, and may, from time to time, remove or dismiss him or them from office and appoint another or others in his or their place or places in accordance with the provisions of Article 35. Any such Director appointed to any such office shall, if he ceases to hold the office of Chairman / Director from any cause, ipso facto immediately cease to be Managing Director(s) as the case may be.* *(ii) Subject to the provisions of Sections 292 and 293 of the Act, the Board may, from time to time, entrust and confer upon the Chairman, Managing Director, Director for the time being, such of the powers as they may think fit and may confer such powers for such time and to be exercised for such objects and purpose and upon such terms and conditions and with such restrictions as they may think expedient and may, from time to time, revoke, withdraw, alter or vary all or any such powers.*
Powers of Chairman	*37*	*(a) The Chairman shall reserve for decision of the President, any proposals or decisions of the Board of Directors or any matter brought before the Board which raises in the opinion of the Chairman, any important issue and which is on that account fit to be reserved for the decision of the President and no decision on such an important issue shall be taken in the absence of the Chairman appointed by the President.* *(b)*[61] *Without prejudice to the generality of the above provision, the Board shall reserve for the decision of the President* *Any matter relating to :* *(i) Any programme of capital expenditure for an amount which exceeds limits stipulated in Department of Public Enterprises OM No. 11/36/97-Finance dated 9th October, 1997 read with OM No. 18(24)/2003-GM-GL-65 dated 05th August, 2005 or as amended time to time.* *(ii) Agreement involving foreign collaboration proposed to be entered into by the Company.* *(iii) The Company's revenue budget in case there is an element of deficit which is proposed to be met by obtaining funds from the Government.* *(iv) The Annual and five year annual plans for development of the Company's capital budget.* *(v) Winding up of the company.*

[60] Inserted vide Special Resolution passed at AGM held on 16.09.2013
[61] Sub-clause (b) substituted vide Special Resolution passed at the AGM held on 05.08.2008

(vi) *Sale, lease, disposal or otherwise of the whole or substantially the whole of the undertaking of the Company.*

(vii) Deleted.

(viii) Formation of subsidiary companies, joint venture, strategic alliances not provided in Department of Public Enterprises OM No. 11/36/97-Finance dated 9th October, 1997 read with OM No. 18(24)/2003-GM-GL-65 dated 05th August, 2005 or as amended time to time.

Power of President to issue directives	*38*	*Notwithstanding anything contained in all these Articles the President may from time to time issue such directives or instructions as may be considered necessary in regard to conduct of business and affairs of the Company and in like manner may vary and annul any such directive or instruction. The Directors shall give immediate effect to the directives or instructions so issued. In particular, the President will have the powers :* *(i) To give directives to the Company as to the exercise and performance of its functions in matters involving national security or substantial public interest.* *(ii) To call for such returns, accounts and other information with respect to the property and activities of the Company as may be required from time to time.* *(iii) To provide wholly or partly owned company(ies) or subsidiary(ies) including participations in their share capital irrespective of the sources from which the operations of such companies are to be financed.* *(iv) To determine in consultation with the Board annual, short and long term financial and economic objectives of the company.* *Provided that all directives issued by the President shall be in writing addressed to the Chairman. The Board shall, except where the President considers that the interest of national security requires otherwise, incorporate the contents of directives issued by the President in the annual report of the Company and also indicate its impact on the financial position of the Company.* *(v) To take decisions regarding entering into partnership and / or regarding arrangements for sharing profits.*
	39	*No action shall be taken by the Company in respect of any proposal or decision of the Directors reserved for the approval of the President until his approval to the same has been obtained. The President shall have the power to modify such proposals or decision of the Directors.*
Directors/Officers may be Directors of companies promoted by the company	*40*[62]	*A Director or any officer of this company may be or may become, a Director or member of any Company promoted by this Company or in which it may be interested as a vendor, member or otherwise and no such director shall be accountable for any benefits received as director or member of such company.*
Omission to give notice	*41*	*The accidental omission to give notice of any meeting of the Directors to a Director shall not invalidate any resolution passed at any meeting.*
Question at Board Meeting how decided	*42*	*A Director may at any time convene a meeting of the Directors. Questions arising at any meeting shall be decided by a majority of votes and in case of an equality of votes, the Chairman shall have a second or casting vote.*
Who is to preside at meeting of the Board	*43*	*All meetings of the Directors shall be presided over by the Chairman if present or in his absence by the Vice- Chairman if present. If at any meeting both the Chairman and the Vice-Chairman are not present at the time*

[62] Amended vide Special Resolution passed at EGM held on 13.03.2007

		appointed for holding the same, the Directors shall choose one of the Directors then present to preside at the meeting.
Quorum[63]	*43A*	*The quorum necessary for the transaction of business of the Directors shall be one third of the total strength of Directors (any fraction contained in that one third being rounded off as one) or two Directors whichever is higher as provided in Section 287 of the Act.*
Board may set up Committee	*44*[64]	*The Board may, subject to the provisions of Section 292 of the Act, delegate any of their powers to Committees consisting of such member or members of their body as they think fit and they may from time to time revoke such delegation. Any committee so formed shall in the exercise of the powers so delegated conform to any regulations that may from time to time be imposed on it by the Directors. The proceedings of such a Committee shall be placed before the Board of Directors at its next meeting or in a subsequent meeting of the Board held within a period of three months.*
Meetings of Committees, how to be governed	*45*	*The meetings and proceedings of any such committee consisting of two or more members shall be governed by the provisions of the Act for regulating the meetings and proceedings of the Directors, so far as the same are applicable thereto and are not superseded by any regulations made by the Directors under the last preceding Article.*
Chairman of meetings of Committees	*46*	*A Committee may elect a Chairman at its meetings; if no such Chairman is elected, or if at any meeting the Chairman is not present within 15 minutes after the time appointed for holding the same, the members present may choose one of their member to be Chairman of the meeting.*
General Powers of the Board	*47*	*The Board of Directors may pay all the expenditure incurred in setting up and registering the Company.*
Specific powers given to Directors	*48*	*Subject to the provisions of the Act and without prejudice to the general powers conferred by these Articles, the Directors shall have the following powers, that is to say powers :-*
To make bye-laws		*(1) To make, vary and repeal from time to time bye-laws for the regulation of the business of the Company, its officers and servants;*
To pay and charge interest etc.		*(2) To pay and charge to the capital account of the company and interest lawfully payable thereat under the provisions of the Act;*
		(3) To purchase, take on lease or otherwise acquire for the company property rights or privileges which the company is authorised to acquire at such price and generally on such terms and conditions as they think fit;
To pay for property in debentures		*(4) To pay for any property or rights acquired by or services rendered to the Company, either wholly etc. or partially in cash, or in shares, bonds, debentures, debenture stock or in shares that may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon; and any such bonds, debentures, debenture stock or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged;*
To secure contracts by mortgage		*(5) To secure the fulfilment of any contracts or engagements entered into by the Company by mortgage or charge of all or any of the property of the Company and its unpaid capital for the time being or in such other manner as they think fit;*
To refer to arbitration		*(6) To refer any claim or demand by or against the Company to arbitration and observe and perform the awards;*
To invest money		*(7) To invest in the Reserve Bank of India or in such securities as may be*

[63] Inserted vide Special Resolution passed at EGM held on 13.03.2007
[64] Amended vide Special Resolution passed at EGM held on 13.03.2007

approved by the President and deal with any of the moneys of the company upon such investment authorised by the Memorandum of Association of the Corporation (not being shares in the Company) and in such manner as they think fit and, from time to time, to vary and realise such investments;

To give bonus

To create Provident Fund

(8) To Provide for the welfare of employees or ex-employees of the Company or of its predecessors in business and the wives, widows and families or the dependents or connections of such employees or ex-employees by building or contributing to the building of houses, dwellings or chawls or by grants of money, allowances, bonuses, profit sharing bonuses or benefit of any other kind or by creating and from time to time subscribing or contributing to provident and other association, institution funds, profits sharing or other scheme or trusts or by providing or subscribing or contributing towards places of instruction and recreation, hospitals and dispensaries, medical and other attendances and any other form of assistance, welfare or relief as the Directors shall think fit;

To subscribe to other funds

(9) To subscribe or otherwise to assist or to guarantee money to scientific institutions or objects;

To create Depreciation and other Funds

(10) To set aside before recommending any dividend out of the profits of the company such sums as they may think proper for depreciation or to Depreciation Fund, Reserve or to reserve fund to meet contingencies or insurance fund or any special or other Fund to meet contingencies or to repay redeemable preference shares and for special dividends and for equalizing dividends and for repairing and replacements, improving, extending and maintaining any part of the properties of the Company and for such other purposes [including the purposes referred to in the sub clause(9)] as the Directors may, in their absolute discretion think conducive to the interest of the Company and to invest the several sums so set aside or so much thereof as required to be invested upon such investments (subject to the restriction imposed by the Act) as the Directors may think fit; and from time to time to deal with and vary such investments and dispose off and apply and expend all or any part thereof for the benefit of the Company, in such manner and for such purposes as the Directors (subject to such restrictions as aforesaid) in their absolute discretion think conducive to the interest of the Company notwithstanding that the matters to which the Directors apply or upon which they expend the same, or any part thereof, may be matters to or upon which the capital moneys of the Company might rightly be applied or expended and to divide the Reserve Fund into such special funds as the Directors may think fit and to employ the assets constituting all or any of the above funds, including the Depreciation Fund, in the business of the company or in the purchase or repayment of Redeemable Preference Shares and that without being bound to keep the same separate from the other assets and without being bound to pay or allow interest on the same with power, however, to the Directors at their discretion to pay or allow to credit such fund interest at such rate as the Directors may think proper, not exceeding six percent per annum;

To create posts

(11) To create such posts, other than those to which appointment is made by the President, as they may consider necessary for the efficient conduct of the Company's affairs and to determine the scale of pay and other terms thereof excepting of the General Managers of constituent units for whom the scale of pay will be decided by the President;

To appoint officers

(12) Subject to Article (37) (b) (vii), to appoint and at their discretion remove or suspend such Managers, Secretaries, Officers, Clerks, Agents and Servants from permanent, temporary or special service, as they may from time to time, think fit and to determine their powers and duties and fix their salaries or emoluments and require security in such instances and to such amounts as they may think fit and also without prejudice as aforesaid from time to time to provide for the management and transaction of the affairs of the Company in any specified locality in India in such manner as they think fit;

(13) Subject to Section 292 of the Act, to subdelegate all or any of the

powers, authorities and discretions for the time being vested in the Directors, subject however to the ultimate control and authority being retained by them;

Authority to Subdelegate Powers

(14) Any such delegate or attorney as aforesaid may be authorised by the Directors to subdelegate all or any of the powers, authorities and discretion for the time being vested in them;

To lend money

(15) To lend moneys to subsidiaries and associated organisations, on such terms and conditions as they may consider desirable.

The Seal

The seal and its custody

49 *(a) The Board of Directors shall provide a common seal for the purpose of the company and shall have power from time to time to destroy the same and substitute a new seal in lieu thereof. The Board of Directors shall provide for the safe custody of the seal.*

Issue of the seal[65]

(b) The seal of the Company shall not be affixed to any instrument except by the authority of a resolution of the Board or a Committee of the Board authorised by it in that behalf and except in the presence of at least two Directors and of the Secretary or such other persons as the Board may appoint for the purpose and those two Directors or such other persons as aforesaid shall sign every instrument to which the seal of the Company is so affixed in their presence. A Director(s) may, however sign a share/debenture Certificate by affixing his signature(s) thereon by means of any machine, equipment or other mechanical/electronic means such as engraving in metal or lithography but not by means of rubberstamp, provided that the Director(s) shall be responsible for the safe custody of such machine equipment or other metal used for the purpose.

Division of Profits and Dividend

Division of profits

50[66]

(i) The profits of the Company available for payment of dividend subject to any special rights relating thereto created or authorised to be created by these presents and subject to the provisions of the Act and these presents as to the reserve fund and amortisation of capital shall be divisible among the members in proportion to the amount of capital paid-up by them respectively. Provided always that (subject as aforesaid) any capital paid-up on a share during the period in respect of which a dividend is declared shall only entitle the holder of such share to an apportioned amount of such dividend as from the date of payment.

(ii) No dividend shall be declared or paid by the company for any financial year except out of profits of the company for that year arrived after providing for the depreciation in accordance with the provisions of sub-section (2) of section 205 of the Act or out of profits of the company for any previous financial year or years arrived after providing for the depreciation in accordance with applicable laws and remaining undistributed or out of both or out of moneys provided by the government for the payment of dividend in pursuance of a guarantee given by the government. No dividend shall carry interest against the Company.

(iii) For the purpose of the last preceding article, the declaration of the dividend as to the amount of the profits of the company shall be conclusive.

(iv) Subject to the provisions of section 205 of the Act as amended, no dividend shall be payable except in cash.

[65] Amended vide Special Resolution passed at EGM held on 13.03.2007
[66] Amended vide Special Resolution passed at EGM held on 13.03.2007

		(v) *A transfer of shares shall not pass the right to any dividend declared thereon after transfer and before the registration of the transfer.*
		(vi) *Any one of the several persons who are registered as the joint holders of any shares, may give effectual receipts for all dividends and payments on account of dividends in respect of such shares.*
		(vii) *Unless otherwise directed any dividend may be paid by cheque or demand draft or warrant or such other permissible means to the registered address of the member or person entitled or in the case of joint holding, to the registered address of that one whose name stands first in the register in respect of the joint holding and every cheque, demand draft or warrant so sent shall be made payable to the member or to such person and to such address as the shareholder or the joint shareholders in writing may direct.*
The Company in General Meeting may declare a dividend	*51*	*The Company in General Meeting may declare a dividend to be paid to the members according to their respective rights and interest in the profits and may fix the time for payment but no dividend shall exceed the amount recommended by the Board.*
Interim Dividend	*52*	*The Directors may from time to time, pay to the members such interim dividends as in their judgement the position of the Company justifies.*
Unpaid or Unclaimed dividend	*52A*[67]	*There shall not be any forfeiture of unclaimed dividends and the Company shall comply with the applicable provisions of the Act relating to transfer of unclaimed and unpaid dividend to the Investor Education & Protection Fund or to any such other fund as may be required under applicable laws.*
		Accounts
Inspection by members of accounts and books of the Company	*53*	*The Directors shall from time to time determine whether and to what extent and at what time and places and under what conditions or regulations the accounts and books of the company or any of them shall be open to the inspection of the members not being Directors and no member (not being a Director) shall have any right of inspecting any account or book or document of the company except as conferred by law or authorised by the Board or by the Company in General meeting.*
		Audit
Accounts to be audited annually	*54*	*Once at least in every financial year the account of the company shall be examined and the correctness of the Profit and Loss Account and Balance Sheet ascertained by one or more auditors.*
Appointment of Auditors	*55*[68]	*The auditor/auditors of the Company shall be appointed or reappointed by the Comptroller and Auditor General of India, in accordance with the provisions of the Act.*
Powers of the Comptroller and Auditor General	*56*	*The Comptroller and Auditor General of India shall have power :-*
		(i) To direct the manner in which the Company's accounts shall be audited by the auditor/auditors appointed in pursuance of Article 55 hereof and to give such auditor/auditors instructions in regard to any matter relating to the performance of his/their functions as such: and
		(ii) To conduct a supplementary or test audit of the company's accounts by such person or persons as he may deem fit on his behalf and for the purpose of such audit to require information or additional information to be

[67] Inserted vide Special Resolution passed at EGM held on 13.03.2007
[68] Amended vide Special Resolution passed at EGM held on 13.03.2007

furnished to any person or persons and in such form as the Comptroller and Auditor General may, by general or special order, direct.

(iii)The auditor/auditors aforesaid shall submit a copy of his/their audit report to the Comptroller and Auditor General of India who shall have the right to comment upon or supplement the audit report in such manner as he may think fit.

(iv) Any such comment upon or supplement to the Audit Report shall be placed before the Annual General Meeting of the Company in the same manner as the Audit Report.

Auditor's right to attend meeting	*57*	*The Auditors of the Company shall be entitled to receive notice of and to attend any General Meeting of the Company at which any accounts which have been examined or reported on by them are to be laid before the Company and may make any statement or explanation they desire with respect to the accounts.*
When accounts To be deemed finally settled	*58*	*Every account of the Company when audited and approved by a general meeting shall be conclusive.*
		Notice
Notice on persons acquiring shares on death or insolvency of members	*59*	*A notice may be given by the Company to the persons entitled to a share in consequence of death or insolvency of a member by sending it through the post in a prepared letter addressed to them by name or by the title or representatives of the deceased or assignee of the insolvent or by any like description at the address (if any) in India supplied for the purpose by the persons claiming to be so entitled or until such an address has been so supplied by giving the notice in any manner in which the same might have been given if the death or insolvency had not occurred.*
Distribution of assets	*60*	*If the company shall be wound up and the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid up capital, such assets shall be distributed so that, as nearly as may be, the losses shall be borne by the members in proportion to the capital paid up at the commencement of the winding up, on the shares held by them respectively. And if in a winding up, the assets available for distribution among the members shall be more than sufficient to repay the whole of the paid up capital, such assets shall be distributed amongst the members in proportion to the original paid up capital as the shares held by them respectively. But this clause is to be without prejudice to the rights of the holders of shares issued upon special terms and conditions.*
		Secrecy
Secrecy clause	*61*	*No member shall be entitled to visit or inspect the Company's work without the permission of a Director or to require discovery of or any information respecting any detail of the Company's trading or any matter which is or may be in the nature of a trade secret, or secret process which may relate to the conduct of the business of the Company and which in the opinion of the Directors, will be inexpedient in the interest of the members of the company to communicate to the Public.*
		Indemnity and Responsibility
Director's and others right to indemnity :	*62(i)*	*Subject to the provisions of Section 201 (i) of the Companies Act, every Director, Manager, Auditor, Secretary or other officer or employee of the Company shall be indemnified by the Company against and it shall be the duty of the Directors out of the funds of the Company to pay all costs, losses and expenses (including traveling expenses) which any such Director, Manager, Officer or employee may incur or become liable to by reason of any contract entered into or act or deed done by him or them as such Director, Manager, Officer or servant or in any other way in the discharge of his duties and the amount for which such indemnity is provided shall*

immediately attach as a lien on the property of the Company and have priority as between the Members over all other claims.

(ii) *Subject as aforesaid every Director, Manager or Officer of the Company shall be indemnified against any liability incurred by him or them in defending any proceedings whether civil or criminal in which judgement is given in his or their favour or in which he is or they are acquitted or in connection with any application under Section- 633 of the Act in which relief is given to him or them by the Court.*

Not responsible for acts of others

63 *Subject to the provisions of Section 201 of the Act no Director, Manager or other officer of the company shall be liable for the acts, receipts, neglects or defaults of any other Director or officer or for joining in any receipt or other act for the sake of conformity or for any loss or expense happening to the Company through insufficiency or deficiency of title to any property acquired by order of the Directors for or on behalf of the Company, or for the insufficiency or deficiency of any security in or upon which any of the moneys of the company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortious act of any person, company or corporation with whom any money, securities or effects shall be entrusted or deposited or for any loss occasioned by an error of judgement or over sight on his or their part or for any other loss or damage or misfortune whatever which shall happen in the execution of the duties of his or their office or in relation thereto unless the same happens through his own dishonesty.*

SECTION VIII – OTHER INFORMATION
MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by the Company or entered into more than two years before the date of this Prospectus) which are or may be deemed material have been entered or are to be entered into by the Company. These contracts and also the documents for inspection referred to hereunder, may be inspected on Working Days at the Registered Office and Corporate Office of the Company situated at NHPC Office Complex, Sector - 33, Faridabad 121 003, Haryana, India, from 10.00 a.m. to 4.00 p.m., from the date of this Prospectus until the date of closure of the Issue.

MATERIAL CONTRACTS

1. Agreement dated September 27, 2013, between the Company and the Lead Managers.
2. Agreement dated September 27, 2013, between the Company and the Registrar to the Issue.
3. Bond Trustee Agreement dated September 27, 2013 between the Company and the Bond Trustee for the Bondholders.
4. Consortium Agreement dated October 8, 2013 entered between the Company and the Consortium Members.
5. Escrow Agreement dated October 4, 2013 entered between the Company, the Lead Managers, the Registrar to the Issue and the Escrow Collection Bank(s).
6. Tripartite Agreement dated July 6, 2007 between CDSL, the Company and the Registrar to the Issue.
7. Tripartite Agreement dated October 10, 2007 between NSDL, the Company and the Registrar to the Issue.

MATERIAL DOCUMENTS

1. Memorandum and Articles of Association of the Company, as amended to date.
2. Board resolution dated September 17, 2013 approving the Issue and related matters including authorised signatories.
3. Shareholders' resolution dated September 15, 2004 under section 293 (1) (d) of the Companies Act on the borrowing limit.
4. Letter dated D/RAT/2013-14/N1/1 dated September 27, 2013 by ICRA assigning credit rating of "[ICRA] AAA" to the Bonds.
5. Letter dated October 1, 2013 by IRRPL assigning credit rating of IND 'AAA' to the Bonds.
6. Letter dated September 27, 2013 by CARE assigning credit rating of 'CARE AAA' to the Bonds.
7. Consents of each of the Directors, Chief Financial Officer, Company Secretary, Compliance Officer, Lead Managers, Legal Advisors to the Issue, Registrar to the Issue, , Bankers to the Company, the Bond Trustee for the Bonds, and the Credit Rating Agencies to include their names in this Prospectus, in their respective capacities.
8. Consent of the Auditors, for inclusion of the report on the financial statements including the annexures and notes thereto, in the form and context in which they appear in this Prospectus, and their statement on tax benefits mentioned herein.
9. The statement of tax benefit report dated September 28, 2013, prepared by the Auditors.
10. Auditor's report dated September 28, 2013 on Standalone Reformatted Financial Information and Consolidated Reformatted Financial Information, prepared in accordance with the accounting standards generally accepted in India for quarter ended June 30, 2013 and the Fiscal 2013, 2012, 2011, 2010 and 2009.
11. Notification (No. 61/2013.F.No.178/37/2013-(ITA.1)) dated August 8, 2013 issued by Central Board of Direct Taxes, Department of Revenue, Ministry of Finance, Government of India.
12. Annual Reports of the Company for the last five Fiscals.
13. In-principle listing approval from NSE and BSE, through letter no. NSE/LSIT/218220-W, dated October 8, 2103 and letter no. DSC/SP/PI-BOND/07/13-14, dated October 8, 2013, respectively.
14. SEBI Letter bearing no. IMD/DOF-1/BM/VA/OW/ 24431/2010 dated September 24, 2013 to the Lead Managers on allotment in the Issue on a date- priority basis and issue of Bonds in physical form.
15. Due Diligence Certificate dated October 10, 2013 from each of the Lead Managers.

Any of the contracts or documents mentioned above may be amended or modified at any time, without reference to the Bondholders, in the interest of the Company in compliance with applicable laws.

DECLARATION

We, the undersigned Directors of the Company, certify that all applicable legal requirements in connection with the Issue, including under the provisions of the Companies Act 1956 (to the extent applicable) and the Companies Act, 2013 (to the extent notified), the SEBI Debt Regulations, the Securities and Exchange Board of India Act, 1992 or the rules made or guidelines issued thereunder, as the case may be, and all applicable guidelines issued by GoI and any other competent authority in this behalf, have been duly complied with and that no statement made in this Prospectus contravenes the provisions of the Companies Act 1956 (to the extent applicable) and the Companies Act, 2013 (to the extent notified), the SEBI Debt Regulations, the Securities and Exchange Board of India Act, 1992 or the rules made or guidelines issued thereunder, as the case may be and any other applicable legal requirements.

We further certify that this Prospectus does not omit disclosure of any material fact which may make the statements made therein, in light of circumstances under which they were made, misleading and that all statements in this Prospectus are true and correct.

Signed by the Board of Directors

1.	Mr. Guttapalli. Sai Prasad *Chairman and Managing Director*
2.	Mr. A.B.L. Srivastava *Director (Finance)*
3.	Mr. D.P. Bhargava *Director (Technical)*
4.	Mr. J.K. Sharma *Director (Project)*
5.	Mr. Radheshyam Mina *Director (Personnel)*
6.	Mr. Gurdev Singh Vedi *Independent Director*
7.	Mr. Arun Kumar Mago *Independent Director*
8.	Mr. Ratnasamy Jeyaseelan *Independent Director*
9.	Mr. Ashoke Kumar Dutta *Independent Director*
10.	Mr. Atul Kumar Garg *Independent Director*
11.	Mr. Shantikam Hazarika *Independent Director*
12.	Mr. Gopalakrishnan Ananthanarayanan *Independent Director*
13.	Mr. K.N Garg *Government Nominee Director*

Place: New Delhi
Date: October 10, 2013