GOVERNMENT OF INDIA (GoI) FULLY SERVICED BONDS SERIES – I

NHPC LIMITED

(A Government of India Enterprise)

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

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

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

OFFER LETTER FOR PRIVATE PLACEMENT OF 8.12% p.a (payable semi-annual) UNSECURED NON-CUMULATIVE NON CONVERTIBLE REDEEMABLE TAXABLE 'GOI FULLY SERVICED BONDS" (SERIES I) IN THE NATURE OF DEBENTURES AMOUNTING TO Rs. 2017.20 Crore.

TRUTEE FOR THE BONDHOLDERS	REGISTRAR TO THE ISSUE	BANKER TO THE ISSUE
IDBI Trusteeship Services Ltd., Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai – 400 001	**RCMC Share Registry Private Limited** Corporate Office, B-25/1, First Floor, Okhla Industrial Area Phase II, New Delhi - 110020. Tel : 011 – 26387320, 26387321, 26387323 Fax : 011 - 26387322 E-mail: investor.services@rcmcdelhi.com	**State Bank Of India** 4th & 5th Floor, Parsvanath Capital tower, Bhai Veer Singh Marg New Delhi-110 001. Tel No: 011-23353115 Fax: 011-23353101

ISSUE OPENS: 20.03.2019

ISSUE CLOSES: 20.03.2019

LISTING

The Bonds are proposed to be listed on Wholesale Debt Market Segment of National Stock Exchange.

Arranger to the issue:

A.K. Capital Services Limited	**Axis Bank Limited**
HDFC Bank Limited	**ICICI Bank Limited**
Indusind Bank Ltd.	**Kotak Mahindra Bank Limited**
PNB GILTS LTD.	**Yes Bank Limited**

This taxable bond issue is being made on a private placement basis. It is not and should not be deemed to constitute an offer to the public in general. It cannot be accepted by any person other than to whom it has been specifically addressed. The contents of this Offer Letter for private placement are not transferrable and are intended to be used by the parties to whom it is distributed. It is not intended for distribution to any other person and should not be copied / reproduced by the recipient for any person whatsoever. The information contained in this Offer Letter has certain forward looking statements. Actual result may vary materially from those expressed or implied, depending upon economic conditions, government policies and other factors. Any opinion expressed is given in good faith but is subject to change without notice. No liability is accepted whatsoever for any direct or consequential loss arising from the use of the document. NHPC does not undertake to update this Offer Letter for Private Placement to reflect subsequent events and thus it should not be relied upon without first confirming the accuracy of such events with NHPC.

TABLE OF CONTENTS

I .Definition / Abbreviations

Issuer Related Terms

Term	Description
Articles of Association or Articles	The articles of association of the Company, as amended from time to time
Auditors	The Joint Statutory Auditors of the Company are 1. M/s LODHA & Co., Kolkata, West Bengal 2. M/s DSP & Associates, Karol Bagh, New Delhi. 3. M/s Arora Vohra & Co., Jammu.
Board or Board of Directors	The Board of Directors of the Company
Directors	The Directors of the Company
Memorandum of Association or Memorandum	The memorandum of association of the Company, as amended from time to time
Promoter	The President of India, acting through the Ministry of Power, Government of India
Registered Office	The registered office of the Company, which, as at the date of this Disclosure Document, is located at NHPC Office Complex, Sector - 33, Faridabad 121 003, Haryana, India

Conventional and General Terms

Term	Description
Act or Companies Act	The Companies Act, 2013, to the extent notified by the Ministry of Corporate Affairs, Government of India or any other Acts as applicable.
NSE	The National Stock Exchange of India Ltd.
CAD	Canadian Dollar
CDSL	Central Depository Services (India) Limited
Crore / crs.	10 million
CSR	Corporate Social Responsibility
Depositories	NSDL and CDSL

Term	Description
Depositories Act	The Depositories Act, 1996
Depository Participant or DP	A depository participant as defined under the Depositories Act
DIN	Director Identification Number
EGM	Extraordinary general meeting of the shareholders of our Company
EPS	Earnings per share, i.e., profit after tax for a Fiscal year divided by the weighted average number of equity shares during the Fiscal year
Financial Year/Fiscal/FY	Period of 12 months ended March 31 of that particular year
GoI	Government of India
HUF	Hindu Undivided Family
JPY	Japanese Yen
LIC	Life Insurance Corporation of India
MoA	Memorandum of Agreement
MoU	Memorandum of Understanding
NEFT	National Electronic Fund Transfer
NHDC Ltd.	Formally known as - Narmada Hydroelectric Development Corporation Ltd.
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
BSE	BSE Limited (Stock Exchange)
O&M	Operation and Maintenance
PAN	Permanent Account Number allotted under the I.T. Act
PTC	PTC India Limited
RBI	The Reserve Bank of India
RoC	The Registrar of Companies, NCT of Delhi and Haryana
Rs.	Indian Rupees
RTGS	Real Time Gross Settlement
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI Guidelines	Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 issued vide circular no. LAD-NRO/GN/2008/13/127878 dated June 06, 2008 and as amended,
Supreme Court	Supreme Court of India
US$ or USD or US Dollar	U.S Dollar
w.e.f.	With effect from

Technical and Industry Related Terms

Term	Description
AFC	Annual Fixed Charges
Bonds	GOI Fully Serviced Bonds @ 8.12% p.a. (payable semi- annually) TENOR OF 10 YEARS with bullet payment at the end of 10th year , Rs. 10 Lakhs EACH FOR CASH AT PAR AGGREGATING TO Rs. 2017.20 CRORE.
Bondholder / Debenture holder	The holder of bonds
BRRP/BREW	Bihar Rural Road Projects/Bihar Rural Electrification Works
CCEA	Cabinet Committee on Economic Affairs
CEA	Central Electricity Authority

Term	Description
CERC	Central Electricity Regulatory Commission
CPSU	Central Public Sector Undertaking
CWC	Central Water Commission
Design energy	The quantum of energy which could be generated in a 90% dependable year with 95% installed capacity of the generating station.
Deemed Date of Allotment	Date as specified in summary Term Sheet
DPE	Department of Public Enterprises
DPR	Detailed Project Report
DRR	Debenture Redemption Reserve
Issuer/NHPC/Corporation /Company	NHPC LIMITED
MoEF & CC	Ministry of Environment, Forest and climate change.
MU	Million Units
MW	Mega Watt
Offer Letter	**Offer Letter dated 20.03.19** as prepared in conformity with Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 issued vide circular no. LAD-NRO/GN/2008/13/127878 dated June 06, 2008 and as further amended, Form PAS-4 prescribed under section 42(1) and Rule, 14(1) of the Companies (Prospectus and Allotment of Securities) Rule 2014 and Companies (Share Capital and Debenture) Rules, 2014, as amended time to time.
PFC	Power Finance Corporation Limited
PGCIL	Power Grid Corporation of India Limited
PPA	Power Purchase Agreement
REC	Rural Electrification Corporation Limited
Registrar	Registrar to the issue, in this case RCMC Share Registry Private Limited
RoR	Run-of-the-river
SCADA	Supervisor Control and Data Acquisition
SEB(s)	State Electricity Board(s) and their successor(s), if any, including those formed pursuant to restructuring/unbundling
SERC	State Electricity Regulatory Commission
The issue/The offer/Private Placement	**'GOI Fully Serviced Bonds' Series I @ __*_ p.a. TENOR OF 10 YEARS, Rs. 10 Lakhs EACH FOR CASH AT PAR AGGREGATING TO Rs. 2017.20 CRORE to be redeemed at the end of 10th Year i.e. Bullet payment.**
Tripartite Agreements	Tripartite Agreements executed among the GoI, RBI and the respective State governments.
Unit	1 KWh, i.e. the energy contained in a current of one thousand amperes flowing under an electromotive force of one volt during one hour

AUTHORITY TO THE ISSUE

The present issue of Bonds is being made pursuant to:

I. Board resolution (s) passed by the Board of Directors in their meeting held on 15.03.2019.
II. Ministry of Power (MoP), Government of India (GoI), Office Memorandum No. F.No.1/7/2018-Budget dated 12.03.2019.
III. Ministry of Finance (MoF), GOI Letter of Authorization No. 2(2)-B (P&A)/2018 dated 11.03.2018 read with MoF, GoI Office Memorandum No. F. No. 2(2)-B(P&A)/2018 dated 11.03.2019.
IV. Shareholders' approval u/s 180 (1) (c) of the Companies Act 2013 authorizing Board of Directors for borrowings from time to time not exceeding in aggregate at any time of Rs. 30,000 crore obtained through postal ballot process held on 9th September 2014.

DISCLAIMER

GENERAL DISCLAIMER

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

DISCLAIMER OF THE ISSUER

The Issuer confirms that the information contained in this Private Placement Offer Letter is true and correct in all material respects and is not misleading in any material respect. All information considered adequate and relevant about the Issue and the Company has been made available in this Private Placement Offer Letter for the use and perusal of the potential investors and no selective or additional information would be available for a section of investors in any manner whatsoever. The Company accepts no responsibility for statements made otherwise than in this Private Placement Offer Letter or any other material issued by or at the instance of the Issuer and anyone placing reliance on any other source of information would be doing so at his/her/their own risk. Although every effort has been made to provide accurate and up-to-date information in this document, however, there is the possibility that an unintentional omission or error exists. NHPC is not responsible for any such unintentional errors or omissions. Prospective subscribers must make their own independent evaluation and judgment before making the investment and are believed to be experienced in investing in debt markets and are able to bear the economic risk of investing in Bonds. It is the responsibility of the prospective subscribers to have obtained all consents, approvals or authorizations required by them to make an offer to subscribe for, and purchase the Bonds. It is the responsibility of the prospective subscribers to verify if they have necessary power and competence to apply for the Bonds under the relevant laws and regulations in force. Prospective subscribers should conduct their own investigation, due diligence and analysis before applying for the Bonds. Nothing in this Private Placement Offer Letter should be construed as advice or recommendation by the Issuer or by the Arrangers to the Issue to subscribers to the Bonds. The prospective subscribers also acknowledge that the Arrangers to the Issue do not owe the subscribers any duty of care in respect of this private placement offer to subscribe for the Bonds. Prospective subscribers should also consult their own advisors on the implications of application, allotment, sale, holding, ownership and redemption of these Bonds and matters incidental thereto.

DISCLAIMER OF THE SECURITIES & EXCHANGE BOARD OF INDIA

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

DISCLAIMER OF THE STOCK EXCHANGE(S)

As required, a copy of this Private Placement Offer Letter has been/will be submitted to the Stock Exchange(s) for hosting the same on their websites. It is to be distinctly understood that such submission of the document with Stock Exchange(s) or hosting the same on its website should not in any way be deemed or construed that the document has been cleared or approved by stock exchange; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this document; nor does it warrant that this Issuer's securities will be listed or continue to be listed on the Exchange(s); nor does it take responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of the Company. Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Stock Exchange(s) whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/ acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

DISCLAIMER OF THE ARRANGERS TO THE ISSUE

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

DISCLAIMER OF THE DEBENTURE TRUSTEE

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

1. GENERAL INFORMATION

(I) Issuer Information and Date of Incorporation

i. Name of the Issuer

NHPC LIMITED.

ii. Date of Incorporation

Nov 7, 1975

iii. CIN No.

L40101HR1975GOI032564

iv. Registered Office & Corporate Office of the Issuer

NHPC LIMITED
NHPC Office Complex,
Sector - 33, Faridabad - 121 003,
Haryana, India
www.nhpcindia.com
Tel: **(0129) 2270603, 2250591, 2278018**
Fax: **(0129) 2270902**

v. Compliance Officer of the Issuer

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

vi. CFO of the Issuer

Mr. Mahesh Kumar Mittal,
Director (Finance),
NHPC Office Complex,
Sector - 33, Faridabad, PIN - 121 003,
Haryana, India
Tel: +91 129 227 8021
Email: dir-fin@nhpc.nic.in

vii. Arrangers of the instrument

S.NO	Name of Arranger	Address of Arranger	Contact Details
1	A.K. Capital Services Limited	30-39, 3rd floor, Free Press House, Free Press Journal Marg, Mumbai-400021	vikas@akgroup.co.in, Mob : 9821312343
2	Axis Bank Limited	Axis House, C2 Wadia nternational Centre, Pandurang Bhudkar Marg, Worli, Mumbai -400021	manoj.sukhani@axisbank.com,naveen.saproo@axisbank.com. Mob-967635739,9167249260
3	HDFC Bank Limited	Peninsula Business Park, 4th Floor, Tower B, Senapati Bapat Marg, Lower Parel West- Mumbai 400013	niranjan.kawatkar@hdfcbank.com Mob : 9867602451

4	ICICI Bank Limited	ICICI Bank Towers, BKC, Bandra East, Mumbai -400013.	sanket.jain@icicibank.com,ritesh.tatiya@icicibank.com 9967821080
5	Indusind Bank Ltd.	Mumbai- Maharashtra , India	farman.siddiqui@indusind.com. Mob : 9920555075
6	Kotak Mahindra Bank Limited	Plot C-27, G Block,Bandra Kurla Complex, Bandra East- Mumbai-400051	samrat.hazra@kotak.com,ninad.deshpande@kotak.com- Mob: 9167930045,8879639487
7	PNB GILTS LTD	5 SANSAD MARG, 4th floor,Delhi-01	s.misra@pnbgilts.com,s.misra@pnbgilts.com Mob : 9818871531
8	Yes Bank Ltd.	Yes Bank Tower, IFC 2, 23rd Floor, Senapati Bapat Marg, Elphinstone West. Mumbai- 400013	p.rakesh@yesbank.in. Mob 9867039444

viii. Trustee of the Issue

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

ix. Registrar of the Issue

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

x. Credit Rating Agencies of the Issue

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

b) INDIA RATING & RESEARCH PVT LTD.
601-9, Prakashdeep Building,7 Tolstoy Marg
New Delhi-110001

xi. Auditors of the Issuer

The Joint Statutory Auditors of the Company are:

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

- **M/s DSP & Associates,**
  Chartered Accountants
  783, Desh Bandhu Gupta Road,
  Near Faiz Road Crossing, Karol Bagh
  New Delhi- 110005
- **M/s Lodha & Co.**
  Chartered Accountants
  14, Government Place East
  Kolkata – 700069

xii. Banker of the Issue

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

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

i) Overview

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

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

Our Company and our Subsidiary company generated 22975 MUs (including 70 MU from Wind Power Project, Jaisalmer,4 MU from Soar Power Project, 1.6 MU infirm Power from Kishanganga HEP, 181.6 MU deemed generation of Chutak & Nimoo Bazgo Power Stations) and 1325.25 MUs of electricity, respectively, in FY 2017-18.

Besides hydro power development, NHPC has also taken up Wind and Solar projects. NHPC has developed of 1 no. Wind Projects, in Jaisalmer at Rajasthan and 1 No Solar Project in Dindigul District at Tamilnadu with the capacity of 50 MW each. NHPC is in process of development of Floating Solar Power project in Kollam, Kerala. As desired by Kerala State Electricity Board (KSEB), 10 MW shall be developed in Ist Phase. Tender finalized, the work is under award stage. Signing of PPA with KSEB is in process. MNRE has conveyed in-principle approval for setting up of one solar park of capacity 100 MW in Odisha by NHPC. 40 MW shall be developed in Ist Phase at the identified land in Ganjam District. Approval of State Technical Committee (STC) for 40 MW has been conveyed by M/s Green Energy Development Corporation of Odisha Ltd (GEDCOL) on 25.08.2018. Transfer of Land, signing of PPA and connectivity approval in process. Actions for EPC bidding being initiated. NHPC is in the process for selection of Solar Power Developers (SPD`s) for setting up grid connected solar PV projects of aggregate capacity 2000 MW on the land to be identified and arranged by the SPD`s in anywhere in India. Request for Selection (RFS) under process. NHPC has also formed a subsidiary with UPNEDA (under UP Government) on 02.02.2015, namely 'Bundelkhand Saur Urja Limited' for 32 MW Solar Power Project in Jalaun, Uttar Pradesh. The shareholding of NHPC is not less than 74% & that of UPNEDA is not more than 26%. Bidding process and signing of PPA are under progress. 8 MW Wind Power Project is to be set up in Palakkad District of Kerala for which Land allotment by State Government is under progress. Signing of PPA by KSEB is awaited.

We are keen to harness the hydropower potential in the states through joint venture alliances with state governments by way of developing Techno-economically feasible projects. Pursuant to MoU with the government of Madhya Pradesh, we have incorporated our Subsidiary NHDC on August 1, 2000 to take advantage of the hydroelectric potential of the Narmada river basin.

Loktak Downstream Hydroelectric Corporation Limited, a Subsidiary Company, has been incorporated for developing hydro power projects in Manipur with 74% shareholding by NHPC and 26% by the Government of Manipur. The Company is currently developing 66 MW Loktak Downstream Project in Manipur. Another Joint Venture Company, Chenab Valley Power Projects (Pvt) Ltd., has been formed in which NHPC, JKSPDC and PTC are partners in 49:49:2 basis for taking up three projects totaling 2,164 MW (Pakal Dul 1000 MW, Kiru 624MW and Kwar 540 MW) in the Chenab River basin in Jammu and Kashmir. For Pakal Dul, tenders for major works packages for Dam & Power House have been awarded and work has commenced. Bidding process for other major packages is under progress. An investment approval for construction of Kiru Hydro Electric Project (624MW) by M/s CVPPL has been accorded by CCEA as conveyed by MOP on 08.03.2019 with an estimated cost of Rs.4287.59 crore. Another projects under negotiation in JV mode is Chamkharchhu-I (770MW) HE Project, Bhutan (JV between NHPC & DGPC).

We have the required expertise & experience in the design, development, construction and operation of hydroelectric projects. We execute and manage all aspects of projects, from front-end engineering design to commissioning and operation & maintenance of the project. We have also been engaged as a project developer for certain projects where our scope of work was to design, develop and deliver a hydroelectric power station to a client on an agency basis. We also provide contract-based technical, management advisory and consultancy services to domestic and international clients.

Based on our audited financial statements, in Fiscals 2016, 2017 and 2018 we generated total income (excluding exceptional items) of Rs. 8345.07 crore, Rs. 8729.84 crore and 8425.03 Crore respectively.

The company earned a net profit of Rs. 2429.89 crore, Rs.2795.59 crore and 2758.65 (excluding OCI) respectively in Fiscals years 2016, 2017 and 2018.

In FY 2017-18, we derived Rs. 6870.78 crore our audited total income from the sale of energy to SEBs and their successor entities (including interest from beneficiary states) , pursuant to long term power purchase agreements.

Our operational efficiency has been reflected through high average plant availability for our power stations, which are measured by the Plant Availability Factor (PAF). The average Plant Availability Factor for our power stations for Fiscals 2016, 2017 and 2018 were 81.60%, 83.41% and 90.64% respectively.

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

We have obtained OHSAS 18001:2007, ISO 9001:2015, ISO 14001:2015 certifications from the M/s URS Certification Limited, Noida (UP), all of which are valid until July 23, 2020.

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

The President of India, and its nominees, before the Initial Public Offer held 100% of the issued and paid-up Equity Share capital of our Company. At, present President of India holds 73.83% of the paid-up Equity Share capital of our Company after Buyback of NHPC Shares, which has been completed in the month of January 2019.

Our Competitive Strengths

We believe that the following are our primary competitive strengths:

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

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

Survey &Investigation, Exploratory Drilling and Preparation of DPR:
Survey and Investigation is one of the most important aspects of hydropower Project which has direct impact on timely completion of project in a cost effective manner. NHPC has in-house expertise equipped with latest technology/instruments to carryout detailed topographical survey and developing maps. The company has also in-house expertise to carrying out exploratory drilling in difficult terrains (mountainous/riverbed) required for sub surface exploration of hydropower projects. Based on investigation reports, NHPC prepares PFR/FR/DPR for obtaining statuary clearances from various scrutiny agencies like CEA/CWC etc.

Geological Investigation Capabilities:
NHPC has a very strong in-house team of experienced geologists, geophysicists and research personnel capable of providing engineering geological and geotechnical solutions for hydropower projects right from inception to commissioning. Entire spectrum of geological, geophysical, geotechnical and construction material investigations as per guidelines of ISRM/BIS which are mandatory for preparation of PFR/FR/DPRs, can be handled by the team. The team also caters to requirements for

obtaining mandatory clearances from various Govt. agencies like GSI, CEA, CWC, CSMRS etc. Construction stage geological monitoring and collection of geological data is done continuously which helps in resolving issues during construction in an expeditious manner. The in-house team also contributes in resolving the issues pertaining to geological/geotechnical aspects during post commissioning stage of the projects and also renders services for resolution of geotechnical issues for various consultancy assignments taken up by NHPC from time to time.

NHPC has a full-fledged Engineering Geophysics unit which is capable of carrying out almost all kinds of geophysical investigations for hydropower projects such as seismic refraction, resistivity imaging, seismic tomography, tunnel seismic prediction, inclinometer survey, blast vibration monitoring, site specific seismic design parameter studies for projects and their clearances from NCSDP etc. For post construction seismic monitoring, Strong Motion Accelerographs (SMAs) are installed at all the operating power stations covering the entire Himalayan belt. A real time Seismic Data Center has also been established at Corporate Office for centralized online monitoring of Seismic Data collected by all accelerographs installed at the Power Stations.

A fully-equipped geotechnical lab is functional within this Division to carry out laboratory rock mechanic tests and petrographic analysis. Moreover, a sophisticated remote sensing lab has also been developed with capabilities to generate topographic survey maps from satellite imagery/DEM and to supplement field geological data in inaccessible areas.

Extensive Experience in Construction and operation:

NHPC, over the years, has gained extensive exposure in the construction and operation of hydro projects in remote/ non-penetrative areas, geo-technically sensitive Himalayan terrain. Almost all NHPC projects are situated in remote areas which come with a range of challenges- logistical, climatic and technological. However, with its strong and efficient team of competent and experienced professionals, who have the capability to execute all types and sizes of hydro power projects, NHPC has successfully managed to develop and implement 22 Hydro Power Stations (including two through its subsidiary NHDC), 01 Wind Power Project and 01 Solar Power Project. The Chamera-II Power station and two projects of our subsidiary NHDC viz., Indira Sagar and Omkareshwar projects have been commissioned ahead of schedule.

Strong financial position:

NHPC is a Mini-Ratna Schedule 'A' enterprise with an authorized share capital of Rs.15000 Crore and an investment base of over Rs. 55,000 Crore. The Company has strong Financial Position having highest Credit Rating 'AAA' with Stable outlook, assigned by Domestic Credit Rating Agencies for all listed bonds, outstanding as on 31.12.2018, issued by NHPC Ltd. Further, Moody's has upgraded International rating of NHPC from Baa3 positive to Baa2 stable on 16.11.2017 and S&P has maintained International Rating BBB(-) with Stable Outlook , equivalent to Sovereign Rating of India.

Strong operating performance:

NHPC has at present 24 Power Stations with an aggregate capacity of 7071 MW under operation (including 2 Nos. power stations of 1520 MW in JV mode, 1 Wind Power Project and 1 Solar Power Project). NHPC has commissioned Kishanganga HE Project (330 MW) in J&K and 50 MW Solar Power Project in Tamilnadu in 2017-18. Thus, NHPC with its fleet of power stations is a flagship company in hydro power sector in India.

Strong in-house design and engineering team:

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

Our Strategy

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

The following are our strategies to achieve this vision:

Expand our installed capacity through Joint Ventures, MoUs and Acquisition:
We seek to expand our installed capacity by tapping into new geographic markets where there is significant scope for capacity expansion through conventional and non-conventional sources of energy. Presently we are engaged in the construction of 2 hydroelectric projects in the state of Himachal Pradesh and Arunachal Pradesh with aggregate capacity of 2800 MW and 1 No. JV Project under the name CVVPL with installed capacity of 1000 MW Pakal Dul HE Project. We are awaiting government sanction for a further 7 nos. projects with an anticipated capacity of 6295 MW. In addition, we are awaiting government sanction for 4 nos. joint venture and subsidiary projects with an anticipated capacity of 2000 MW. 2 nos. projects with aggregate capacity of 780 MW are under Survey & Investigation and 3 nos. Projects with aggregate capacity of 581 MW are under Anvil (pre- S&I). In addition to this, NHPC is envisaging taking up Teesta-VI (500 MW) project in Sikkim, for which Committee of Creditors (CoC) constituted under National Company Law Tribunal (NCLT) has issued Letter of Intent to NHPC. Final order of NCLT awaited.

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

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

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

A 32 MW Solar Power Project in UP is being taken up under Joint Venture with Uttar Pradesh New and Renewable Energy Development Agency (UPNEDA). For this a Subsidiary company "Bundelkhand Saur Urja Limited" has been formed. 63.491 Ha Land got transferred from UPNEDA and Mutation of the land in favor of BSUL finalized on 04.12.2017. Bidding process and signing of PPA are under progress.
8 MW wind power project in Kerala is to be set up in Palakkad District, Kerala. Allotment of Land by State Govt is under process. Bidding process under progress and signing of PPA by KSEB is awaited.

NHPC is under process of acquisition of Lanco Teesta Hydro Power Limited (LTHPL) – a company which is setting up a Teesta –VI (500 MW) HE Project on Teesta river. LTHPL is currently undergoing a Corporate Insolvency Resolution Process pursuant to an order of Hon'ble National Company Law Tribunal, Hyderabad Bench (NCLT) dated March 16, 2018.

Letter of intent was issued to NHPC by Resolution Professional (RP), LTHPL after being declared as successful Resolution Applicant by committee of creditors (CoC). Application submitted by RP is under process of approval from NCLT. Meanwhile, Investment approval for acquisition of M/s Lanco Teesta Hydro Power Ltd (LTHPL) and execution of balance works of 500 MW Teesta Stage VI H.E. Project in Sikkim has been accorded by CCEA as conveyed by MoP on dated 08.03.19 with an estimated cost of Rs.5748.04 crore.

DOE, Government of Himachal Pradesh, has approved allotment of Dugar (449 MW) HE Project in Chenab Basin, District-Chamba, Himachal Pradesh to NHPC vide letter dated 07.08.18 with certain terms & conditions which are under finalization.

Promote and develop our consulting and advisory services:

NHPC is providing consultancy services in the all fields of hydro power i.e. river basin services, survey work, design and engineering, geological and geotechnical studies, hydraulic transient studies, hydrological studies, contract management, construction management, equipment planning, underground construction, testing, commissioning and operation and maintenance.
The major consultancy assignments undertaken by NHPC comprise of assignments from Central and State Government agencies like State Electricity Boards and Public Sector Undertakings including overseas projects.
We aim to continue to deliver advisory services to clients and government entities in India and abroad.

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

NHPC was entrusted with the work of preparing DPRs of Chamkharchhu-I H.E. Project (770 MW) by the Ministry of Power. Further the signing of Joint Venture Agreement cum Share Holders' Agreement of proposed JV with Govt. of Bhutan for implementation of 770 MW Chamkharchhu-I HE Project, is ready for signing. SHA & AOI shall be signed after finalization of concession agreement which is pending with RGoB & CCEA approval of GoI.
In March 2010, an agreement was signed between NHPC and the Department of Energy, Royal Government of Bhutan for providing engineering consultancy services for pre-construction activities at the Mangdechhu H.E. Project (720 MW) in Bhutan which has been completed successfully. Further, NHPC has been engaged as the Design & Engineering Consultant for the execution of Mangdechhu H.E. Project, wherein NHPC is successfully carrying detailed design & Engineering of the project. In addition, NHPC is also providing consultation in survey for checking of HRT alignment during construction of project.

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

Completed Projects:

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

Power Station	State	Installed Capacity (MW)	Year of Commissioning	Tariff (2018-19) (Rs./Kwh)
BairaSiul	Himachal Pradesh	180	1981	2.04
Loktak	Manipur	105	1983	3.85
Salal	Jammu & Kashmir	690	1987/1995	2.36
Tanakpur[1]	Uttarakhand	120	1992	3.29
Chamera I	Himachal Pradesh	540	1994	2.28
Uri I	Jammu & Kashmir	480	1997	2.10
Rangit	Sikkim	60	2000	3.80
Chamera II	Himachal Pradesh	300	2004	2.01
Dhauliganga	Uttarakhand	280	2005	2.43
Dulhasti	Jammu & Kashmir	390	2007	6.00
Teesta V	Sikkim	510	2008	2.33
Sewa II	Jammu & Kashmir	120	2010	4.52*
Chamera III	Himachal Pradesh	231	2012	4.25*
Chutak	Jammu & Kashmir	44	2013	8.45
TLDP-III	West Bengal	132	2013	6.20*
NimmoBazgo	Jammu & Kashmir	45	2013	9.79
Uri II	Jammu & Kashmir	240	2014	5.61
Parbati-III	Himachal Pradesh	520	2014	5.47*
TLDP-IV	West Bengal	160	2016	2.89*
Kishanganga	Jammu & Kashmir	330	2018	3.54*
Wind Power, Jaisalmer	Rajasthan	50	2016	3.69
Solar Power	Tamilnadu	50	2018	4.41
Completed Projects with NHDC				
Indira Sagar	Madhya Pradesh	1000	2005	3.68
Omkareshwar	Madhya Pradesh	520	2007	5.90
Note: 1 Derating of Tanakpur Power Station of 94.2 MW from September 1996 vide CEA letter no. DMLF/PS/9/7/96				

***Provisional**

Projects under Construction

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

A. HYDRO PROJECTS:-

Ongoing Projects & States	Installed Capacity (MW)	Price Level	CCEA Approved Cost (Rs. in Crore)	Price Level	Anticipated Cost (Rs. in Crore)
Parbati II (H.P.)	800	Dec'01	3,919.59	Apr'18	9394.80

Subansiri Lower (Arunachal Pradesh/ Assam)	2000	Dec'02	6,285.33	Apr'17	19496.34
Total	**2800**		**10204.92**		**28891.14**

Projects under Construction- Joint Venture:

Ongoing Projects & States	Installed Capacity (MW)	Price Level	CCEA/Cabinet Approved Cost (Rs. in Crore)
Pakaldul[1] (IN JV, J&K)	1000	Mar'13	8112

1. MOP on 28.10.2014 has conveyed the Cabinet Sanction of the project at an estimated cost of Rs. 8112.12 Crores at Mar'13 price level. MOP vide letter dated 19.10.2016 issued modified Sanction letter of Pakal Dul HE Project to the extent that the equity part of JKSPDC i.e. 1192 crore shall be released by Government of India as a Grant to M/s CVPPPL. Dam and Powerhouse packages have been awarded and work has started. Tendering for other packages is in progress.

Projects Awaiting Clearances:

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

S.No.	Projects	State	Proposed Installed Capacity (MW)
A. Hydro-Stand alone			
1	KotliBhel Stage IA[1](3X65)	Uttarakhand	195
2	Dibang[2] (12X240)	Arunachal Pradesh	2880
3	Teesta IV[3] (4X130)	Sikkim	520
4	Tawang I[4] (3X200)	Arunachal Pradesh	600
5	Tawang II[5] (4X200)	Arunachal Pradesh	800
6	Teesta VI (4X125)[6]	Sikkim	500
7	Bursar [7] (4x200)	J&K (JV With JKSPDC & PTC)	800
		Total (A)	**6295**
B. Hydro – Projects in Joint Venture			
1	Kiru[8] (4x156)	J&K (JV With JKSPDC & PTC)	624
2	Kwar[9] (4x135)		540
	Total (B)	**Total (B)**	**1164**
C. Hydro-JV & Subsidiary.			
1	Chamkharchu-I[10]	Bhutan (JV of NHPC & Druk Green Power Corporation)	770
2.	Loktak D/S (2X33)[11]	Manipur, (JV between NHPC 74% % Govt. of Manipur 26%)	66
		Total Hydro Projects (A+B+C)	**8295**

Notes:

1. Kotlibhel- IA: In the PIB Meeting on 23rd Oct'13, project was recommended for investment subject to clearance from Hon'ble SC for Uttarakhand Projects. Decision of Hon'ble SC is awaited.
2. Dibang: Concurrence to Project, Environment clearance and forest clearance available. PIB meeting for implementation of project held on 03.01.2019 has recommended the expenditure of Rs. 1600 Crores on pre-investment activists and balance clearances of the project.
3. Teesta IV: All statutory clearances have been received except forest clearance (Stage II). Approval of pre-investment activities has been conveyed by MoP on 03.05.2016. FRA Compliance is underway. PIB memo for implementation of Project circulated by MoP on 29.11.2018.
4. Tawang I: All statutory clearances have been received except forest clearance. FRA compliance is underway and Basin Study Report has been submitted and accepted. After receipt of forest clearance (Stage –I), the process for PIB / CCEA shall be initiated. MoP conveyed approval for Pre-investment activities vide its letter dated 09.01.2019.
5. Tawang II: All statutory clearances received except forest clearance (Stage-II). FRA Compliance is underway. Approval of pre-investment activities conveyed by MoP on 28.07.2016.
6. Teesta VI: Resolution Plan submitted by NHPC is under process of approval of NCLT after NHPC was declared as successful Resolution Applicant by Committee of Creditors (CoC). Investment approval has been accorded by CCEA as conveyed by Ministry of Power vide letter dated 08.03.2019 for acquisition of M/s Lanco teesta Hydro Power Ltd (LTHPL) and execution of balance works of Teesta Stage VI HE Project with an estimated cost of Rs.5748.04 crore.
7. Bursar: The DPR submitted to CEA on 06.01.2017. Presently the DPR is under examination at CEA/CWC/GSI. EAC in its meeting on 05.12.2017 has recommended for grant of EC to the project. MoEF&CC vide letter dated 23.01.2018 has requested that Forest Clearance letter may be submitted for issuance of Environment Clearance letter to the project. NHPC vide letter dated 15.11.2018 has requested MoEF&CC to extend the period of recommendation of EAC by another 6 months. Proposal for Forest Clearance submitted to GoJ&K State Forest Dept. started joint inspection and enumeration of trees on forest land to be diverted for the project on 30.04.2018, however the work has been stopped due to local opposition. Wildlife clearance proposal for the project has been approved by State Board of Wildlife, J&K. CEA vide letter dated 17.02.2017 has vetted the cost of Pre investment activities. The Delegated Investment Board (DIB) material submitted to MOP on dtd. 20.04.2017. MOP desired the Draft PIB proposal for complete project cost. NHPC intimated that the same shall be submitted after DPR examination is completed by CEA/ CWC/ MOWR.
8. Kiru: Appraisal (TEA) by CEA, Forest Clearance by GoJ&K, and Environmental Clearance by MOEF&CC and Indus water treaty clearance have been obtained. PIB Memo circulated by MoP on 01.02.2018. All replies to comments of respective Agencies/Ministries stands submitted. CEA vide letter dt. 05.11.2018 vetted the cost with GST. PIB proposal has been circulated by MOP on 24.1.2019. Investment approval for construction of project has been accorded by CCEA, as conveyed by Ministry of Power on 08.03.2019 with an estimated cost of Rs.4287.59 crore. Tenders have been evaluated and work is likely to be awarded soon.
9. Kwar: All clearances except Indus Valley Treaty are available. Tendering for main works is under process. PIB Memo circulated by MoP on 07.03.2018. All replies to comments of respective Agencies/Ministries stands submitted. CEA vide letter dated 05.12.2018 vetted the Cost with GST. Consent from Govt. of J&K for waiver of 12% free power & water usage charges is awaited. Tendering is in process.

10. Intergovernmental (IG) Agreement signed on 22.04.2014 between Govt of India (GOI) and the Royal Govt of Bhutan (RGOB) for implementation Chamkharchhu-I HEP (770MW) in Bhutan, through JV between NHPC & Druk Green Power Corporation (DGPC) of Bhutan. Appraisal of DPR of Chamkharchhu-I HEP was conveyed by CEA on 29.12.2014. PIB memo was circulated by MoP vide letter No. 14/8/2016-Fin, dtd 8th Sept, 2017. Comments of CEA, MEA, NITI Aayog, Deptt. of Expenditure & Deptt. Of Economic Affair has been replied. Joint Venture cum Share Holding Agreement and Article of Incorporation will be executed after Govt. Approval.
11. The project is being executed by Joint Venture Company (JVC) Loktak Downstream Hydroelectric Corporation Ltd. (LDHCL), formed between NHPC and Govt. of Manipur (GoM) in year 2009 with a share holding of NHPC (74%) and Government of Manipur (26%). All statutory clearances of project except CCEA are available. More options to make project viable being explored. Tendering of all major works is in process.

<u>Projects under Survey and Investigation:</u>

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

Project	State	Proposed Installed Capacity (MW)
A. Hydro		
Garba Tawaghat	Uttarakhand	630
Goriganga IIIA	Uttarakhand	150
Total		**780**

Notes:
1. The implementation agreement signed with State Govt. on 21.11.2005 on BOOM basis and the same has been extended upto 31.08.2019. PFR updated. For consent of Nepal, proposal has been forwarded to JWG by MOP on 20.09.2017
2. DPR is under appraisal at CEA/CWC/MoWR since 07.05.2018.

Projects under Pre-Survey and Investigation:

Project	State	Proposed Installed Capacity (MW)
A. Hydro		
Dugar	Himachal Pradesh	449
Teesta Intermediate1	West Bengal & Sikkim	84
Rammam-I2	West Bengal	48
Total		**581**

Contracts, Project Management and Consultancy Works Business:

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

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

Turnkey Agency Contracts:

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

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

Specialized Government Agency Works

DEEN DAYAL UPADHYAY GRAM JYOTI YOJNA (Erstwhile RGGVY)

NHPC implemented 36 nos. Rural Electrification projects under the Xth and XIth plan scheme of DEEN DAYAL UPADHYAY GRAM JYOTI YOJNA (Erstwhile RGGVY) in various states of India on the basis of fixed agency fees i.e. 09-12% of the cost of the project. Rural electrification projects were allocated to NHPC in 27 districts spread over five states viz. West Bengal, Bihar, J&K, Chhatisgarh and Odisha at an estimated cost of approx. Rs. 2700 crore. Out of 36 projects, works have been completed in 35 nos. projects except Leh project in J&K.
Major achievements of Rural Electrification works till 30.06.2017 are as under:

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

Rural Road Projects under Pradhan Mantri Gram Sadak Yojna (PMGSY):

An MOU was signed amongst NHPC; Ministry of Rural Development, Government of India and Government of Bihar for the construction of rural roads in six districts namely Vaishali, Muzaffarpur, Sitamarhi, East Champaran, Sheohar and West Champaran of Bihar under the Pradhan Mantri Gram Sadak Yojna (PMGSY). Under the scheme, NHPC awarded the works for execution of 758 roads spread over 06 districts and having cost of Rs. 1725.65 Crore for execution. As on 31.03.2018, 753 roads having 3084 km length have been completed. Further, construction of balance 05 roads in Vaishali district are under progress.

As per the Tripartite Agreement, maintenance of all 758 roads are to be carried out for five (05) years after completion of their construction. Out of 753 roads already completed, maintenance period of five years of 694 roads covering 2835 km of road length has been completed. While 59 roads having 294 kms of road length are under maintenance period.

Design and engineering:

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

Civil and hydro mechanical design:

This aspect of the project includes:

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

Geological and geotechnical engineering:

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

Electrical and mechanical design:

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

(i) Assessing power potential, plant capacity and energy based on inputs like hydrological series etc.
(ii) Framing of Technical Specifications for E&M Works.
(iii) Evolving optimized designs for electromechanical works of projects under planning and execution.
(iv) Providing technical data on electromechanical equipment.

Automation of stations:

Presently, the operations of all the power stations are either semi or fully automated. Our Uri, Chamera II, Dhauliganga, Dulhasti, Sewa-II, Teesta-V, Chamera-III, Uri-II, Teesta Low Dam-III, Teesta Low Dam-IV, Parbati-III, Chutak, NimooBazgo and Kishanganga power stations are equipped with advanced distributed control systems / SCADA systems. We are in process of implementing DCS/ SCADA systems at Tanakpur, Chamera I, Rangit, & Salal power stations. Further, DCS/SCADA systems at Bairasiul, Loktak is planned to be undertaken under Renovation and modernization for life extension program of these power stations. DCS/SCADA system provides for better operation, monitoring and control of the power station.

Sale of Energy

Tariffs:

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

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

We are entitled to receive incentives for achieving a plant availability factor greater than NAPAF as well as for generating energy in excess of the design energy level of the plant.

Power Purchase Agreements:

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

The MoUs signed with respective state governments where power station is situated we require to provide 12% of the energy that we generate to the respective state free of cost. In addition to above, allocation order issued by MoP after 31.03.2008, 1% additional free power given to home state for local area development fund & home state has to provide matching 1% from their share of 12% free power. The sale of power from various projects is regulated as per allocation of power issued by MoP, GoI.

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

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

The parties to a PPA are not liable for any claim for loss or damage arising out of failure to carry out the terms of such PPA to the extent that such failure is due to force majeure events such as riot, strike, lock out, fire, explosion, flood, drought, earthquake, war or other forces, accidents etc. beyond the control of either party. Any party claiming the benefits of this provision holds the burden of proving that the event occurred and damage was suffered.

All questions or disputes between parties in connection with a PPA, except the extent of power vested with the respective RPC(s), are settled through arbitration in accordance with the provisions contained in the Electricity Act, 2003 and the Arbitration and Conciliation Act, 1996 as amended and any statutory modifications thereto, in the event such differences cannot be settled through conciliation prior to arbitration. Notwithstanding the existence of any question, dispute & differences referred to arbitration, the parties here to shall continue to perform their respective obligations under this agreement.

Recoveries through the One-Time Settlement Scheme ("One Time Settlement"):

NHPC previously had problems recovering payments from SEBs and other state government entities; however, in 2001, the MoP, and the state entities established a scheme of One Time Settlement. Pursuant to the One Time Settlement, the GoI, on behalf of the central sector power utilities, executed Tripartite Agreements with the RBI and the state governments valid up to 31.10.2016, to effectuate a settlement of overdue payments, by way of tax-free bonds, owned to NHPC by the SEBs or their successor entities or other state government entities with provisions for incentive for future timely payment.

Under these agreements, the overdue amounts outstanding as of September 30, 2001 were securitized by the issue of tax-free power bonds and long term advances amounting to Rs. 2,818.04 crore against outstanding principal dues, late payment surcharge, and conversion of bonds issued by the SEBs after March l, 1998. Tax free interest on the power bonds and long- term advances are payable to NHPC at a rate of 8.5% p.a. payable on half yearly basis. These bonds mature and the long-term advances are payable in various stages, starting from October 1, 2006 until April 1, 2016 except DTL –Long Term Advance (Matured on September 30, 2016).

Tripartite Agreements have been extended by GOI, RBI and the States (Except Punjab and Maharashtra) for the period of 10/15 years up to 31.10.2026 and 31.10.2031.

Environmental Compliance and Resettlement & Rehabilitation:

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

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

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

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

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

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

NHPC is highly sensitive towards its project affected persons. To meet the needs and aspirations of the project affected families and the host population, NHPC formulated its own Resettlement and Rehabilitation Policy-2007 in line with the National Rehabilitation and Resettlement Policy, 2007. NHPC's R&R Policy provides certain additional benefits over and above those proposed in NRRP, 2007. However, in view of "The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013", which came in force from 01.01.2014, both R&R and land acquisition for NHPC Projects shall be dealt in accordance with the provisions of this Act.
A broad R&R package being implemented by NHPC at its various projects comprises the following :

1. Compensation for land, houses, shops and other properties etc.
2. Homestead land.
3. Transportation, charges for household items, cattle etc.
4. Construction of house
5. Solatium charges.
6. Financial assistance for construction of cattle shed or poultry farm.
7. Agricultural land depending on availability or landless grant.
8. Subsidy for seeds /fertilizers/ land development.
9. Development of public health centre, school, community centre etc.
10. Provision of basic amenities like road, drinking water, electricity, medical etc.
11. Vocational training to develop entrepreneurial skills.
12. Preference in allotment of shops in NHPC's shopping complex.
13. Special measure for tribals.
14. Renovation/ relocation of religious structures or structures of archaeological importance.

Corporate Social Responsibility:
CSR has been an integral part of NHPC's business philosophy. NHPC is conducting its business in a socially responsible way by maintaining high level of organizational integrity and ethical behaviour, in conformity with expected standards of transparency in reporting and disclosing the performance in all spheres of its activities, demonstration of concern for social welfare, adoption of best management practices and effective operational methods to win the trust and confidence of all stakeholders. NHPC is playing a significant role in the area of Corporate Social Responsibility by addressing the social, economic and environmental concerns of key stakeholders including those directly impacted by its operations & activities in a sustainable manner.
CSR Policy of NHPC intends to be in line with the provisions of Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules issued by Ministry of Corporate Affairs and DPE's latest Guidelines on CSR. CSR activities undertaken by NHPC are in conformity with the list of items / activities specified in Schedule-VII of the Companies Act, 2013.

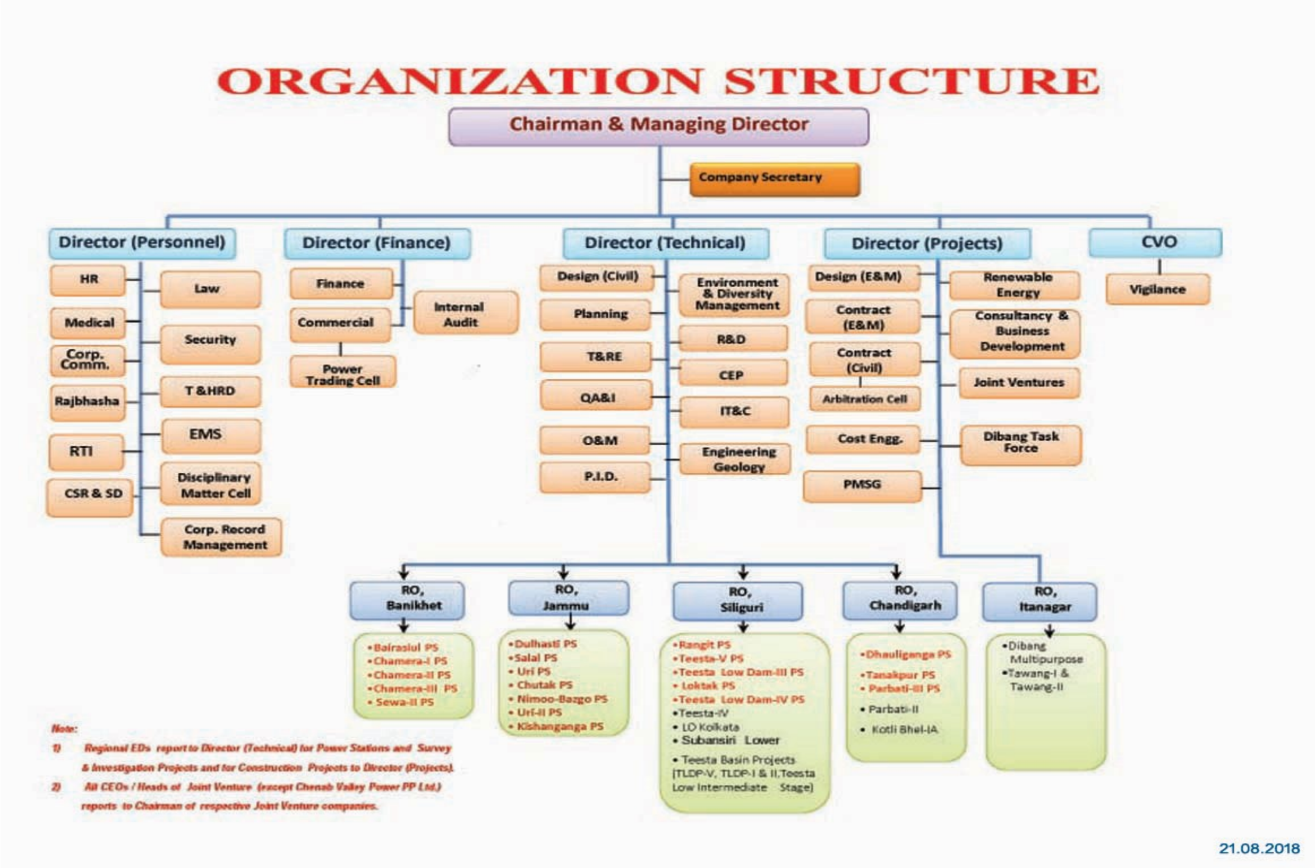
NHPC has undertaken a number of CSR initiatives for the community living in and around its Projects / Power Stations / Units in the areas of Healthcare, Sanitation, Education, Rural Development, Skill Development, Environmental sustainability, Women Empowerment, Promotion of sports, arts & culture etc.

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

Sector / Area	Particulars of CSR Initiatives
Education	• Scholarships to students • Providing support for the setting up of Engineering College. • Providing Infrastructural support to Schools
Skill Development	• Enhancement of employability of rural youth and women by means of Skill Development Programs Supporting infrastructural development and other up-gradation activities in adopted Industrial Training Institutes.
Health	• Organizing medical camps, health awareness programs • Augmentation of health infrastructure • Deployment of Mobile medical units (MMUs) in rural areas.
Sanitation	• Construction of toilets in Govt. schools under Swachh Vidyalaya Abhiyan • Undertaking various Swachh Bharat Abhiyan activities • Providing sanitation facilities in public places • Providing potable drinking water, community RO Plant & Sanitation Complex, arrangement of drinking water supply lines
Rural Development	• Construction/renovation of pathways, RCC Bridges, drains, rain shelters, community halls, cremation sheds, grave yards etc. • Establishment of food processing units
Environment	• Development of Bio-Diversity Park. • Installation of solar street lights • Solid Waste Management.
Women empowerment	• Training to women in various areas to generate self-employment. • Literacy program for rural women
Sports, Art, Culture & capacity building etc.	• Training to Promote sports • Conducting capacity building program.

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

i) **Organisation Structure.**



ii) **Details of the current directors of the Company**

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

Presently, the Board of NHPC Limited comprises Chairman and Managing Director (CMD), Functional Directors, Government Nominee Directors and Independent Directors. As on December 31, 2018, there were 11 Directors, of which five were Functional Directors including Chairman and Managing Director, one Government Nominee Directors and five Independent Directors.

Particulars	Board structure	Actual strength as on 31.12.2018
Chairman and Managing Director	1	1
Functional Directors	4	4
Government Nominee Directors	2	1
Independent Directors	7	5 (1 Women Director)
Total	**14**	**11**

Table 1: Composition of the Board of Directors as on 31.12.2018 was as under:-

S. No.	Name, Qualification, Occupation, Age and DIN	Designation	Date of Joining/ Appointment	Other Directorships/ Interests
1.	Shri Balraj Joshi **Qualification**: B.Tech (Civil), PG qualification in Hydropower Development and Planning. **Occupation**: Service **Age**: 59 years **DIN**: 07449990	Chairman and Managing Director	April 1, 2016 (Appointed on the Board as Director (Technical) on April 1, 2016 and as Chairman & Managing Director on September 22,	• NHDC Limited – Nominee Director, Chairman; • Loktak Downstream Hydro-Electric Corporation Limited – Nominee Director - Chairman

S. No.	Name, Qualification, Occupation, Age and DIN	Designation	Date of Joining/ Appointment	Other Directorships/ Interests
			2017)	
2.	Shri Ratish Kumar **Qualification:** B.Tech (Electrical) **Occupation:** Service **Age:** 58 years **DIN:** 06852735	Director (Projects)	January 6, 2016	• Bundel Khand Saur Urja Limited- Chairman & Nominee Director
3.	Shri Nikhil Kumar Jain **Qualification:** B.E in Industrial Engineering and LL.B **Occupation:** Service **Age:** 56 years **DIN:** 05332456	Director (Personnel)	February 7, 2017	Nil
4.	Shri Mahesh Kumar Mittal **Qualification:** M.com, FCS, FCMA **Occupation:** Service **Age:** 58 years **DIN:**02889021	Director (Finance) and CFO	March 01, 2017	• Chenab Valley Power Projects Private Limited- Director • PTC India Limited - Director
5.	Shri Janardan Choudhary **Qualification:** Degree in Electrical Engineering **Occupation:** Service **Age:** 58 years **DIN:** 07871968	Director (Technical)	July 5, 2018	Nil
6.	Shri Aniruddha Kumar **Qualification:** Graduate in Electrical Engineering and LLB **Occupation:** Service **Age:**57 years **DIN:** 07325440	Govt. Nominee Director	July 30, 2018	• SJVN Limited- Director • Bhartiya Nabhikiya Vidyut Nigam Limited- Director
7.	Shri Satya Prakash Mangal* **Qualification:** Chartered Accountant **Occupation:** Practising Chartered Accountant **Age:** 58 years **DIN:**01052952	Independent Director	November 26, 2015	• SPMC Business Advisors Private Limited- Director • NHDC Limited - Director
8.	Prof. Kanika T. Bhal* **Qualification:** PhD from IIT Kanpur **Occupation:** Teaching **Age:** 54 years **DIN:**06944916	Independent Director	November 26, 2015	• AYE Finance Private Limited- Independent Director
9.	Prof. Arun Kumar* **Qualification:** BE (Civil), ME (Civil), PhD in Hydropower Development. **Occupation:** Teaching **Age:** 59 years **DIN:** 07346292	Independent Director	November 26, 2015	• Member of Academy Management Committee of Anushruti Academy Society, IIT Roorkee

S. No.	Name, Qualification, Occupation, Age and DIN	Designation	Date of Joining/ Appointment	Other Directorships/ Interests
10.	Shri Jugal Kishore Mohapatra **Qualification:** Post Graduate in Economics and Masters in Economics **Occupation:** Retired IAS officer **Age:** 62 years **DIN:**03190289	Independent Director	October 7, 2017	• Nabard Financial Services Limited- Part Time Director and Non-Executive Chairman • Nalco Foundation- Trustee • Urban Mass Transit Company Limited – Director
11.	Shri Bhagwat Prasad **Qualification:** Post Graduate in Economics **Occupation:** Social Worker **Age:** 50 years **DIN:** 07941795	Independent Director	October 7, 2017	Nil

**Note: The tenure of Shri Satya Prakash Mangal, Prof. Kanika T. Bhal and Prof. Arun Kumar were completed on November 17, 2018 pursuant to Ministry of Power office order no. 9/3/2015-NHPC dated November 18, 2015. Further, Ministry of Power vide order no. 20/6/2017 dated November 22, 2018 has re-appointed Shri Satya Prakash Mangal, Prof. Kanika T. Bhal and Prof. Arun Kumar as non-official Independent Directors on the board of NHPC for a period of one year with effect from the date of completion of their existing tenure i.e. November 17, 2018 or until further orders whichever is earlier.*

iv. Details of change in directors since last 3 years as on December 31, 2018 -

S. No.	Name, Designation and DIN	Date of Joining/Appointment	Date of Cessation	Reason
1.	Shri Aniruddha Kumar Designation: Government Nominee Director DIN: 07325440	July 30, 2018	Continuing	-
2.	Shri Janardan Choudhary Designation: Director (Technical) DIN: 07871968	July 5, 2018	Continuing	-
3.	Shri Jugal Kishore Mohapatra Designation: Independent Director DIN: 03190289	October 7, 2017	Continuing	-
4.	Shri Bhagwat Prasad Designation: Independent Director DIN: 07941795	October 7, 2017	Continuing	-
5.	Shri Mahesh Kumar Mittal Designation: Director (Finance) DIN: 02889021	March 1, 2017	Continuing	-
6.	Shri Nikhil Kumar Jain Designation: Director	February 7, 2017	Continuing	-

S. No.	Name, Designation and DIN	Date of Joining/Appointment	Date of Cessation	Reason
	(Personnel) DIN: 05332456			
7.	Shri Balraj Joshi Designation: Chairman & Managing Director DIN: 07449990	April 1, 2016#	Continuing	-
8.	Shri Ratish Kumar Designation: Director (Projects) DIN: 06852735	January 6, 2016	Continuing	-
9.	Shri Satya Prakash Mangal Designation: Independent Director DIN: 01052952	November 26, 2015	Continuing*	-
10.	Prof. Kanika Tandon Bhal Designation: Independent Director DIN: 06944916	November 26, 2015	Continuing*	-
11.	Prof. Arun Kumar Designation: Independent Director DIN: 07346292	November 26, 2015	Continuing*	-
12.	Shri Nalini Kant Jha Designation: Independent Director DIN: 07950262	October 7, 2017	November 5, 2018	Cessation due to death
13.	Smt. Archana Agrawal Designation: Government Nominee Director DIN: 02105906	March 6, 2016	July 30, 2018	Cessation
14.	Shri Aniruddha Kumar Designation: Government Nominee Director DIN: 07325440	May 28, 2018	July 18, 2018	Cessation
15.	Smt. Krishna Tyagi Designation: Government Nominee Director DIN: 07230978	July 8, 2015	January 1, 2018	Cessation
16.	Shri Krishna Mohan Singh Designation: Chairman & Managing Director DIN: 02223301	September 23, 2015	July 31, 2017	Cessation due to superannuation
17.	Shri Jayant Kumar Designation: Director (Finance) DIN: 03010235	May 26, 2015	February 28, 2017	Cessation due to superannuation
18.	Shri R. S. Mina Designation: Director (Personnel) DIN: 00149956	April 28, 2009	January 31, 2017	Cessation due to superannuation

S. No.	Name, Designation and DIN	Date of Joining/Appointment	Date of Cessation	Reason
19.	Shri Farooq Khan Designation: Independent Director DIN: 07348921	November 26, 2015	August 17, 2016	Resignation
20.	Shri Dinesh Prasad Bhargava Designation: Director (Technical) DIN: 01277269	March 26, 2009	March 31, 2016	Retirement
21.	Shri Aniruddha Kumar Designation: Government Nominee Director DIN: 07325440	October 28, 2015	February 29, 2016	Cessation

**Note: The tenure of Shri Satya Prakash Mangal, Prof. Kanika T. Bhal and Prof. Arun Kumar were completed on November 17, 2018 pursuant to Ministry of Power office order no. 9/3/2015-NHPC dated November 18, 2015.Further, Ministry of Power vide order no. 20/6/2017 dated November 22, 2018 has re-appointed Shri Satya Prakash Mangal, Prof. Kanika T. Bhal and Prof. Arun Kumar as non-official Independent Directors on the board of the Company for a period of one year with effect from the date of completion of their existing tenure i.e. November 17, 2018 or until further orders whichever is earlier.*

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

(V) - MANAGEMENT'S PERCEPTION OF RISK FACTOR

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

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

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

Internal Risk Factors

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

Our total contingent liabilities that have not been provided for as of Mar 31, 2018 were Rs. 10434.34 crore. The details are as follows:

Claims against our Company not acknowledged as debts in respect of: (Rs. in crore)

Particulars	Amount
Capital Works	9370.30
Land Compensation Cases	38.68
Disputed Income Tax, Sales Tax and Service Tax Demands	423.67
Others	601.69
Total	**10434.34**

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

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

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

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

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

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

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

- Availability of funds to finance the project and undertake construction and development activities;
- Costs, delays or difficulties in the acquisition of land and associated resettlement and rehabilitation issues;

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

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

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

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

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

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

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

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

We will require significant additional capital to finance our business plan, in particular, our capacity expansion plan. In FY 2018-19, the approved revised budget estimate is of Rs. 2577.40 crore for our Company. Our ability to finance our capital expenditure plans is subject to a number of factors, some of which are beyond our control, including tariff regulations, our results of operations, general economic and capital market conditions, borrowing or lending restrictions, if any, imposed by state governments, the GoI and the Reserve Bank of India ("RBI"), our ability to obtain financing on acceptable terms, and the amount of dividends required to be paid to the GoI and our public shareholders. In addition, in the past some lenders have not disbursed funds to us when scheduled to do so. Also, adverse developments in the credit markets may significantly increase our debt service costs and the overall cost of our funds. We cannot assure you that debt or equity financing or our internal accruals will be available or sufficient to meet our capital expenditure requirements. This may, in turn, adversely affect the implementation of our current projects or future business plans.

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

In Fiscal 2018 we derived Rs. 6870.78 crore or 81.55% of our standalone total income from the sale of energy to SEBs and their successor entities, pursuant to long-term power purchase agreements. We are obliged to supply power to State electricity entities, including their successors and unbundled entities, in accordance with the terms of the allocation letters issued by the GoI and the terms of power purchase agreements ("PPAs") entered into with these entities and the GoI. Pursuant to Tripartite Agreements entered into among the GoI, the RBI and respective state governments, our billings to the SEBs are currently secured through letters of credit. In addition, we can secure payment by regulating the power supply to a defaulting entity, or directly recover from the GoI payments that are funded from central plan assistance given to the relevant State. Although these security mechanisms are in place under Tripartite Agreements that are valid until 31st October 2016. Tripartite Agreements have further extended by GOI, RBI and the States (except Punjab and Maharashta) for the period of 10/15 years up to 31.10.2026 and 31.10.2031, however, we can not assure you that the State Electricity entities will always be required to, or able to, secure their payments to us. Any change that adversely affects our ability to recover our dues form the State Electricity entities may adversely affect our financial position.

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

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

8. ***Our long-term agreements entered into with state electricity entities expose us to certain risks as we do not have the flexibility to modify such contracts to reflect changes in our business***

circumstances or to enter into agreements with other parties at higher prices, should the market price for energy rise.

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

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

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

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

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

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

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.

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

The amount of power generated by hydropower systems is dependent on available water flow. There may be significant fluctuations in our revenues and cash flows due to variations in water flow from season to season, and from year to year, depending on factors such as rainfall, snowfall, snowmelt, or other seasonal or climatic conditions, and the carrying capacity of the river.
Our operating results have historically been more favorable during the monsoon season of June through September. Substantial rainfall during these months generally leads to higher generation at our power stations because a greater amount of water is available. Our operating results have historically been less favorable during the remainder of the year when there is less water available.

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

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

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

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

In addition, our contracts with third party suppliers or contractors do not generally cover indirect losses such as loss of profits or business interruption. There can be no assurance that any natural disasters, accidents or malfunctions involving our assets will not have an adverse effect on our business, prospects, financial condition and results of operations. Further, although we believe that our relationships with our contractors and suppliers are cordial, we cannot assure you that such contractors and suppliers will continue to be available at reasonable rates and in the areas in which we conduct our operations. If some of these third parties do not complete our orders satisfactorily or within the stipulated time, our reputation and financial condition may be adversely affected.

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

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

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

18. 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.

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

Certain environmental organisations have expressed opposition to hydropower stations based on the allegation that they cause loss of habitat for, or destruction of, marine life and have adverse effects on waterways. In addition, dams create large reservoirs over what used to be dry land, which may also result in destruction of wildlife habitats, the need for resettlement of resident populations or urban centers, increased sediment in rivers and the production of methane from submerged forests. Due to these factors, environmental regulators may impose restrictions on our operations that would limit our ability to generate revenues. We may also be subject to significant financial penalties for any environmental damage caused. Financial losses and liabilities as a result of increased compliance costs or due to environmental damage may affect our reputation and financial condition.

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

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

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

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

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

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

As of Sep 30, 2018, our total borrowings aggregated to Rs. 17974.19 crore (as per books). 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.

22. 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.

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

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

We enter into contracts with independent contractors to complete specified assignments and these contractors are required to source the labour necessary to complete such assignments. Even though we do not engage these 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.

24. 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 Sep 30, 2018, our Company had Rs. 1264.26 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.

25. 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.

26. 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.

27. 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.

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

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

The interrupted work of Subansiri Lower falls under the uncontrollable factor as defined in CERC Tariff Regulation 14-19 and therefore the company has adopted the concept of Guidance Note issued by the Institute of Chartered Accountant of India (ICAI) on 18.02.2015 on Accounting for Rate Regulated Activities. With effect from FY 2016-17, such rate regulated items are to be accounted for as per IND

AS 114-Regulatory Deferral Accounts. IND AS 114 allows an entity to continue to apply previous GAAP accounting policies for the recognition, measurement, impairment and derecognition of regulatory deferral account balances. IND AS 114 further provides that for this purpose, Guidance Note of ICAI on Accounting for Rate Regulated Activities shall be considered as the previous GAAP. Accordingly, Regulatory Income amounting to Rs 474.82 core for the year ended 31.03.2018 (Cumulative upto 31.03.2018 Rs. 3172.81 crore) have been recognized in respect of Subansiri Lower project.

External Risk Factors

29. 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.

30. 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.

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

India and other parts of the world have experienced natural calamities such as earthquakes, floods and drought in the recent past. For example, due to cloud burst and high flood in 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.

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

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

33. 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

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

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

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

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

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

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

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

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

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

(a) the Debenture Redemption Reserve shall be created out of the profits of the company available for payment of dividend;

(b) the company shall create Debenture Redemption Reserve (DRR) in accordance with following conditions:-

(i) No DRR is required for debentures issued by All India Financial Institutions (AIFIs) regulated by Reserve Bank of India and Banking Companies for both public as well as privately placed debentures. For other Financial Institutions (FIs) within the meaning of clause (72) of section 2 of the Companies Act, 2013, DRR will be as applicable to NBFCs registered with RBI.

(ii) For NBFCs registered with the RBI under Section 45-IA of the RBI (Amendment) Act, 1997, 'the adequacy' of DRR will be 25% of the value of debentures issued through public issue as per present SEBI (Issue and Listing of Debt Securities) Regulations, 2008, and no DRR is required in the case of privately placed debentures.

(iii) For other companies including manufacturing and infrastructure companies, the adequacy of DRR will be 25% of the value of debentures issued through public issue as per present SEBI (Issue and Listing of Debt Securities), Regulations 2008 and also 25% DRR is required in the case of privately placed debentures by listed companies. For unlisted companies issuing debentures on private placement basis, the DRR will be 25% of the value of debentures.

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

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

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

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

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

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

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

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

The Bonds will be subordinated to certain liabilities preferred by law such as to claims of the 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.

(VI) Details of Default

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

(VII) Disclosures pertaining to willful default: NIL

(VIII) Compliance Officer of the Issuer

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

2. PARTICULARS OF OFFER

2(I) FINANCIAL POSITION OF THE COMPANY:-

Key Financials	For the nine months ended December 31,2018 (Limited Reviewed)	For the year ended March 31, 2018 (Audited)	For the year ended March 31, 2017 (Audited)	For the year ended March 31, 2016 (Audited)
Revenue from Operations	6195.38	6,934.03	7,271.17	7,353.00
Other Income	704.33	1,491.00	1,457.67	992.07
Total Income	**6,899.71**	**8,425.03**	**8,728.84**	**8,345.07**
Generation and other expenses	1448.10	1,705.57	1,931.77	2,125.94
Employee Benefits Expenses	1264.42	1,585.33	1,574.84	1,158.36
Finance Cost	672.07	922.32	1,073.22	1,072.10
Depreciation and amortisation	1178.54	1,405.89	1,388.40	1,359.07
Exceptional Items: Expense / (Income)	-	-	-	-
Profit Before Rate Regulated activities and Tax	2336.58	2,805.92	2,760.61	2,629.60
Rate Regulatory Income / (Expenses)	378.12	719.82	713.99	550.90
Profit Before Tax	2,714.70	3,525.74	3,474.60	3,180.50
Provision For Tax (Including Deferred Tax)	576.44	767.09	679.01	750.61
Profit/ (Loss) After Tax	**2,138.26**	**2,758.65**	**2,795.59**	**2,429.89**
Other Comprehensive Income	13.35	5.88	7.67	3.24
Total Comprehensive Income	**2151.61**	**2764.53**	**2803.26**	**2433.13**
Paid-up Equity Share Capital	10,259.32	10,259.32	10,259.32	11,070.67
Reserve & Surplus Excluding Revaluation Reserve & Misc. expenditures to the extent not written off	19,931.21	18,068.83	16,682.81	18,690.48
Net worth, excluding revaluation reserves & Misc. expenditures to the extent not written off	30,190.53	28,328.15	26,942.13	29,761.15
Total Debt, excluding working capital loans	17,796.22	18,322.11	18,924.23	19,938.22

2(II) – OTHER PARTICULARS OF THE OFFER

Issue Size

Private Placement of Unsecured, non-cumulative, non-convertible, redeemable, taxable 'GOI Fully Serviced Bonds- Series I with face value of Rs. 10 Lacs each, in the nature of debentures (Bonds) for an amount of Rs. 2017.20 crore. ("Issue Size").

Registration, Government Approvals and Resolutions

The present issue is being made pursuant to the following:

(i) Resolution of the Board of Directors of the Company passed in its 423rd meeting held on 15.03.2019.

(ii) Ministry of Power (MoP), Government of India (GoI), Office Memorandum No. F.No.1/7/2018-Budget dated 12.03.2019.

(iii) Ministry of Finance (MoF), GOI Letter of Authorization No. 2(2)-B (P&A)/2018 dated 11.03.2018 read with MoF, GoI Office Memorandum No. F. No. 2(2)-B (P&A)/2018 dated 11.03.2019.

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

Objects of the Issue

To provide Extra Budgetary Resource (EBR) for the scheme of "Power System Development Fund (PSDF) of GOI during the year 2018-19 for meeting accrued liabilities of the scheme.

Minimum Subscription:

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

Underwriting:

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

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

Face Value, Issue Price, Effective Yield for Investor

Each Bond has a face value of Rs. 10 Lacs each and is issued at par .Since there is no premium or discount on either issue price or on redemption value of the Bonds, the effective yield for the investors shall be the same as the coupon rate on the respective bond series.

Terms and Mode of Payment

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

Deemed Date of Allotment

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

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

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

The Bonds since issued in electronic (dematerialized) form, will be governed as per the provisions of The Depository Act, 1996, Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, rules notified by NSDL/ CDSL/ Depository Participant from time to time and other applicable laws and rules notified in respect thereof.

Registrar & Transfer Agent & Depository Arrangements

The Company has appointed M/s RCMC Share Registry PVT LTD, B-25/1, First Floor, Okhla Industrial Area, Phase-II, New Delhi-110020.Email:rakesh@rcmcdelhi.comPhone: 011-26387320, 26387321, 26387323 as Registrars & Transfer Agent for the present bond issue. The Company has made necessary depository arrangements with National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) for issue and holding of Bonds in dematerialized form. In this context the Company has signed two tripartite agreements as under:
(i) Tripartite Agreement dated 24.12.2001 between NHPC Limited, M/s RCMC Share Registry PVT LTD and National Securities Depository Ltd. (NSDL) for offering depository option to the investors.
(ii) Tripartite Agreement dated 01.01.2002 between NHPC Limited, M/s RCMC Share Registry PVT LTD and Central Depository Services (I) Ltd. (CDSL) for offering depository option to the investors.

Investors can hold the bonds only in dematerialized form and deal with the same as per the provisions of Depositories Act, 1996 as amended from time to time.

Market Lot

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

Trading of Bonds

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

Mode of Transfer of Bonds

Bonds shall be transferred subject to and in accordance with the rules/ procedures as prescribed by the NSDL/ CDSL/ Depository Participant of the transferor/ transferee and any other applicable laws and rules notified in respect thereof. The normal procedure followed for transfer of securities held in dematerialized form shall be followed for transfer of these Bonds held in electronic form. The seller should give delivery instructions containing details of the buyer's DP account to his depository participant. The provisions of The Depositories Act,1996 read with the Companies Act shall apply for transfer and transmission of Bonds.
The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date. In the absence of the same, interest will be paid/ redemption will be made to the person, whose name appears in the records of the Depository. In such cases, claims, if any, by the transferee(s) would need to be settled with the transferor(s) and not with the Issuer.
Transfer of Bonds to and from NRIs/ OCBs, in case they seek to hold the Bonds and are eligible to do

so, will be governed by the then prevailing guidelines of RBI.

Determination of Coupon: The Coupon is decided based on bids received on Electronic Bidding Platform (EBP).

Basis of Allocation / Allotment: As approved by Competent Authority of the Company in line with EBP operating guidelines.

Interest on Application Money

Interest at the respective Coupon Rates (subject to deduction of income tax under the provisions of the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof, as applicable) will be paid to the investor(s) **on face value of Bonds** for the period starting from and including the date of realization of application money in Issuer's Bank Account up to one day prior to the Deemed Date of Allotment. Such interest would be paid on all the valid allotted applications. To clarify, in case the deemed date of allotment and date of receipt of application money is same no interest on application money will be payable.
The interest cheque(s)/ demand draft(s) for interest on application money (along with Refund Orders, in case of refund of application money, if any) shall be dispatched by the NHPC within 7 days from the Deemed Date of Allotment, as the case may be, will be dispatched by registered post/courier/speed post to the sole/ first applicant, at the sole risk of the applicant. Alternatively, the payment towards interest on application money/refund of application money ,if any, will be credited to the applicant's account within 7 days from the deemed date of allotment. The investor is requested to furnish complete details of their Bank Account including IFSC code if they desire to have payment through RTGS/EFT/NECS.

Interest on the Bonds

The Bonds shall carry interest at the Coupon Rate from, and including, the Deemed Date of Allotment up to, but excluding the Redemption Date. Interest shall be payable on the "Coupon Payment Dates", excluding such coupon payment date, to the holders of Bonds as on the relevant Record Date. Interest on Bonds will cease from the Redemption Date in all events. For Coupon Payment Dates refer the Term Sheet.
In case of a leap year, if February 29 falls during the tenor of a security, then the number of days shall be reckoned as 366 days (Actual/Actual day count convention) for a whole one year period.

Computation of Interest: Day Count Convention

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

Effect of Holidays

If the interest payment date falls on a holiday, the payment may be made on the following working day however the dates of the future coupon payments would be as per the schedule originally stipulated at the time of issuing the security. In other words, the subsequent coupon schedule would not be disturbed merely because the payment date in respect of one particular coupon payment has been postponed earlier because of it having fallen on a holiday.
If the Redemption Date (also being the last Coupon Payment Date) of the Bonds falls on a day that is not a Working Day, the redemption proceeds (including coupon payment) shall be paid on the immediately preceding Working Day along with interest accrued on the Bonds until but excluding the date of such payment.
The interest/redemption payments shall be made only on the days when the money market is functioning in Mumbai. For the purpose of interest and redemption payment refer working day definition in term sheet. An illustration for guidance in this regard is as per table below:

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

ILLUSTRATION

FACE VALUE	***Rs. 10,00,000***
COUPON RATE	***8.12% p.a.***
Interest Frequency	***Semi Annual***
DEEMED DATE OF ALLOTMENT	**22.03.2019**
REDEMPTION	Bullet Redemption on 22nd March, 2029

CALCULATION OF INTEREST FOR 1 BOND OF GOI FULLY SERVICE

AMOUNT (IN RS.)

Year	Date*	Day*	Day Count (Actual/Actual)	No. of Days in Coupon Period	Cash Flow		
					Interest	Redemption	Total
1st Coupon	23.09.2019	Monday	184/365	184	40934.00		40934.00
2nd Coupon	23.03.2020	Monday	182/366	182	40378.00		40378.00
3rd Coupon	22.09.2020	Tuesday	184/366	184	40822.00		40822.00
4th Coupon	22.03.2021	Monday	181/365	181	40266.00		40266.00
5th Coupon	22.09.2021	Wednesday	184/365	184	40934.00		40934.00
6th Coupon	22.03.2022	Tuesday	181/365	181	40266.00		40266.00
7th Coupon	22.09.2022	Thursday	184/365	184	40934.00		40934.00
8th Coupon	22.03.2023	Wednesday	181/365	181	40266.00		40266.00
9th Coupon	22.09.2023	Friday	184/365	184	40934.00		40934.00
10th Coupon	22.03.2024	Friday	182/366	182	40378.00		40378.00
11th Coupon	23.09.2024	Monday	184/366	184	40822.00		40822.00
12th Coupon	24.03.2025	Monday	181/365	181	40266.00		40266.00
13th Coupon	22.09.2025	Monday	184/365	184	40934.00		40934.00
14th Coupon	23.03.2026	Monday	181/365	181	40266.00		40266.00
15th Coupon	22.09.2026	Tuesday	184/365	184	40934.00		40934.00
16th Coupon	22.03.2027	Monday	181/365	181	40266.00		40266.00
17th Coupon	22.09.2027	Wednesday	184/365	184	40934.00		40934.00
18th Coupon	22.03.2028	Wednesday	182/366	182	40378.00		40378.00
19th Coupon	22.09.2028	Friday	184/366	184	40822.00		40822.00
20th Coupon	22.03.2029	Thursday	181/365	181	40266.00		40266.00
Principal Redemption	22.03.2029	Thursday				1000000.00	1000000.00
TOTAL					**812000.00**	**1000000.00**	**1812000.00**

* IF the interest payment date falls on a holiday, the payment will be made on the following working day, in line with provisions contained in SEBI Circular CIR/MD/DF-1/122/2016 dated November 11, 2016. If the Redemption date (also being the last Coupon Payment Date) of the Bonds falls on a day that is not a Business Day, the redemption proceeds shall be paid by the Issued on the preceding Business Day along with interest accrued on the Bonds until but excluding the date of such payment.

Record Date

Date falling 15 days prior to the relevant Coupon Payment Date or the Redemption Date on which interest amount or the Maturity Amount respectively, is due and payable.
In the event that the Record Date falls on a day on which money market is closed in Mumbai, the succeeding working day or a date notified by the Company to the stock exchanges shall be considered as the Record Date.

Working Day:

When the money market is open and functioning in Mumbai.

Tax Benefits:

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

Deduction of Tax at Source:

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

Redemption:

Bonds will be redeemed at the end of 10th year i.e. Bullet payment from the deemed date of allotment. The Bond will not carry any obligation, for interest or otherwise, after the date of redemption. The Bonds shall be taken as discharged on payment of the redemption amount by the Company on maturity to the registered Bondholders whose name appear in the Register of Bondholders on the record date. Such payment will be a legal discharge of the liability of the Company towards the Bondholders.

Settlement/ Payment on Redemption:

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

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

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

List of Beneficial Owners /Register of Beneficial Owners :

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

Succession :

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

Who Can Apply:

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

Documents to be provided by applicant:

Investors need to submit duly certified true copies of the following documents, as may be applicable to them, along with the Application Form: -
(i) Memorandum and Articles of Association/ Constitution/ Bye-laws/ Trust Deed;
(ii) Board Resolution authorizing the investment and containing operating instructions;
(iii) Power of Attorney/ relevant resolution/ authority to make application;
(iv) Specimen signatures of the authorized signatories (ink signed), duly certified by an appropriate authority;
(v) Copy of Permanent Account Number Card ("PAN Card") issued by the Income Tax Department;
(vi) Copy of a cancelled cheque for ECS payments;
(vii) Necessary forms for claiming exemption from deduction of tax at source on interest on application money, wherever applicable.

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

Application under Power of Attorney

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

Mode of Subscription/ How to Apply:

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

Payment Mechanism:

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

Private Placement Offer cum Application Letter :

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

Application for the Bonds must be in the prescribed format in Part-B of this offer and completed in BLOCK LETTERS in English. The name of the applicant's bank, type of account and account number must be filled in the Application Form. This is required for the applicant's own safety and these details will be printed on the refund orders and interest/ redemption warrants.
The applicant should mention their Permanent Account Number (PAN) allotted under the Income-Tax Act, 1961 or where the same has not been allotted, the GIR No. and the Income tax Circle/Ward/District. As per the provision of Section 139A(5A) of the Income Tax Act, PAN/GIR No. needs to be mentioned on the TDS certificates. Hence, the investor should mention his PAN/GIR No. if the investor does not submit Form 15AA/other evidence, as the case may be for non-deduction of tax at source. In case neither the PAN nor the GIR Number has been allotted, the applicant shall mention "Applied for" and in case the applicant is not assessed to income tax, the applicant shall mention 'Not Applicable' (stating reasons for non-applicability) in the appropriate box provided for the purpose. Application Form without this information will be considered incomplete and are liable to be rejected.
Applicants are requested to tick the relevant column "Category of Investor" in the Application Format at Part-B of this offer cum application.

Force Majeure :

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

Right to Accept or Reject Applications :

The Company reserves it's full, unqualified and absolute right to accept or reject the application, in part or in full, without assigning any reason thereof. The rejected applicant will be intimated along with the refund warrant, if applicable. No interest on application money will be paid on rejected applications. The application form that is not complete in all respects is liable to be rejected and would not be paid any interest on the application money. Application would be liable to be rejected on one or more technical grounds, including but not restricted to:
a. Number of bonds applied for is less/ more than the number of bonds allocated to the investor;
b. Application exceeding the issue size;
c. Bank account details not given;
d. Details for issue of bonds in electronic/ dematerialized form not given; PAN/GIR and IT

Circle/Ward/District not given;
e. In case of applications under Power of Attorney by limited companies, corporate bodies, trusts, etc. relevant documents not submitted;
f. In case of failure of any successful bidders to complete the subscription amount payments by the Pay-in Time.
g. Successful bidders should ensure to make payment of the subscription amount for the Debentures from their same bank account which is updated by them in the NSE - EBP Platform while placing the bids. In case of mismatch in the bank account details between NSE - EBP Platform and the bank account from which payment is done by the successful bidder, the payment would be returned

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

Signatures:

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

Nomination Facility:

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

Bondholder not a Shareholder:

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

Modification of Rights:

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

Future Borrowings:

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

Bond/ Debenture Redemption Reserve (DRR) :

Pursuant to the SEBI Debt Regulations and the Companies (Share Capital and Debentures) Rules, 2014, "For other companies including manufacturing and infrastructure companies, the adequacy of DRR will be 25% of the value of debentures issued through public issue as per present SEBI (Issue and Listing of Debt Securities), Regulations 2008 and also 25% DRR is required in the case of privately placed debentures by listed companies." Accordingly, we are presently required to create DRR of at least 25% of the value of Bonds and to credit amounts to the DRR from our profits every year until the Bonds are redeemed. The maintenance of such DRR may be modified in the future in the event of any change in applicable law.
The Company shall create a Bond/Debenture Redemption Reserve in accordance with applicable provisions.

Disputes & Governing laws and jurisdiction:

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

Notices:

The notices to the Beneficial Owners of Bonds required to be given by the Company shall be deemed to have been given if sent by Registered Post/ Speed Post/ Courier/Ordinary Post to the Registered Beneficial Owner of Bonds and /or if an advertisement is given in one All India English daily newspaper and one regional language newspaper and/ or if communication in this regard has been effected to the depositories.
All notices to be given by the Beneficial Owners of Bonds shall be sent by Registered Post or by Hand Delivery to the Company or such persons, at such address, as may be notified by the Company from time to time.

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

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

Summary Term Sheet: GOI Fully Serviced Bonds.

Security Name	GOI Fully Serviced Bonds Series-I
Issuer	NHPC LIMITED
Issue Price	At Par at Rs. 10.00 lacs each.
Tenor	10 years from deemed date of allotment.
Issue Size (Base amount)	Rs. 2017.20 Crores
Face Value	Rs. 10 Lacs Each
Premium/Discount	Nil
Type of Instrument	Unsecured, Redeemable, Non-Convertible, Non-Cumulative, Taxable " GOI Fully Serviced Bonds" in the nature of Debentures.
Nature of Instrument	Unsecured
Seniority	Since the maturity and coupon payment throughout the tenure is to be funded by GOI, this is not applicable.
Mode of Issue	Private Placement.
Listing (including name of Stock Exchange(s) where it will be listed and timeline for listing)	Wholesale Debt Market (WDM) Segment of National Stock Exchange (NSE).
Bidding	Through Electronic Bidding Platform (EBP) of NSE
Issue opening date	20.03.2019
Issue closing date	20.03.2019
Mode of Bidding	Closed bidding
Manner of Allotment	Uniform Yield.
Manner of settlement	Through NSE Clearing Ltd. (formerly known as National Securities Clearing Corporation Ltd.)
Settlement Cycle	T+1
Deemed date of allotment	T+1 (22.03.2019)
Rating of the Instrument	AAA by CARE and India Rating.
Objects of the Issue	Raising of Extra Budgetary Resources (EBR) for the scheme of "Power System Development Fund (PSDF) of GOI during the year 2018-19 for meeting accrued liabilities of the scheme.
Details of the utilization of the Proceeds	To provide Extra Budgetary Resource (EBR) for the scheme of "Power System Development Fund (PSDF) of GOI during the year 2018-19.
Coupon Rate	8.12% p.a.
Coupon Payment Frequency	Semi -Annual
Coupon payment dates	Semi Annually on 22th March and 22th Sep every year. (Please refer to illustrative cash flow)
Coupon Type	Fixed
Coupon Reset Process (including rates, spread, effective date, interest rate cap and floor etc.)	Not Applicable.
Day Count Basis	Actual/ Actual. Interest shall be computed on an "actual/actual basis". Where the interest period (start date to end date) includes February 29, interest shall be computed on 366 days-a-year basis.
Redemption/Maturity	Bullet payment at par, at the end of the 10th year from the date of allotment.

Redemption Mechanism	The principle and interest payment shall be met by Government of India by making suitable budget provisions in the demand of Ministry of Power as per estimated liabilities.
Discount at which security is issued and the effective yield as a result of such discount.	None
Put Option Date	None
Put Option Price	None
Call Option Date	None
Call Option Price	None
Put Notification Time	None
Call Notification Time	None
Step up/Step down Coupon Rate	None
Minimum Application	Rs 10.00 Lacs thereafter in multiples of Rs 10.00 lakh
Issuance mode of the instrument	Demat
Trading mode of the instrument	Demat
Depository	National Securities Depository Ltd. (NSDL) & Central Depository Services Ltd. (CDSL)
Trustee	IDBI Trusteeship Services Ltd.
Registrar	RCMC Share Registry Private Ltd.
Rating Agencies	M/s CARE Rating Ltd and M/s India Rating & Research Private Ltd.
Eligible Investors	All Qualified Institutional Buyers (QIBs) and any non –QIB investors specifically mapped on the NSE EBP Platform, are eligible to bid/invest/apply for this issue. All participants are required to comply with the relevant regulations/guidelines applicable to them for investing in this issue.
Business Day Convention	Business Day' shall be a day on which commercial banks are open for business in the city of Mumbai. (Kindly see "Effect of Holidays in the IM).
Record Date	15 calendar days prior to each Coupon Payment Date and redemption date (both dates exclusive).
Effect of Holiday	If the interest payment date falls on a holiday, the payment would be made on the following working day however the dates of the future coupon payments would be as per the schedule originally stipulated at the time of issuing the security. If the redemption date (also being the last coupon payment date) of the bonds falls on a day that is not a working day, the redemption proceeds (including the coupon payment) shall be paid on the immediately preceding working day along with interest accrued on the Bonds until but excluding the date of such payment.
Security (where applicable) (Including description, type of security, type of charge, likely date of creation of security, minimum security cover, revaluation,	Not Applicable.

replacement of security)	
Transaction Documents	The Issuer has executed/ shall execute the documents including but not limited to the following in connection with the Issue: 1. Letter of Appointment in favor of Debenture Trustees to the Bondholders; 2. Debenture Trusteeship Agreement; 3. Debenture Trust Deed; 4. Rating Agreement with Rating Agency; 5. Tripartite Agreement between the Issuer; Registrar and NSDL for issue of Bonds in dematerialized form; 6. Tripartite Agreement between the Issuer, Registrar and CDSL for issue of Bonds in dematerialized form; 7. Letter appointing Registrar and MoU entered into between the Issuer and the Registrar; 8. Application to NSE for seeking its in-principle approval for listing of Bonds; 9. Listing Agreement with NSE;
Conditions Precedent to Disbursement	The subscription from investors shall be accepted for allocation and allotment by the Issuer subject to the following: i. Rating letter(s) from the rating agency(ies) not being more than one month old from the issue opening date; ii. Letter from the Debenture Trustees conveying their consent to act as Trustees for the Bondholder(s); iii. Letter from NSE conveying its in-principle approval for listing of Bonds.
Conditions Subsequent to Disbursement	The Issuer shall ensure that the following documents are executed/ activities are completed as per time frame: 1. Credit of demat account(s) of the allottee(s) by number of Bonds allotted within 1 working days from the date of bidding thru Electronic Book Platform (T+1) 2. Listing of bonds within 20 days from the Deemed Date of Allotment as per the SEBI (Issue and Listing of Debt Securities)

	Regulations, 2008 as amended. 3. Maintaining a complete record of Private placement offers in Form PAS-5 . 4. Filing a return of allotment in Form PAS-3 with ROC within 15 days of the deemed date of allotment. 5. Execution of Debenture Trust deed within 3 months from the deemed date of allotment. Besides, the Issuer shall perform all activities mandatory as per the applicable law.
Events of Default	If the Issuer commits a default in making payment of any installment of interest or repayment of principal amount of the Bonds on the respective due date(s), the same shall constitute an "Event of Default" by the Issuer, excluding in case of technical errors due to reasons beyond the control of the Company. Besides, it would also constitute an "Event of Default" by the Issuer, if the Issuer does not perform or does not comply with one or more of its material obligations in relation to the Bonds issued in pursuance of terms and conditions stated in the Offer Letter-cum-application form. Provisions as contained in to SEBI (Issue and Listing of Debt Securities) (Amendment) Regulation,2012 and The Companies Act,2013 as amended shall apply, in case of event of default.
Remedies	Upon the occurrence of any of the Events of Default, the Trustees shall on instructions from majority Bondholder(s), declare the amounts outstanding to be due and payable forthwith and the security created under the security documents shall become enforceable, and the Trustees shall have the right to enforce any security created pursuant to the security documents towards repayment of the amounts outstanding and/or exercise such other rights as the Trustees may deem fit under the applicable laws.
Provisions related to Cross Default Clause	N/A
Role and Responsibilities of Debenture Trustee	The trustee shall protect the interest of the Bondholders in the event of default by the Company about timely payment of interest and repayment of principal and shall take necessary action at the cost of the Company. No Bondholder shall be entitled to proceed directly against the Company unless the Trustees, having become so bound to proceed, fail to do so. The trustee shall carry out its duties and perform its functions as required to discharge its

	obligations under the terms of SEBI Debt Regulations, The Securities and Exchange Board of India (Debenture Trustee) Regulation,1993, The Bond Trusteeship Agreement, The Bond Trust Deed, Disclosure Documents and all other related transactions documents, with due care, diligence and loyalty. The trustee shall ensure disclosure of all material events on an ongoing basis.
Additional Covenants	i. Default in Payment : In case of default in payment of Interest and/or Principle redemption on the due dates, additional interest of at least @ 2% p.a. over the coupan rate will be payable by the Company for the defaulting period. ii. Delay in Listing : In case of delay in listing of the debt securities beyond 20 days from the deemed date of allotment, the Company will pay penal interest of at least 1% p.a. over the coupon rate from the expiry of 30 days from the deemed date of allotment till the listing of such debt securities to the investor. The interest rate mentioned in above two cases are the minimum interest rates payable by the Company and are independent of each other.
Date of Passing Board resolution	15.03.2019
Date of passing of resolution in the general meeting, authorizing the overall borrowing limit under clause (c) of sub section (1) of section 180 in the AGM.	09.09.2014
Governing Law and Jurisdiction	The Bonds are governed by and shall be construed in accordance with the existing applicable laws of India. Any dispute arising thereof shall be subject to the jurisdiction of district courts of Delhi.
Validity of the offer letter`	Till the date of closure of the issue.

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

Summary of Long Term Borrowings as on December 31, 2018:

Sl. No.	Category of Borrowings	Outstanding Amount (Rs. In Crore)
1.	Secured Bonds	11826.78
2.	Secured Term Loan from Banks/F.I	1416.67
3.	Unsecured Domestic Loans	4225.91
4.	Unsecured Foreign Currency Loan	1164.79
	Total	**18634.14**

Details of Secured Bonds:

(Amount Rs. in Crores)

Debenture Series	Tenor / Period of Maturity	Coupon	Amount Outstanding as on 31.12.2018	Date of Allotment	Redemption Date / Schedule
P-Series	15 Years with 5 years moratorium	9.00% (Fixed)	1400.00	01.02.10	10% every year commencing from 01.02.16 to 01.02.25
Q-Series	15 Years with 3 years moratorium	9.25% (Fixed)	949.50	12.03.12	1/12th every year commencing from 12.03.16 to 12.03.27
R1 SERIES BONDS	13 Years with 1 years moratorium	8.70%(Fixed)	54.80	11.02.13	1/12th every year commencing from 11.02.15 to 11.02.26
R2 SERIES BONDS	14 Years with 2 years moratorium	8.85% (Fixed)	286.56	11.02.13	1/12th every year commencing from 11.02.16 to 11.02.27
R3 SERIES BONDS	15 Years with 5 years moratorium	8.78% (Fixed)	892.00	11.02.13	1/10th every year commencing from 11.02.19 to 11.02.28
TAX FREE BOND 1A SERIES	10years with 9 years moratorium	8.18%	50.81	02.11.13	On maturity i.e. 2.11.2023
TAX FREE BOND 1B SERIES	10years with 9 years moratorium	8.43%	60.77	02.11.13	On maturity i.e. 2.11.2023
TAX FREE BOND 2A SERIES	15years with 14 years moratorium	8.54%	213.12	02.11.13	On Maturity i.e. 2.11.2028
TAX FREE BOND 2B SERIES	15years with 14 years moratorium	8.79%	85.61	02.11.13	On Maturity i.e. 2.11.2028
TAX FREE	20years with	8.67%	336.07	02.11.13	On maturity i.e. 2.11.2033

BOND 3A SERIES	19 years moratorium				
TAX FREE BOND 3B SERIES	20years with 19 years moratorium	8.92%	253.62	02.11.13	On maturity i.e. 2.11.2033
S1 Series	10 yrs	8.49%	219.00	26.11.14	In 10 equal installment from 26.11.15 to 26.11.24.
S2 Series	15 yrs with 3yrs moratorium	8.54%	605.00	26.11.14	In 12 equal installment from 26.11.18 to 26.11.29.
T Series	15 yrs with 3 yrs moratorium	8.50%	1474.92	14-Jul-15	In 12 equal instalment from 14.07.19 to 14.07.30
U Series	15 yrs (Bullet Redemption)	8.24%	540.00	27-Jun-2016	27-Jun-2031
U 1 Series	14 years 355 Days (Bullet Redemption)	8.17%	360 .00	07-Jul-2016	27-Jun-2031
V1 SERIES BONDS	5 Years	6.84%	620.00	24-Jan-17	5 equal annual installments w.e.f. 24.01.2018 to 24.01.2022 ((STRPP Ato E)
V2 SERIES BONDS	10 Years	7.52%	1475.00	06-Jun-17	5 equal annual installments w.e.f.06.06.2023 to 06.06.2027 ((STRPP Ato E)
W1 SERIES BONDS	5 Years	6.91%	1200.00	15-Sep-17	5 equal annual installments w.e.f.15.09.2018 to 15.09.2022 ((STRPP Ato E)
W2 SERIES BONDS	10 Years	7.35%	750.00	15-Sep-17	5 equal annual installments w.e.f.15.09.2023 to 15.09.2027 ((STRPP Ato E)

Secured Term Loan from Banks/F.I

(Amount Rs. in Crores)

Lender's Name	Type of Facility	Amt Sanctioned	Amount Outstanding as on 31.12.2018	Repayment Date / Schedule
Oriental Bank of Commerce	Term Loan	100.00	20.00	3 yearly installments of Rs. 10 crores each up to 27.12.2020
Life Insurance Corporation of India	Line of Credit	2500.00	416.67	5 equal half yearly installments of Rs. 104.17 crores each up to 15.10.2020
Life Insurance Corporation of India	Line of Credit	1896.00	790.00	11 equal half yearly installments of Rs. 79 crores each up to 30.10.2023

Unsecured Domestic Loans:

(Amount Rs. in Crores)

Lender's Name	Type of Facility	Principal Amount Outstanding as on 31.12.2018	Repayment Date / Schedule
Government of India	Subordinate Debt for Nimoo Bazgo HE Project	521.55	18 equal annual installments from 12th year after commissioning of the project.
Government of India	Subordinate Debt for Chutak HE Project	554.75	24 equal annual installments from 6th year after commissioning of the project.
Government of India	Subordinate Debt for Kishanganga HE Project	3149.61	10 equal annual installments from 11th year after commissioning of the project.

Unsecured Foreign Currency Loan:

(Amount Rs. in Crores)

Lender's Name	Type of Facility	Amount Sanctioned	Principal Amount Outstanding as 31.12.2018	Repayment Date / Schedule
Japan Bank of International Cooperation	Term Loan Tranche-I	JPY 566.50	109.19	Half yearly equal installments upto 20.01.2026
Japan Bank of International Cooperation	Term Loan Tranche-II	JPY 1631.60	461.09	Half yearly equal installments upto 20.12.2027
Japan Bank of International Cooperation	Term Loan Tranche-III	JPY 1389	586.57	Half yearly equal installments upto 20.03.2034

List of Top 10 Bond Holders:

TOP 10 BONDS HOLDERS AS ON 31.12.2018

NAME OF BOND HOLDERS	AMOUNT in INR
CBT-EPFO	17281500000
NPS TRUST	16610600000
LIFE INSURANCE CORPORATION OF INDIA P & GS FUND	14000000000
PUNJAB NATIONAL BANK	8750000000
STATE BANK OF INDIA	7200000000
ADITYA BIRLA SUN LIFE INSURANCE COMPANY LIMITED	3464500000
ORIENTAL BANK OF COMMERCE	3250000000
AXIS BANK LIMITED	2893214000
STATE BANK OF INDIA EMPLOYEES PENSION FUND	2700000000
MAX LIFE INSURANCE CO LTD A/C PARTICIPATING FUND	2490000000

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

NIL.

Commercial Paper Issued by the Issuer: NIL.

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

NIL

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

NIL

Particulars of debt securities issued (i) for consideration other than cash, whether in whole or part, (ii) at a premium or discount, or (iii) in pursuance of an option:

NIL

XXII Shareholding Pattern of the Company:

Consolidated Shareholding Pattern As on 08-03-2019

Category	No.of Holders	Total Shares	% To Equity
PRESIDENT OF INDIA	1	7,36,59,64,993	73.329412
INSURANCE COMPANIES	29	77,76,95,996	7.742094
RESIDENT INDIVIDUALS	6,76,390	51,27,51,956	5.104531
FOREIGN PORTFOLIO - CORP	150	49,11,51,122	4.889491
BODIES CORPORATES	2,150	46,29,86,626	4.609109
MUTUAL FUNDS	37	31,70,39,823	3.156184
BANKS	16	5,21,27,842	0.518941
H U F	22,327	2,77,04,683	0.275805
INDIAN FINANCIAL INSTITUTIONS	2	1,19,74,790	0.119211
NON RESIDENT INDIANS	2,727	87,98,159	0.087587
CLEARING MEMBERS	366	66,70,345	0.066404
NON RESIDENT INDIAN NON REPATRIABLE	1,982	41,04,637	0.040862
FOREIGN INSTITUTIONAL INVESTORS	4	21,43,636	0.02134
TRUSTS	44	18,28,429	0.018202
I E P F	1	16,27,862	0.016206
NBFC	20	4,63,231	0.004612
FOREIGN NATIONALS	1	500	0.000005
OVERSEAS CORPORATE BODIES	1	175	0.000002
TOTAL	7,06,248	10,04,50,34,805	100

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

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

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

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

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

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

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

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

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

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

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

F. Y. 2016-17: **(Amount In Rs.)**

Name	Designation	Salary / Allowances	Benefits*	Performance Related Pay (PRP) **	Total
Mr.K.M.Singh	Chairman & Managing Director	2562744	830798		33,93,542
Mr. Mahesh Kumar Mittal	Director (Finance)	2,32,174	44,809		276983
Mr. Nikhil Kumar Jain	Director (Personnel)	371485	78355		449840
Mr.Ratish Kumar	Director (Project)	2852142	535328		3387470
Mr.Balraj Joshi	Director (Technical)	2483442	1501705		3985147
Mr. Jayant Kumar	Ex-Director (Finance)	2194801	4868442		7063243
Mr. R.S.Meena	Ex-Director (Personnel)	2701804	4653646	1249480	8604930
Mr. D.P.Bhargava	Ex-Director(Technical)	0	2833732	1143105	3976837
Mr.J.K.Sharma	Ex-Director (Project)	0	0	969354	969354
Grand Total		13166418	15346815	3361939	28713804

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

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

F.Y. 2015-16

Name	Designation	Salary / Allowances	Benefits*	Performance Related Pay (PRP) including arrears**	Total
Mr.K.M.Singh	Chairman & Managing Director	1250492	340241	-	1590733
Mr. D. P. Bhargava	Director (Technical)	2745825	2019778	-	4765603
Mr. R. S. Mina	Director (Personnel)	2876198	1107284	-	3983482
Mr. Jayant Kumar	Director (Finance)	1956662	996768	175481	3128911

Mr. J. K. Sharma	Director (Project)	79241	1307981	437310	1824532
Mr.Ratish Kumar	Director (Project)	702033	145153	-	847186
Grand Total		9610451	5917205	612791	16140447

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

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

Details of payments made as sitting fees to Independent Directors

The Ministry of Power, Government of India has authorized the Board of Director of the Company to determine the sitting fees payable to Independent directors under the prescribed ceiling prescribed under Companies Act, 1956. Accordingly as per the decision of the Board of Directors Sitting Fees of Rs.20,000/= for each meeting of the Board or the Committees of the board is being paid to independent Directors.

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

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

FY 2016-17 **(Amount in Rs.)**

Name of Independent Director	Sitting Fees (in Rs)*		Total (in Rs.)
	Board Meeting	Committee Meetings	
Dr. Arun Kumar	1,60,000	3,40,000	5,00,000
Mr. Farooq Khan	60,000	1,00,000	1,60,000
Mrs.KanikaT.Bahl	1,80,000	2,20,000	4,00,000
Mr.Satya Prakash Mangal	1,60,000	3,00,000	4,60,000

FY 2015-16 **(Amount in Rs.)**

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

(iv) NHPC: RELATED PARTY TRANSACTIONS:

FY 2017-18:

During the Financial year 2017-18, the company has not entered into any material transaction with any of its related parties.

The policy on related party transactions as approved by the Board can be accessed on the Company's website at the link: http://www.nhpcindia.com/writereaddata/images/pdf/Policy-Related-Party-Transaction.pdf.

FY2016-17

(a) Lists of Related Parties

(i) Joint Venture Companies

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

(ii) Key Management Personnel

Shri K M Singh	Chairman cum Managing Director
Shri R. S. Mina	Director (Personnel)
Shri Jayant Kumar	Director (Finance)
Shri Nikhil Jain	Director (Personnel) w.e.f. 07.02.2017
Shri Mahesh Kumar Mittal	Director (Finance) w.e.f. 01.03.2017
Shri Ratish Kumar	Director (Projects)
Shri Balraj Joshi	Director (Technical)
Shri Vijay Gupta	Company Secretary

Remuneration to key management personnel for the period is Rs. 3.21 crore (corresponding previous period Rs. 1.61 crore).

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

FY2015-16

RELATED PARTY DISCLOSURES:

(b) Lists of Related Parties

(1) Joint Venture Companies

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

(2) Key Management Personnel

Shri R.S.T.Sai	CMD, THDC held additional charge as CMD of the company from 08.06.2014 to 23.09.2015.
Shri K.M.Singh	Chairman cum Managing Director w.e.f 23.09.2015
Shri D. P. Bhargava	Director (Technical) superannuated on 31.03.2016.
Shri R. S. Mina	Director (Personnel) held additional charge of Director (Finance) upto 25.05.2015.
Shri Jayant Kumar	Director (Finance) w.e.f. 26.05.2015.
Shri Ratish Kumar	Director (Projects) w.e.f 06.01.2016.
Shri Balraj Joshi	Director (Technical) w.e.f 01.04.2016.
Shri Vijay Kumar Gupta	Company Secretary.

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

(c) Transaction carried out with the related parties as at a (1) above -Nil.

(v) **Summary of Reservation or Qualifications or Adverse remarks by Auditors in Last Five Financial Years.**

2017-18

S. N. Dhawan & Co LLP	Ray & Ray	Arora Vohra & Co.
Chartered Accountants	Chartered Accountants	Chartered Accountants
410, Ansal Bhawan	Webel Bhavan, Ground Floor	Chaitanya Complex Prem Bhawan, Residency Road
16, Kasturba Gandhi Marg	Block EP & GP, Salt Lake, Sector V	Jammu Tawi – 180001
New Delhi -110 001	Kolkata – 700 091	Jammu & Kashmir

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF NHPC LIMITED

Report on the Standalone Ind. AS Financial Statements

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

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at 31st March, 2018, its profit (financial performance including other comprehensive income), its cash flows and changes in equity for the year ended on that date.

Emphasis of Matter

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

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

ii) Note No. 34 para 1 to the standalone Ind AS financial statements, regarding the uncertainty related to the outcome of the claims/ arbitration proceedings and lawsuits filed by/ against the Company on/ by contractors and others. In some of the cases the arbitration award has been decided against the Company/ lost in lower courts and the Company is pursuing the matter in higher courts.

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

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in the paragraphs 3 and 4 of the Order.

2. The Comptroller and Auditor General of India has issued directions indicating the areas to be examined in terms of sub-section (5) of Section 143 of the Act, the compliance of which is set out in "Annexure B".

3. As required by Section 143 (3) of the Act, we report that:

a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

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

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

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

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

g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. the Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 34 Para 1 to the standalone Ind AS financial statements;

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

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

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

Suresh Seth
Partner
M. No. 010577

For Ray & Ray
Chartered Accountants
FRN 301072 E

Asish Kumar Mukhopadhyay
Partner
M. No. 056359

For Arora Vohra & Co.
Chartered Accountants
FRN 09487N

Rajat Mengi
Partner
M. No. 089871

Place: New Delhi
Date: May 28, 2018

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

i. (a)The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment.

(b) The Property, Plant and Equipment, except in case of land in certain units, have been physically verified by the management /outside agencies. In our opinion, the frequency of such verification is reasonable having regard to the size of the Company and nature of its assets. As per the information given to us by the management, no material discrepancies as compared to book records were noticed in respect of Property, Plant and Equipment physically verified during the year.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company except for the following.

Total no of cases	**Type of asset**	**Gross block as at 31.03.2018**	**Net block as at 31.03.2018**	**Remarks**
6	Freehold land (129.79 Hectare)	Rs. 0.53 Crore	Rs. 0.53 Crore	The Company is taking appropriate steps for execution of title/lease deed.
8	Leasehold Land (870.87 Hectare)	Rs. 306.08 Crore	Rs.245.01 Crore	

ii. The inventories have been physically verified during the year by the management / outside agencies. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on physical verification of inventories as compared to book records were not material and the same have been properly dealt with in the books of account.

iii. According to the information and explanations given to us by the Management, the Company has not granted any loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act, except unsecured loan granted during the year to one Company, in respect of which:

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

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

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

iv. In our opinion and according to information and explanations given to us the Company has, in respect of loans, investments, guarantees, and security, complied with the provisions of section 185 and 186 of the Act.

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

Amendment Rules 2016. Accordingly, clarification/exemption has been sought by the Management vide its letter no. NH/CS/433 dated 25th January, 2018 from the Ministry of Corporate Affairs (MCA) regarding applicability of MCA notification no. G.S.R. 639(E) dated 29.06.2016 to such security deposits/ retention money.

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

vii. a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, goods and service tax, cess and any other material statutory dues have generally been regularly deposited with the appropriate authorities. We are informed that the Employees' State Insurance Scheme is not applicable to the Company. According to the information and explanations given to us, no undisputed demand payable in respect of aforesaid statutory dues was in arrears, as at 31st March, 2018 for a period of more than six months from the date they became payable.

b) According to the information and explanations given to us and as per the records of the Company, the following dues of income tax, sales tax/VAT, goods and service tax, duty of customs, service tax, property tax & consumption tax have not been deposited on account of dispute.

Name of Statute	Nature of Duties	Amount (Rs. in Crores)	Financial Year to which it pertains	Deposit under Protest (Rs. in Crores)	Forum at which case is pending
Income Tax Act, 1961	Income Tax	7.07	2012-13	1.41	CIT (A) Faridabad
Sales Tax Acts/VAT Acts	Sales Tax/VAT	277.57	1994-95	0.22	J & K Sales Tax Appellate Tribunal
		5.26	2005-06 to 2009-10		Assistant Excise & Taxation Commissioner, Kullu
		15.29	2004-05 to 2011-12	15.29	West Bengal Taxation Tribunal, Kolkata
		5.16	2013-14		Commercial Tax Department J&K
		1.4	2006-07 to 2009-10		Sr. Joint Commissioner Siliguri Circle
		2.74	2012-13		Joint Commissioner, Siliguri
Finance Act, 1996	Service Tax	26.07	2012-13		CESTAT, Kolkata

		0.04	Jan, 2008		Service Tax Department, Patna
Custom Act, 1962	Duty of Custom	2.2	1986-87		Kolkata High Court
The Jammu & Kashmir Urban Immovable Property Tax Act, 1962	Property Tax	0.05	01.04.1991 to 31.03.1997		Tax Tribunal
		0.15	01.04.1997 to 31.03.2002		Tax Tribunal
The Uttarakhand Water Tax on Electricity Generation Act, 2012	Water Cess	67.93	2015-16 to 2017-18		High Court of Uttarakhand, Nainital
Uttarakhand Green Energy Cess Act, 2014	Green Energy Cess	33.19	2015-16 to 2017-18		High Court of Uttarakhand, Nainital
WB State Tax on Consumption of Use of Goods Act, 2001	Consumption Tax	0.06	2003-04 to 2005-06		Kolkata High Court
BOCW Act, 1996	BOCW Cess	9.24	2010-11	9.24	Labour Officer cum cess assessment officer
West Bengal Tax on Entry of Goods into Local Areas Act, 2012	Entry Tax	0.87	2012-13 to 2017-18		Senior Joint Commissioner, Siliguri
West Bengal Tax on Entry of Goods into Local Areas Act, 2012	Entry Tax	0.17	2003-2006		Senior Joint Commissioner, Siliguri

viii. Based on our audit procedures and as per the information and explanations given to us by the management, the Company has not defaulted in repayment of loans or borrowings to any financial institution, bank, government and dues to debenture holders.

ix. In our opinion and as per the information and explanations given to us by the management, the Company has applied the money raised during the year by way of debt instruments and term loans for the purpose for which they were raised. The Company has not raised any money by way of initial public offer/ further public offer during the year.

x. Based on our audit procedures and as per the information and explanations given to us by the management, no fraud by the Company or any fraud on the Company, by any person including its officers/ employees, has been noticed or reported during the year.

xi. In view of exemption given in terms of Notification No. G.S.R. 463(E) dated 05th June 2015 issued by the Ministry of Corporate Affairs, Government of India, the provisions of Section 197 read with schedule V of the Act regarding managerial remuneration, are not applicable to the Company.

xii. According to the information and explanations given to us by the management, the Company is not a Nidhi Company. Therefore, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

xiii. According to the information and explanations given to us by the management and on the basis of our examination of the records of the Company, transactions with related parties are in compliance with the provisions of section 177 and 188 of the Act, wherever applicable and the details of such transactions have been disclosed in the notes to the financial statements as required by the applicable accounting standards.

xiv. Based on our audit procedures and as per the information and explanations given to us by the management, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Therefore, the provisions of clause 3(xiv) of the Order are not applicable to the Company.

xv. In our opinion and as per the information and explanations given to us by the management, the Company has not entered into any non-cash transactions with directors or persons connected with them. Therefore, the provisions of clause 3(xv) of the Order are not applicable to the Company.

xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Therefore, the provisions of clause 3(xvi) of the Order are not applicable to the Company.

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

Place: New Delhi
Date: May 28, 2018

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

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

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

Suresh Seth
Partner
M. No. 010577

For Ray & Ray
Chartered Accountants
FRN 301072 E

Asish Kumar Mukhopadhyay
Partner
M. No. 056359

For Arora Vohra & Co.
Chartered Accountants
FRN 09487N

Rajat Mengi
Partner
M. No. 089871

Place: New Delhi
Date: May 28, 2018

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

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

We have audited the internal financial controls over financial reporting of **NHPC LIMITED** ("the Company") as of 31st March, 2018 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the standalone Ind AS financial statements for external purposes in accordance with generally accepted accounting principles including the Indian Accounting Standards (Ind AS). A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the standalone Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone Ind AS financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31stMarch, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

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

Place: New Delhi
Date: May 28, 2018

M/s S. N. Dhawan & Co LLP Chartered Accountants 410, Ansal Bhawan 16, Kasturba Gandhi Marg New Delhi -110 001	M/s Gupta Gupta& Associates Chartered Accountants 142/3 Trikuta Nagar Jammu – 180012 Jammu & Kashmir	M/s Ray & Ray Chartered Accountants WebelBhavan, Ground Floor Block EP & GP, Salt Lake, Sector V Kolkata – 700 091

INDEPENDENT AUDITOR'S REPORT for F.Y. 2016-17

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **NHPC LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash flows and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "Standalone Ind AS financial statements).

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at 31st March, 2017, its profit (financial performance including other comprehensive income),its cash flows and changes in equity for the year ended on that date.

Emphasis of Matters

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

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

b) Note No. 22 para 1 to the standalone Ind AS financial statements regarding the stay from Hon'ble High Court of Delhi against the implementation of stoppage of Personal Pay Adjustment (fitment benefits) recovery from below Board level executives.

c) Note No. 34 para 1 to the standalone Ind AS financial statements, regarding the uncertainty related to the outcome of the claims/ arbitration proceedings and lawsuit filed by/ against the Company on/ by contractors and others. In some of the cases the arbitration award has been decided against the Company/ lost in lower courts and the company is pursuing the matter in higher courts. Management does not envisage any possible outflow in respect of decisions against the company other than those already provided for in the books of account.

d) Note No. 34 para 13 to the standalone Ind AS financial statements regarding the various balances which are subject to reconciliation / confirmation and respective consequential adjustments.

e) Note No. 34 para 28 to the standalone Ind AS financial statements regarding Kotli bhel-IA project, the fate of which depends upon suit pending adjudication before the Hon'ble Supreme Court of India.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in the paragraphs 3 and 4 of the Order.

2. The Comptroller and Auditor General of India has issued directions indicating the areas to be examined in terms of sub-section (5) of Section 143 of the Act, the compliance of which is set out in "Annexure B".

3. As required by Section 143 (3) of the Act, we report that:

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

(b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

(c) the Balance Sheet, the Statement of Profit and Loss, the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

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

(e) in terms of Notification No. G.S.R. 463(E) dated 05th June 2015 issued by the Ministry of Corporate Affairs, the provisions of Section 164 (2) of the Act regarding disqualification of directors, are not applicable to the Company;

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

(g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014 read with Companies (Audit & Auditors) Amendment Rules 2017, in our opinion and to the best of our information and according to the explanations given to us:

(i) the Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements – Refer Note 34 Para 1 to the standalone Ind AS financial statements;

(ii) the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

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

Iv) the Company has provided requisite disclosures in its standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 in Note 34 para 17 to the standalone Ind AS financial statements. Based on audit procedures and relying on the management representation, we report that the disclosures are in accordance with books of account maintained by the Company.

For S. N. Dhawan & Co LLP	For Gupta Gupta & Associates	FOR RAY & RAY
Chartered Accountants	**Chartered Accountants**	***Chartered Accountants***
(FR No: 000050N/N500045)	(FR No: 001728N)	(FR No:301072E)
(S.K. Khattar)	(Vasu Gupta)	(B.K. Ghosh)
Partner	Partner	Partner
M. No. 084993	M. No. 537545	M. No. 051028

Place: New Delhi
Date: May30, 2017

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

1. (a)The Company has maintained proper records showing full particulars including quantitative details and situation of Property, Plant and Equipment.

   (b) The Property, Plant and Equipment, except in case of land in certain units, have been physically verified by the management /outside agencies. In our opinion, the frequency of such verification is reasonable having regard to the size of the Company and nature of its assets. As per the information given to us by the management, no material discrepancies as compared to book records were noticed in respect of Property, Plant and Equipment physically verified during the year.

   According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company except for the following.

Total no of cases	Type of asset	Gross block as at 31.03.2017	Net block as at 31.03.2017	Remarks
10	Freehold land	Rs. 9.96 Crore	Rs. 9.96 Crore	158.31 Hectares of land
10	Leasehold Land	Rs. 310.04 Crore	Rs. 270.83 Crore	627.25 Hectares of land

2. The inventories have been physically verified during the year by the management / outside agencies. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on physical verification of inventories as compared to book records were not material and the same have been properly dealt with in the books of account.

3. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Therefore, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.

4. In our opinion and according to information and explanations given to us, the Company has, in respect of loans, investments, guarantees, and security, complied with the provisions of section 185 and 186 of the Act.

5. The Company has not accepted any deposits within the meaning of sections 73 to 76 or any other relevant provisions of the Act. However, pursuant to meeting of ACB held on 27th May 2017, the Management vide its letter no. NH/CS/433 dated 29th May 2017 has represented to Ministry of Corporate Affairs seeking clarification/exemption on applicability of the Ministry of Corporate Affairs (MCA) notification no. G.S.R. 639(E) dated 29.06.2016. It has contended that its security deposits are in the form of retention money for the performance of the contract for supply of goods and provision of services and accordingly, not to be treated as deemed deposits by virtue of amendment in rule 2, in sub rule (1), in clause (c) by Companies (Acceptance of Deposits) Amendment Rules 2016. The management has stated that for any contrary decision then exemption be granted for Financial Year 2016-17 with assurance to comply with directions of Ministry of Corporate Affairs henceforth.

6. The Company has made and maintained cost accounts and records specified by the Central Government under section 148 (1) of the Act. However, we have not made a detailed examination of these accounts and records with a view to determine whether they are accurate or complete.

7. **a)**According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of accounts in respect of undisputed statutory dues including provident fund, income-tax, sales-tax, service tax, duty of

customs, duty of excise, value added tax, cess and any other material statutory dues have generally been regularly deposited with the appropriate authorities. We are informed that the Employees' State Insurance Scheme is not applicable to the Company. According to the information and explanations given to us, no undisputed demand payable in respect of aforesaid statutory dues was in arrears, as at 31st March, 2017 for a period of more than six months from the date they became payable except the following:

Name of the Statute	Amount (Rs. In Crores)	Due date of Remittance	Remarks
Service Tax	0.40 (including interest)	12.09.2014	NIL
Entry Tax	0.14	Instant	Provision made in view of Supreme Court Judgement.

b)According to the information and explanations given to us and as per the records of the Company, the following dues of income tax, sales tax/VAT, duty of customs, service tax, property tax & consumption tax have not been deposited on account of dispute.

Name of the Statute	Nature of Duties	Amount (Rs. In Crores)	Year to which it pertains	Forum at which case is pending
Income Tax Act,1961	Income Tax	1.27	2010-11	CIT (A), Faridabad
		0.92	2011-12	CIT (A), Faridabad
		7.15	2014-15	CIT (A), Faridabad
Sales Tax Acts/VAT Act	Sales Tax/ VAT	266.77	1994-95	J&K Sales Tax Appellate Tribunal
		5.26	2005-06 to 2009-10	Assistant Excise & taxation Commissioner, Kullu
		19.42	2004-05 to 2012-13	ACST West Bengal Sales Tax Department
Finance Act,1996	Service Tax	14.12	2010-11	CBEC
		25.16	2012-13	CESTAT, Kolkata
Custom Act,1963	Duty of Custom	0.26	1986-87	Calcutta High Court
The Jammu & Kashmir Urban Immovable Property Tax Act, 1962	Property Tax	0.19	1991-97, 1997-2002, 1989-2004, 1995-2004	Sales tax Tribunal, Jammu
Uttarakhand State Govt.	Water Cess	34.73	2015-16	Nainital High Court
Uttarakhand State Govt.	Green Energy Cess	20.17	2015-16	Nainital High Court
WB State Tax on Consumption of Use of Goods Act, 2001	Consumption Tax	0.06	2003-04, 2004-05, 2005-06	Calcutta High Court

8. Based on our audit procedures and as per the information and explanations given to us by the management, the Company has not defaulted in repayment of loans or borrowings to any financial institution, bank, government and dues to debenture holders.

9. In our opinion and as per the information and explanations given to us by the management, the Company has applied the money raised during the year by way ofdebt instruments and term loans for the purpose for which they were raised.

10. Based on our audit procedures and as per the information and explanations givento us by the management, no fraud by the Company or any fraud on the Company, by any person including its officers/ employees, has been noticed or reported during the year.

11. In view of exemption given vide in terms of Notification No. G.S.R. 463(E) dated 05th June 2015 issued by the Ministry of Corporate Affairs, the provisions of Section 197read with schedule V of the Act regarding managerial remuneration, are not applicable to the Company.

12. According to the information and explanations given to us by the management, the Company is not a Nidhi Company. Therefore, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

13. According to the information and explanations given to us by the management and on the basis of our examination of the records of the Company transactions with related parties are in compliance with the provisions of section 177 and 188 of the Act, where applicable and the details of such transactions have been disclosed in the notes to the financial statements as required by the applicable accounting standards.

14. Based on our audit procedures and as per the information and explanations given to us by the management, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Therefore, the provisions of clause 3(xiv) of the Order are not applicable to the Company.

15. In our opinion and as per the information and explanations given to us by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him. Therefore, the provisions of clause 3(xv) of the Order are not applicable to the Company.

16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Therefore, the provisions of clause 3(xvi) of the Order are not applicable to the Company.

For S. N. Dhawan & Co LLP	For Gupta Gupta& Associates	FOR RAY & RAY
Chartered Accountants	**Chartered Accountants**	**Chartered Accountants**
(FR No: 000050N/N500045)	(FR No: 001728N)	(FR No:301072E)
(S.K. Khattar)	(Vasu Gupta)	(B.K. Ghosh)
Partner	Partner	Partner
M. No. 084993	M. No. 537545	M. No. 051028

Place: New Delhi
Date: May30, 2017

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

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

We have audited the internal financial controls over financial reporting of **NHPC LIMITED** ("the Company") as of 31st March, 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the financial statements for external purposes in accordance with generally accepted accounting principles including the Indian Accounting Standards (Ind AS). A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For S. N. Dhawan & Co LLP	**For Gupta Gupta& Associates**	**FOR RAY &RAY**
Chartered Accountants	**Chartered Accountants**	**Chartered Accountants**
(FR No: 000050N/N500045)	(FR No: 001728N)	(FR No:301072E)
(S.K. Khattar)	(Vasu Gupta)	(B.K. Ghosh)
Partner	Partner	Partner
M. No. 084993	M. No. 537545	M. No. 051028

Place: New Delhi
Date: May 30, 2017

M/s S. N. Dhawan & Co.	M/s Gupta Gupta & Associates	M/s Ray & Ray
Chartered Accountants	Chartered Accountants	Chartered Accountants
410, Ansal Bhawan	142/3 Trikuta Nagar	WebelBhavan, Ground Floor
16, Kasturba Gandhi Marg	Jammu – 180012	Block EP & GP, Salt Lake,
New Delhi -110 001	Jammu & Kashmir	Kolkata – 700 091

INDEPENDENT AUDITOR'S REPORT TO THE

MEMBERS OF NHPC LIMITED

Report on the Standalone Financial Statements

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

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal

financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

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

OPINION

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

EMPHASIS OF MATTERS

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

a) Para to Note No. 7 to the financial statements which describes about the stay from Hon'ble High Court of Delhi against the implementation of stoppage of Personal Pay Adjustment (fitment benefits) recovery from below Board level executives.

b) Note no. 11.1 para 2 to the financial statements which describes about the expenditure incurred for conducting survey and investigation on projects either provided for on account of uncertainty about the outcome or being carried forward pending clearance with various authorities.

c) Note No. 29 para 1 to the financial statements, which describes the uncertainty related to the outcome of the claims/ arbitration proceedings and lawsuit filed by/ against the Company on/ by contractors and others. In some of the cases the arbitration award has been decided against the Company/ lost in lower courts and the company is pursuing the matter in higher courts. Management does not envisage any possible outflow in respect of decisions against the company other than those already provided for in the books of account.

d) Note No. 29 para 21 (a) to the financial statements about the various balances which are subject to reconciliation / confirmation and respective consequential adjustments.

e) Note No. 29 para 28 to the financial statements about the Kotlibhel-IA project, the fate of which is pending adjudication before the Hon'ble Supreme Court of India.

f) Accounting Policy no. 2.3.4 on Capital work in progress read with Note No. 29 para 15 to the financial statements about the capital expenditure incurred for creation of facilities over which the Company does not have control but the creation of which is essential principally for construction of the project is charged to "Expenditure Attributable to Construction (EAC)" as the same is in line with Revised AS-10 notified on 30.03.2016 as Para 88 of this Revised Accounting Standard which states about transitional provision that shall result into the same treatment.

Our opinion is not modified in respect of these matters.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in the paragraphs 3 and 4 of the Order, to the extent applicable.

2. The Comptroller and Auditor General of India has issued directions indicating the areas to be examined in terms of sub-section (5) of Section 143 of the Act, the compliance of which is set out in "Annexure B".

3. As required by Section 143 (3) of the Act, we report that:

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

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

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

(d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

(e) In terms of Notification No. G.S.R. 463(E) dated 05th June 2015 issued by the Ministry of Corporate Affairs, the provisions of Section 164 (2) of the Act regarding disqualification of directors, are not applicable to the Company;

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

(g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

(i) The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 29 Para 1 to the financial statements;

(ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

For S. N. Dhawan & Co.	**For Gupta Gupta & Associates**	**For Ray & Ray**
Chartered Accountants	**Chartered Accountants**	**Chartered Accountants**
(FR No: 000050N)	(FR No: 001728N)	(FR No:301072E)
(Suresh Seth)	(R. K. Gupta)	(Asish Kumar Mukhopadhyay)
Partner	Partner	Partner
M. No. 010577	M. No. 085074	M. No. 056359

Place: New Delhi
Date: May 28, 2016

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

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

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

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company except for the following.

Total no of cases	Type of asset	Gross block as at 31.03.2016	Net block as at 31.03.2016	Remarks
11	Freehold land	Rs. 13.37 crores	Rs. 13.37 crores	155.69 Hectares of land

9	Leasehold Land	Rs. 297.34 crores	Rs. 253.91 crores	766.20 Hectares of land

ii. The inventories have been physically verified during the year by the management / outside agencies. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on physical verification of inventories as compared to book records were not material and the same have been properly dealt with in the books of account.

iii. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Act. Therefore, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.

iv. In our opinion and according to information and explanations given to us, the Company has, in respect of loans, investments, guarantees, and security, complied with the provisions of section 185 and 186 of the Act.

v. The Company has not accepted any deposits from the public within the meaning of sections 73 to 76 or any other relevant provisions of the Act, and the Rules framed there under.

vi. The Company has made and maintained cost accounts and records specified by the Central Government under section 148 (1) of the Act. However, we have not made a detailed examination of these accounts and records with a view to determine whether they are accurate or complete.

vii. **a)** According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of accounts in respect of undisputed statutory dues including provident fund, income-tax, sales- tax, service tax, duty of customs, duty of excise, value added tax, cess and any other material statutory dues have generally been regularly deposited with the appropriate authorities. We are informed that the Employees' State Insurance Scheme is not applicable to the Company. According to the information and explanations given to us, no undisputed demand payable in respect of aforesaid statutory dues was in arrears, as at 31st March, 2016 for a period of more than six months from the date they became payable.

b) According to the information and explanations given to us and as per the records of the Company, the following dues of income tax, sales tax/VAT, duty of customs, service tax, property tax & consumption tax have not been deposited on account of dispute.

Name of the Statute	Nature of dues	Amount (Rs. In Crores)	Year to which it pertains	Forum at which case is pending
Income Tax Act,1961	Income Tax	0.46	2007-08	Income Tax Department
Sales Tax Acts/VAT	Sales Tax/	256.19	1994-95	Sales Tax Appellate Tribunal, Srinagar
		5.78	2005-06 to 2009-10	Chairman, HP VAT Tribunal, Shimla
		0.14	2006-07	Sr. Joint Commissioner, Siliguri Circle
		0.76	2007-08	Sr. Joint Commissioner, Siliguri Circle

Act	VAT	0.43	2008-09	Sr. Joint Commissioner, Siliguri Circle
		0.07	2009-10	Sr. Joint Commissioner, Siliguri Circle
		0.22	2010-11	CTO, Baramulla
		2.74	2012-13	Jt. Commissioner, Siliguri Charge
Finance Act,1996	Service Tax	13.51	2010-11	CBEC
		39.70	2012-13	Commissioner, CE & ST, Patna
Custom Act,1963	Duty of Custom	2.01	2004	Kolkata High Court
The Jammu & Kashmir Urban Immovable Property Tax Act, 1962	Property Tax	0.19	1991-2002	DC, Commercial Taxes
WB State Tax on Consumption of Use of Goods Act, 2001	Consumption Tax	0.06	2003-04, 2004-05 & 2005-06	Kolkata High Court

viii. Based on our audit procedures and as per the information and explanations given to us by the management, the Company has not defaulted in repayment of loans or borrowings to any financial institution, bank, government and dues to debenture holders.

ix. In our opinion and as per the information and explanations given to us by the management, the Company has applied the money raised during the year by way of debt instruments and term loans for the purpose for which they were raised.

x. Based on our audit procedures and as per the information and explanations given to us by the management, no fraud by the Company or any fraud on the Company, by any person including its officers/ employees, has been noticed or reported during the year.

xi. In view of exemption given vide in terms of Notification No. G.S.R. 463(E) dated 05th June 2015 issued by the Ministry of Corporate Affairs, the provisions of Section 197 read with schedule V of the Act regarding managerial remuneration, are not applicable to the Company.

xii. According to the information and explanations given to us by the management, the Company is not a Nidhi Company. Therefore, the provisions of Clause 3(xii) of the Order are not applicable to the Company.

xiii. According to the information and explanations given to us by the management and on the basis of our examination of the records of the Company, transactions with related parties are in compliance with the provisions of section 177 and 188 of the Act, where applicable and the details of such transactions have been disclosed in the notes to the financial statements as required by the applicable accounting standards.

xiv. Based on our audit procedures and as per the information and explanations given to us by the management, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Therefore, the provisions of clause 3(xiv) of the Order are not applicable to the Company.

xv. In our opinion and as per the information and explanations given to us by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him. Therefore, the provisions of clause 3(xv) of the Order are not applicable to the Company.

xvi. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Therefore, the provisions of clause 3(xvi) of the Order are not applicable to the Company.

For S. N. Dhawan & Co.	**For Gupta Gupta & Associates**	**For Ray & Ray**
Chartered Accountants	**Chartered Accountants**	**Chartered Accountants**
(FR No: 000050N)	(FR No: 001728N)	(FR No:301072E)
(Suresh Seth)	(R. K. Gupta)	(Asish Kumar Mukhopadhyay)
Partner	Partner	Partner
M. No. 010577	M. No. 085074	M. No. 056359

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

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

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

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and
(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

For S. N. Dhawan & Co.	**For Gupta Gupta & Associates**	**For Ray & Ray**
Chartered Accountants	**Chartered Accountants**	**Chartered Accountants**
(FR No: 000050N)	(FR No: 001728N)	(FR No:301072E)
(Suresh Seth)	(R. K. Gupta)	(Asish Kumar Mukhopadhyay)
Partner	Partner	Partner
M. No. 010577	M. No. 085074	M. No. 056359

Place: New Delhi
Date: May 28, 2016

INDEPENDENT AUDITOR'S REPORT (FY 2014-15)

TO THE MEMBERS
NHPC LIMITED

Report on the Standalone Financial Statements

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

Management's Responsibility for the Standalone Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinion

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

Emphasis of Matters

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

f) Para to Note No. 7 to Financial Statements, which describes about the stay from Hon'ble High Court of Delhi against the implementation of stoppage of Personal Pay Adjustment (fitment benefits) recovery from below Board Level Executives and also about the confirmation of directions of Competent Authority effecting such recoveries w.e.f. 01.02.2014 which is still pending with the Ministry of Power (MoP).

g) Note No. 11 para 2 to Financial Statements read with Note No. 29 para 9, which describes uncertainty about the outcome of the projects under survey and investigation stage. Expenditure incurred for conducting Survey & Investigation on such projects are being carried forward as these projects are under investigation/ pending clearance/or financial assistance with various authorities.

h) Note No. 29 para 1 to the Financial Statements, which describes the uncertainty related to the outcome of the claims/ arbitration proceedings and lawsuit filed by/ against the Company on/ by contractors and others. In some of the cases the arbitration award has been decided against the company/ lost in lower courts and the company is pursuing the matter in higher courts. Management does not envisage any possible outflow in respect of decisions against the company other than those already provided for in the books of account.

i) Note No. 29 para 4(a) to the Financial Statements about the various balances which are subject to reconciliation / confirmation and respective consequential adjustments.

j) Note No. 29 para 8 to the Financial Statements about the Kotlibhel-1A project, the fate of which is pending adjudication before the Hon'ble Supreme Court of India.

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

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

4. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure-I, a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.

5. The Comptroller and Auditor-General of India has issued directions indicating the areas to be examined in terms of sub-section (5) of section 143 of the Companies Act, 2013, the compliance of which is set out in Annexure II.

6. As required by Section 143 (3) of the Act, we report that:

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

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

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

(k) In our opinion, the aforesaid standalone Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;

(l) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act; and

(m) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

(i) The Company has disclosed the impact of pending litigations on its financial position in its Financial Statements – Refer Note 29 Para 1 to the Financial Statements;

(ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii) There were no amounts which were required to be transferred to the Investor Education

For S. N. Nanda & Co.	For Gupta Gupta& Associates	For S.N. Dhawan& Co.	For Ray and Ray
Chartered Accountants	Chartered Accountants	Chartered Accountants	Chartered Accountants
(FR No: 000685N)	(FR No: 001728N)	(FR No: FR No: 000050N)	(FR No: 301072E)
(CA Gaurav Nanda)	(CA R. K Gupta)	(CA Suresh Seth)	(CA B.K. Ghosh)
Partner	Partner	Partner	Partner
M. No. 500417	M. No. 085074	M. No. 10577	M. No. 051028

Place: New Delhi **Date:** 29th day of May 2015

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

17. In respect of fixed assets:

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

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

18. In respect of its inventories:

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

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

c) The company is maintaining proper records of inventories except for inventories lying with third parties. The discrepancies noticed on physical verification, which were not material, have been properly dealt with in the books of account.

19. The company has not granted any loans, secured or unsecured to the companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. In view of this, sub-clauses (a) and (b) of clause (iii) of the order are not applicable.

20. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and for the sale of power and services. There is no continuing failure to correct major weaknesses in internal control system.

21. The company has not accepted any deposit from public within the meaning of sections 73 to 76 or any other provisions of the Companies Act, 2013 and rules framed there under.

22. The Company has made and maintained cost accounts and records specified by the Central Government under 148(1) of the Companies Act, 2013. However, we have not made a detailed examination of these accounts and records with a view to determine whether they are accurate or complete.

23. In respect of statutory dues:

a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of accounts in respect of, undisputed statutory dues including provident fund, income tax, sales tax, wealth tax, service tax, duty of custom, duty of excise, value added tax, cess and any other material statutory dues have generally been regularly deposited with the appropriate authorities. We are informed that the Employees' State Insurance Scheme is not applicable to the Company. According to the information and explanations given to us, no undisputed demand payable in respect of aforesaid statutory dues was in arrears, as at 31st March, 2015 for a period of more than six months from the date they became payable.

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

(Rs. in Crores)

Name of the Statute	Nature of the dues	Amount	Year to which it pertains	Forum where dispute is pending
Income tax Act,1961	Income tax	0.07	2007-08	ITO,Dehradoon
		0.01	2008-09	
		0.02	2009-10	
HP VAT Act 2005	Sales tax	5.78	2005-06 to 2009-10	HP VAT Tribunal Dharmshala Camp Shimla.
J & K General Sales Tax Act 1962	Sales tax	245.61	1994-95	Sales Tax Appellate Tribunal, Srinagar
J & K General Sales Tax Act 1962	Sales tax	0.2156	2010-11	CTO, Baramulla
Customs Act,1962	Custom Duty	2.01	2004-2005	HC, Kolkata (last heard on 28.02.2005)
WB VAT Act, 2005:	Sales Tax	0.14	2006-07	Sr. Joint Commissioner, Sales tax, Siliguri
		0.76	2007-08	
		0.43	2008-09	
		0.07	2009-10	
		0.15	2010-11	

c) As per the records of the company and according to information and explanations given to us, no amount is required to be transferred to Investor Education and Protection Fund (IEPF) in accordance with the provision of section 205C of the Companies Act, 1956 read with the IEPF (Awareness and Protection of Investors) Rules, 2001.

24. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year covered by our audit and in the immediately preceding financial year.

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

26. In our opinion and according to the information and the explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

27. In our opinion and according to the information and the explanations given to us, and on overall examination of the Balance Sheet of the Company, we report that term loans have been applied for the purpose for which they were obtained.

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

For S. N. Nanda & Co.	**For Gupta Gupta& Associates**	**For S.N. Dhawan& Co.**	**For Ray and Ray**
Chartered Accountants	**Chartered Accountants**	**Chartered Accountants**	**Chartered Accountants**
(FR No: 000685N)	(FR No: 001728N)	(FR No: 000050N)	(FR No: 301072E)
(CA Gaurav Nanda)	(CA R. K Gupta)	(CA Suresh Seth)	(CA B.K. Ghosh)
Partner	Partner	Partner	Partner
M. No. 500417	M. No. 085074	M. No. 10577	M. No. 051028

Place: New Delhi
Date: 29th day of May 2015

Annexure II referred to in Paragraph 2 under the heading 'Report on Other Legal & Regulatory Requirements' of our report of even date

S.No.	Direction	Our Report	Action taken thereon	Impact on Accounts & Financial Statements of the Company
1	If the Company has been selected for disinvestment, a complete status report in terms of valuation of Assets (including intangible assets and land) and Liabilities (including Committed & General Reserves) may be examined including the mode and present stage of disinvestment process.	NHPC have received a letter No. 11/11/2013-NHPC dated 03-07-2014 from Ministry of Power, Government of India referring to Ministry of Finance's letter No. 4(4)/2014-DD11 dated 01.07.2014 seeking comments of NHPC on draft Cabinet Committee on Economic Affairs (CCEA) for disinvestment of 11.36% paid-up capital of NHPC Ltd. out of Government of India shareholding of 85.96%. However, this disinvestment process was advised by Ministry of Power vide its letter dated 13.11.2014 to be kept on hold till at least some projects go on stream.	No Action Required	NIL
2	Please report whether there are any cases of waiver/write off of debts/loans/interest etc., if yes, the reasons there for and the amount involved.	There are 2 cases where claims amounting to Rs. 51,572/- being irrecoverable, have been written off.	Amount debited to Profit & Loss A/c	Profit reduced by Rs. 51,572/-.
3	Whether proper records are maintained for	The company is maintaining proper records for inventories.	No Action Taken	NIL

		As informed, the company has not received any assets from Govt. or other authorities.	No Action Required	NIL
4	A report on age-wise analysis of pending legal/arbitration cases including the reasons of pendency and existence/effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign and local) may be given.	Age-wise analysis of legal/arbitration cases are as follows: 0-1 year : 51 cases 1-2 year : 67 cases 2-3year : 90 cases 3-4year : 78 cases 4-5 year : 98 cases 5-year &above : 283 cases Total : 667 cases The reason for pendency of such cases under arbitration/courts is that hearings not yet completed, calling for further details and additional documents by the arbitrators/ courts, non-fixation of dates for hearing, granting of stay by court etc. There is no laid down procedure for large legal expenses (Foreign or local). However, the expenditure on all legal cases is proposed for approval of the competent authority every year and the same is incurred within the budget sanctioned by the competent authority.	The cases where company is expecting probable outflow, necessary provision has been created in the books as per AS-29. For remaining cases where either there is no probable outflow or a reliable estimate of amount of the obligation cannot be made, amount involved has been shown under contingent liability in Note no. 29, Para 1 to Financial Statements.	By virtue of provision, consequential effect has been given to respective heads of accounts. (Refer to Note No. 29, Para 1 to Financial Statements)

For S. N. Nanda & Co.	For Gupta Gupta& Associates	For S.N. Dhawan& Co.	For Ray and Ray
Chartered Accountants (FR No: 000685N)	**Chartered Accountants** (FR No: 001728N)	**Chartered Accountants** (FR No: 000050N)	**Chartered Accountants** (FR No: 301072E)
(CA Gourav Nanda) Partner M. No. 500417	(CA R. K Gupta) Partner M. No. 085074	(CA Suresh Seth) Partner M. No. 10577	(CA B.K. Ghosh) Partner M. No. 051028

Place: New Delhi
Date: 29th day of May 2015

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

Sl. No.	Particulars	2017-18	2016-17	2015-16
3.vi.0	Details of any inquiry, inspections or investigations initiated or conducted under the Companies Act or any previous company law in case of company and all of its subsidiaries.	Nil	Nil	Nil
3.vi.1	Any prosecutions filed (whether pending or not) fines imposed, compounding of offences in case of the company and all of its subsidiaries	Nil	Rs. 50000/- *	Rs. 50000/- *

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

Sl. No.	Particulars	2017-2018	2016-2017	2015-16
vii	Details of acts of material frauds committed against the company	Nil	Nil	Nil

4. FINANCIAL POSITION OF THE COMPANY

4. (a) Capital Structure of NHPC Limited

(i) Details of Share Capital as on 31.12.2018

(Rs. In Crores)

Particulars	Amount
4.(a).(i)(a) : Share Capital	
Authorised:15000000000 Equity Shares of Rs 10/- each	15000.00
Issued, Subscribed and Paid up: Equity Shares of Rs 10 each fully paid up	10259.32
4.(a).(i)(b) Size of the present offer	Not Applicable
a).(i)(c & d) Paid up capital (A) After the offer (B) After conversion of convertible instruments © Share premium account ▪ Before the offer ▪ After the offer	Not Applicable

(ii) Details of Share Capital as on 31.01.2019 (post buy back)

Particulars	Amount
4.(a).(ii)(a) : Share Capital	
Authorised:15000000000 Equity Shares of Rs 10/- each	15000.00
Issued, Subscribed and Paid up: Equity Shares of Rs 10 each fully paid up	10045.03
4.(a).(ii)(b) Size of the present offer	Not Applicable
a).(ii)(c & d) Paid up capital (A) After the offer (B) After conversion of convertible instruments © Share premium account ▪ Before the offer ▪ After the offer	Not Applicable

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

Date of Change	Particulars	Amount of Change in Rs.	Particulars
16.09.2013	*Date of AGM in which Articles of Association were amended for Buyback of Shares.*	12,30,07,42,770	Buy Back of shares
24.10.2013	*Board of Directors approved the Buyback of Shares in their meeting held on 24.10.2013 and corporate action for the*		

	shares was executed on 27.12.2013.		
07.02.2017*	*Date of Board Meeting in which buyback of shares was approved by the Board of Directors and corporate action for the shares was executed on 31.03.2017.*	8,11,34,79,770	Buy Back of shares
14.11.2018	*Date of Board Meeting in which buyback of shares was approved by the Board of Directors and corporate action for the shares was executed on 24.01.19.*	2,14,28,57,140	Buy Back of Shares

a) (iv) Share Capital History of our Company:

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

Date of Issue/ Allotment	No. of Equity Shares	Face Value (₹)	Issue price (₹)	Consideration in Cash/ other than cash	Cumulative No. of Equity Shares	Cumulative Equity Share Capital (₹ in Crore)
August 13, 1976	3,283	1,000	1,000	Cash	3,283	0.33
December 29, 1976	1,950	1,000	1,000	Cash	5,233	0.52
April 28, 1977	2	1,000	1,000	Cash	5, 235	0.52
September 3,1977	40,000	1,000	1,000	Cash	45,235	4.52
February 28,1978	6,29,529	1,000	1,000	Other than cash	6,74,764	67.48
February 28,1978	60,700	1,000	1,000	Cash	7,35,464	73.55
September 18, 1978	73,298	1,000	1,000	Cash	8,08,762	80.88
February 2, 1979	25,000	1,000	1,000	Cash	8,33,762	83.38
August 6, 1980	1	1,000	1,000	Cash (Rs. 400) Other than cash (Rs. 600)	8,33,763	83.38
March 31,1981	1,46,150	1,000	1,000	Cash	9,79,913	97.99
December 21,1981	15,000	1,000	1,000	Cash	9,94,913	99.49
March 27,1982	33,300	1,000	1,000	Cash	10,28,213	102.82
June 14, 1982	35,000	1,000	1,000	Cash	10,63,213	106.32
September 02, 1982	36,000	1,000	1,000	Cash	10,99,213	109.92
December 14, 1982	1,24,000	1,000	1,000	Cash	12,23,213	122.32
February 23, 1983	15,000	1,000	1,000	Cash	12,38,213	123.82
March 26, 1983	60,000	1,000	1,000	Cash	12,98,213	129.82
June 6,1983	32,900	1,000	1,000	Cash	13,31,113	133.11
September 5, 1983	61,859	1,000	1,000	Cash	13,92,972	139.30

Date of Issue/ Allotment	No. of Equity Shares	Face Value (₹)	Issue price (₹)	Consideration in Cash/ other than cash	Cumulative No. of Equity Shares	Cumulative Equity Share Capital (₹ in Crore)
December 16, 1983	48,550	1,000	1,000	Cash	14,41,522	144.15
March 5,1984	2,14,541	1,000	1,000	Cash	16,56,063	165.61
May 14, 1984	1,39,579	1,000	1,000	Cash	17,95,642	179.56
January 8,1985	4,27,459	1,000	1,000	Cash	22,23,101	222.31
June 21,1985	11,75,665	1,000	1,000	Cash	33,98,766	339.88
November 18,1985	4,72,500	1,000	1,000	Cash	38,71,266	387.12
February 24,1986	4,20,000	1,000	1,000	Cash	42,91,266	429.13
June 6,1986	8,03,546	1,000	1,000	Cash	50,94,812	509.48
December 26,1986	3,05,000	1,000	1,000	Cash	53,99,812	539.98
March 31, 1987	10,000	1,000	1,000	Cash	54,09,812	540.98
April 29, 1987	3,31,200	1,000	1,000	Cash	57,41,012	574.10
November 25, 1987	11,26,681	1,000	1,000	Cash	68,67,693	686.77
March 9, 1988	1,57,700	1,000	1,000	Cash	70,25,393	702.54
May 4, 1988	1,62,258	1,000	1,000	Cash	71,87,651	718.77
August17, 1988	4,75,000	1,000	1,000	Cash	76,62,651	766.27
December 28, 1988	2,49,500	1,000	1,000	Cash	79,12,151	791.22
March 27, 1989	65,789	1,000	1,000	Cash	79,77,940	797.80
December 28, 1989	5,09,700	1,000	1,000	Cash	84,87,640	848.76
April 2, 1990	1,04,800	1,000	1,000	Cash	85,92,440	859.24
July 16, 1990	41,50,400	1,000	1,000	Cash	1,27,42,840	1,274.28
August 30, 1990	2,50,000	1,000	1,000	Cash	1,29,92,840	1,299.28
October 29, 1990 and November 5, 1990	8,20,000	1,000	1,000	Cash	1,38,12,840	1,381.28
January 24, 1991	19,45,000	1,000	1,000	Cash	1,57,57,840	1,575.78
February 26, 1991	4,35,200	1,000	1,000	Cash	1,61,93,040	1,619.30
May 13, 1991	9,26,300	1,000	1,000	Cash	1,71,19,340	1,711.93
July 17, 1991	6,40,000	1,000	1,000	Cash	1,77,59,340	1,775.93
August 9, 1991	2,15,000	1,000	1,000	Cash	1,79,74,340	1,797.43
November 27, 1991	7,11,800	1,000	1,000	Cash	1,86,86,140	1,868.61
December 24, 1991	5,38,000	1,000	1,000	Cash	1,92,24,140	1,922.41
June 19, 1992	11,87,200	1,000	1,000	Cash	2,04,11,340	2,041.13
August 5, 1992	3,90,000	1,000	1,000	Cash	2,08,01,340	2,080.13
October 9, 1992	6,05,000	1,000	1,000	Cash	2,14,06,340	2,140.63
November 27,1992	3,70,000	1,000	1,000	Cash	2,17,76,340	2,177.63
January 27,1993	7,76,000	1,000	1,000	Cash	2,25,52,340	2,255.23
July 2,1993	9,58,500	1,000	1,000	Cash	2,35,10,840	2,351.08
September 2,1993	5,60,000	1,000	1,000	Cash	2,40,70,840	2,407.08
November 25,1993	9,20,000	1,000	1,000	Cash	2,49,90,840	2,499.08
June 15,1996	(20,56,461)*	1,000	1,000	-	2,29,34,379	2,293.44
June 15,1996	20,58,600	1,000	1,000	Cash	2,49,92,979	2,499.30
July 25,1997	(2,38,832)*	1,000	1,000	-	2,47,54,147	2,475.41
July 25,1997	13,91,800	1,000	1,000	Cash	2,61,45,947	2,614.59
September 23,1997	5,11,000	1,000	1,000	Cash	2,66,56,947	2,665.69
November 1,1997	15,70,000	1,000	1,000	Cash	2,82,26,947	2,822.69
December 5,1997	5,00,000	1,000	1,000	Cash	2,87,26,947	2,872.69
February 21,1998	9,60,000	1,000	1,000	Cash	2,96,86,947	2,968.69
July 22,1998	10,65,000	1,000	1,000	Cash	3,07,51,947	3,075.19

Date of Issue/ Allotment	No. of Equity Shares	Face Value (₹)	Issue price (₹)	Consideration in Cash/ other than cash	Cumulative No. of Equity Shares	Cumulative Equity Share Capital (₹ in Crore)
September 18,1998	6,40,000	1,000	1,000	Cash	3,13,91,947	3,139.19
October 17,1998	3,30,000	1,000	1,000	Cash	3,17,21,947	3,172.19
November 13/19, 1998	50,000	1,000	1,000	Cash	3,17,71,947	3,177.19
January 4, 1999	5,44,200	1,000	1,000	Cash	3,23,16,147	3,231.61
January 29, 1999	50,000	1,000	1,000	Cash	3,23,66,147	3,236.61
March 19, 1999	10,09,800	1,000	1,000	Cash	3,33,75,947	3,337.59
April 28, 1999	6,06,400	1,000	1,000	Cash	3,39,82,347	3,398.23
July 31, 1999	8,42,600	1,000	1,000	Cash	3,48,24,947	3,482.49
July 31, 1999	6,30,000	1,000	1,000	Cash	3,54,54,947	3,545.49
August 27, 1999	13,14,600	1,000	1,000	Cash	3,67,69,547	3,676.95
September 24, 1999	60,000	1,000	1,000	Cash	3,68,29,547	3,682.95
October 25, 1999	20,000	1,000	1,000	Cash	3,68,49,547	3,684.95
November 30, 1999	5,20,000	1,000	1,000	Cash	3,73,69,547	3,736.95
January 18, 2000	4,70,000	1,000	1,000	Cash	3,78,39,547	3,783.95
February 3, 2000	9,22,100	1,000	1,000	Cash	3,87,61,647	3,876.16
March 10, 2000	8,90,000	1,000	1,000	Cash	3,96,51,647	3,965.16
March 30, 2000	3,20,800	1,000	1,000	Cash	3,99,72,447	3,997.24
April 26, 2000	2,32,500	1,000	1,000	Cash	4,02,04,947	4,020.49
July 20, 2000	11,78,300	1,000	1,000	Cash	4,13,83,247	4,138.32
August 25, 2000	14,00,000	1,000	1,000	Cash	4,27,83,247	4,278.32
September 27, 2000	6,91,800	1,000	1,000	Cash	4,34,75,047	4,347.50
October 24, 2000	12,39,100	1,000	1,000	Cash	4,47,14,147	4,471.41
March 8, 2001	14,30,800	1,000	1,000	Cash	4,61,44,947	4,614.49
April 30, 2001	14,80,000	1,000	1,000	Cash	4,76,24,947	4,762.49
June 20, 2001	29,11,500	1,000	1,000	Cash	5,05,36,447	5,053.64
September 7, 2001	9,46,400	1,000	1,000	Cash	5,14,82,847	5,148.28
November 26, 2001	14,47,700	1,000	1,000	Cash	5,29,30,547	5,293.05
April 30, 2002	62,67,700	1,000	1,000	Cash	5,91,98,247	5,919.82
July 24, 2002	6,35,100	1,000	1,000	Cash	5,98,33,347	5,983.33
August 22, 2002	10,18,400	1,000	1,000	Cash	6,08,51,747	6,085.17
October 21, 2002	18,57,500	1,000	1,000	Cash	6,27,09,247	6,270.92
December 23, 2002	21,69,300	1,000	1,000	Cash	6,48,78,547	6,487.85
February 26, 2003	20,55,350	1,000	1,000	Cash	6,69,33,897	6,693.39
April 28, 2003	12,13,700	1,000	1,000	Cash	6,81,47,597	6,814.76
June 11, 2003	10,66,200	1,000	1,000	Cash	6,92,13,797	6,921.38
July 28, 2003	14,40,000	1,000	1,000	Cash	7,06,53,797	7,065.38
September 30, 2003	21,22,100	1,000	1,000	Cash	7,27,75,897	7,277.59
December 18, 2003	22,38,500	1,000	1,000	Cash	7,50,14,397	7,501.44
January 27, 2004	27,41,900	1,000	1,000	Cash	7,77,56,297	7,775.63
April 28, 2004	42,75,500	1,000	1,000	Cash	8,20,31,797	8,203.18
July 30, 2004	23,69,400	1,000	1,000	Cash	8,44,01,197	8,440.12
September 15, 2004	30,58,700	1,000	1,000	Cash	8,74,59,897	8,745.99
October 30, 2004	23,54,200	1,000	1,000	Cash	8,98,14,097	8,981.41
December 30, 2004	18,71,200	1,000	1,000	Cash	9,16,85,297	9,168.53
March 24, 2005	25,70,900	1,000	1,000	Cash	9,42,56,197	9,425.62
April 21, 2005	15,88,900	1,000	1,000	Cash	9,58,45,097	9,584.51
July 22, 2005	9,94,300	1,000	1,000	Cash	9,68,39,397	9,683.94
September 30, 2005	18,59,300	1,000	1,000	Cash	9,86,98,697	9,869.87

Date of Issue/ Allotment	No. of Equity Shares	Face Value (₹)	Issue price (₹)	Consideration in Cash/ other than cash	Cumulative No. of Equity Shares	Cumulative Equity Share Capital (₹ in Crore)
September 30, 2005	83,323	1,000	1,000	Cash	9,87,82,020	9,878.20
November 23, 2005	10,46,900	1,000	1,000	Cash	9,98,28,920	9,982.89
December 29, 2005	17,57,100	1,000	1,000	Cash	10,15,86,020	10,158.60
March 24, 2006	5,66,800	1,000	1,000	Cash	10,21,52,820	10,215.28
April 20, 2006	2,03,800	1,000	1,000	Cash	10,23,56,620	10,235.67
July 21, 2006	11,36,800	1,000	1,000	Cash	10,34,93,420	10,349.34
September 6, 2006	15,11,200	1,000	1,000	Cash	10,50,04,620	10,500.46
February 7, 2007	24,56,200	1,000	1,000	Cash	10,74,60,820	10,746.08
March 13, 2007	13,54,600	1,000	1,000	Cash	10,88,15,420	10,881.54
March 13, 2007[1]	The equity shares of ₹ 1000 each were split into equity shares of face value of ₹ 10 each					
March 26, 2007	31,66,70,500	10	10	Cash	11,19,82,12,500	11,198.21
May 26, 2007	(2,45,50,000)^	10	10	-	11,17,36,62,500	11,173.66
March 13, 2008	88,30,930	10	10	Cash	11,18,24,93,430	11,182.49
August 26, 2009	1,11,82,49,343	10	36	Cash	12,30,07,42,773	12,300.74
December 19, 2013[2]	(1,23,00,74,277)	10	19.25	Cash	11,07,06,68,496	11,070.66
March 27, 2017[3]	(81,13,47,977)	10	32.25	Cash	10,25,93,20,519	10,259.32
Jan 25,2019[4]	(214285714)	10	28.00	Cash	10,04,50,34,805	10,045.03

** Reduction of share capital on account of transfer of transmission assets to Power Grid Corporation of India Limited*
^ Reduction of share capital on account of closure of Koel Karo hydroelectric project in the state of Jharkhand.

Notes:

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

a) (v) List of top 10 holders of equity shares of the Company as on 25.01.2019 (Post buy back)

DP ID	CLIENT ID	NAME	NO OF SHARES	% TO EQUITY	CATEGORY
IN301330	20584494	PRESIDENT OF INDIA	7,36,59,64,993	73.329412	POI
IN300812	10000012	LIFE INSURANCE CORPORATION OF INDIA	73,43,79,599	7.310872	INS
IN301348	20014174	POWER FINANCE CORPORATION LTD	24,44,73,240	2.433772	LTD

IN301151	28909290	RURAL ELECTRIFICATION CORPORATION LTD	17,53,02,206	1.745163	LTD
IN300054	10009134	HDFC TRUSTEE COMPANY LTD. A/C HDFC BALANCED ADVANTAGE FUND	8,29,53,520	0.825816	MUT
IN300054	10009126	HDFC TRUSTEE COMPANY LIMITED - HDFC TAX SAVERFUND	6,06,41,557	0.603697	MUT
IN300054	10037322	EDGBASTON ASIAN EQUITY TRUST	4,98,93,974	0.496703	FPC
IN300126	11219356	ICICI PRUDENTIAL BLUECHIP FUND	4,49,94,925	0.447932	MUT
IN303438	10016654	VANGUARD EMERGING MARKETS STOCK INDEX FUND, A SERI	3,66,09,129	0.364450	FPC
IN303438	10003257	VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	3,55,56,270	0.353969	FPC

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

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

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

4. b) & c)

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

(Rs. in Crore)

Sl. No.	Parameters	FY 2017-18	FY2016-17	FY2015-16
4.b.0	Profit Before Tax	3525.74	3474.6	3180.5
4.b.1	Profit After Tax	2758.65	2795.59	2429.89
4.c.0	Dividend amounts	1251.65	2524.13	1461.33
4.c.1	Interest Coverage Ratio	**9.76**	**8.19**	**8.00**

***Figures of FY 2016-17 onwards are as per IND AS.Figures for the FY 2015-16 has been re-casted as per IND AS.**

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

Key Financials	For the nine months ended December 31,2018 (Limited Reviewed)	For the year ended March 31, 2018 (Audited)	For the year ended March 31, 2017 (Audited)	For the year ended March 31, 2016 (Audited)
Revenue from Operations	6195.38	6,934.03	7,271.17	7,353.00
Other Income	704.33	1,491.00	1,457.67	992.07
Total Income	**6,899.71**	**8,425.03**	**8,728.84**	**8,345.07**
Generation and other expenses	1448.10	1,705.57	1,931.77	2,125.94
Employee Benefits Expenses	1264.42	1,585.33	1,574.84	1,158.36
Finance Cost	672.07	922.32	1,073.22	1,072.10
Depreciation and amortisation	1178.54	1,405.89	1,388.40	1,359.07
Exceptional Items: Expense / (Income)	-	-	-	-
Profit Before Rate Regulated activities and Tax	2336.58	2,805.92	2,760.61	2,629.60
Rate Regulatory Income / (Expenses)	378.12	719.82	713.99	550.90
Profit Before Tax	2,714.70	3,525.74	3,474.60	3,180.50
Provision For Tax (Including Deferred Tax)	576.44	767.09	679.01	750.61
Profit/ (Loss) After Tax	**2,138.26**	**2,758.65**	**2,795.59**	**2,429.89**
Other Comprehensive Income	13.35	5.88	7.67	3.24
Total Comprehensive Income	**2151.61**	**2764.53**	**2803.26**	**2433.13**
Paid-up Equity Share Capital	10,259.32	10,259.32	10,259.32	11,070.67
Reserve & Surplus Excluding Revaluation Reserve & Misc. expenditures to the extent not written off	19,931.21	18,068.83	16,682.81	18,690.48
Net worth, excluding revaluation reserves & Misc. expenditures to the extent not written off	30,190.53	28,328.15	26,942.13	29,761.15
Total Debt, excluding working capital loans	17,796.22	18,322.11	18,924.23	19,938.22

Notes:

1. The figures mentioned above are extracted from the audited financial statement pertaining to the respective financial year (i.e. 2015-16, 2016-17 and 2017-18) and in case

of period ended 31st December'18, the figures are taken from the published financial results reviewed by the Joint Statutory Auditors.

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

4. e)

STATEMENT OF CASH FLOW

S.No	Particulars	Year Ended as on 31.03.2018	Year Ended as on 31.03.2017	Year Ended as on 31.03.2016
	Net Profit before tax and extraordinary items	3525.74	3474.60	3180.50
	Less: Rate Regulated Income/Expenditure	719.82	713.99	550.90
	ADD :			
	Depreciation (including Prior Period)	1405.89	1388.4	1359.07
	Finance Cost (net of EDC)	922.32	1073.22	1072.10
	(Proflt)/ Loss on sale of assets/ Debt/ Claim written off	0	2.16	2.20
	Provisions (Net loss)	69.78	119.68	390.94
	(Profit)/Loss on Sale of Projects	0		-
	Expenditure incurred to create Rate Regulatory Assets (net of finance and depreciation)	381.59	341.71	147.04
	Tariff Adjustment	58.37	94.83	109.78
	Exchange rate variation	66.36	51.81	64.65
		5710.23	**5832.42**	**5775.38**
	LESS :			
	Advance against Depreciation written back(including Prior Period)	60.68	60.68	50.17
	Provisions (Net gain)	85.57	44.92	41.53
	ERV	(2.88)	4.05	-1.14
	Profit on sale of Assets & Investment \Realization of loss	6.89	7.00	13.68
	Dividend Income	632.12	207.49	120.93
	Interest Income	252.73	512.72	603.77
	Other Adjustments	3.04	1.69	-3.14
	Cash flow from operating activities before working capital adjustments	**4672.08**	**4993.87**	**4949.58**
	Working Capital Changes			
	(Increase)/Decrease in Inventories	-4.22	-8.05	-1.35
	(Increase)/Decrease in Trade Receivables	584.32	54.85	381.88
	(Increase)/Decrease in Other Assets, Loans & Advances	-517.31	3352.49	511.71
	Increase/(Decrease) in Other Liabilities & Provisions	29.96	512.25	-272.43
	Cash flow from operating activities before taxes	**4764.83**	**8905.41**	**5569.39**
	Less : Taxes	662.22	760.07	669.37

	NET CASH FLOW FROM OPERATING ACTIVITIES (A)	**4102.61**	**8145.34**	**4900.02**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Purchase of Fixed Assets & expenditure on construction projects (including expenditure during construction)	-1530.44	-1496.41	-2061.4
	Creation of Rate Regulatory Assets	-381.59	-341.71	-147.04
	Loss/(Profit) on sale/transfer of Assets			
	Realisation from Investments/Bonds		0.35	651.01
	Investment in Joint Venture	-125.36	-365.72	
	Interest Income	260.49	566.25	637.15
	Dividend Received	632.12	207.49	120.93
	NET CASH FLOW FROM INVESTING ACTIVITIES (B)	**-1144.78**	**-1430.10**	**-799.35**
C.	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Buyback of Shares (including premium payments)		-2625.93	
	Issue of share capital/ Share application money pending allotment			
	Dividend & Dividend Tax Paid	-1378.50	-2996.35	-1734.74
	Proceeds on Borrowings	4354.99	2502.00	1774.92
	Repayments of Borrowings	-4855.88	-3338.37	-1671.09
	Interest & Financial Charges	-1143.87	-1391.09	-1461.06
	Government Grant Received	12.50		
	NET CASH FLOW FROM FINANCING ACTIVITIES (C)	**-3010.76**	**-7849.74**	**-3091.97**
	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**-52.93**	**-1134.50**	**1008.70**
	Cash & Cash Equivalents at the beginning of the year	**59.89**	**1194.39**	**185.69**
	Cash & Cash Equivalents at the close of the year	**6.96**	**59.89**	**1194.39**

Note: Figures of FY 2016-17 onwards are as per IND AS. Figures for the FY 2015-16 has been recasted as per IND AS.

4. f) Change In Accounting Policies

2015-16 **(Rs. in Crore)**

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

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

NHPC Policy	Policy of Joint Venture Company	Impact on Profitability
Policy No. 5.1 Depreciation on additions to /deductions from tangible assets during the year is charged on pro-rata basis from / up to the date on which the asset is available for use / disposal.	**Policy No. 7.1(b) of NHPTL** Depreciation on additions to/deductions from fixed assets during the year is charged on pro-rata basis from/up to the month in which asset is available for use/disposal.	No impact, since NHPTL has not yet started operation.
Policy No. 5.2.1 & 5.2.3 Depreciation on tangible assets of Operating Units of the Company except Construction Plant and Machinery & Computers and Peripherals is charged to the Statement of Profit & Loss on straight-line method following the rates and methodology as notified by CER	**Policy No. 7.1 (a) of NHPTL** Depreciation on assets is charged on straight line method following the useful life specified in Schedule-II of the Companies Act, 2013.	No impact, since NHPTL has not yet started operation.
Policy No. 11.2 Prepaid expenses and prior period expenses/income of items of Rs. 50,000/- and below are charged to natural heads of accounts.	**Policy No. 7.2(b) of NHPTL** Prepaid expenses and prior period expenses/income of items of Rs. 500,000/- and below are charged to natural heads of accounts.	No impact, since NHPTL has not yet started operation.
	Policy No. 7.2(a) of NHPTL	No impact, since

	Preliminary expenses on account of new projects incurred prior to approval of feasibility report/techno economic clearances are charged to revenue.	NHPTL has not yet started operation.
	Policy No. 9 of NHPTL Assets acquired on lease where a significant portion of the risk and rewards of the ownership is retained by the lessor are classified as operating leases. Lease rentals are charged to revenue.	No impact, since NHPTL has not yet started operation.
	Policy No. 17 of NHDC Amount of contribution received from the Govt. of Madhya Pradesh towards “Irrigation and R&R Component” and Govt. of Gujarat towards “SardarSarovar Component”, are treated initially as ‘Grants in Aid–Reserve’ and subsequently adjusted in the same proportion as the depreciation written off during the year on the assets acquired out of such contribution.	No impact.
	Policy No. 2.3 of CVPPL Capital expenditure on assets where neither the land nor the asset is owned by the Company is reflected as a distinct item in capital work in progress till the period of completion and thereafter in the fixed assets.	No impact, since CVPPL has not yet started operation.
	Policy No. 5.8 of CVPPL Capital expenditure referred to in Policy 2.3 is amortized over a period of 5 years from the year in which the first unit of project concerned comes into commercial operation and thereafter from the year in which the relevant assets becomes available for use.	No impact, since CVPPL has not yet started operation.

	Policy No. 7.3 of CVPPL Loose tools issued during the year are charged to consumption account where cost of individual items is Rs. 5000/- or less and in other cases written off in 5 yearly equated installments.	No impact, since CVPPL has not yet started operation.

2016-17

During the year due to implementation of Ind AS company has changed its entire accounting policy which is reproduced here under:

NOTE NO. 1: COMPANY INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

(i) Reporting entity

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

(ii) Basis of preparation

(A) Statement of Compliance

These financial statements are prepared on accrual basis of accounting in accordance with Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 (The Act)[Companies (Indian Accounting Standards) Rules, 2015& Companies (Indian Accounting Standards) Amendment Rules, 2016] and other applicable provisions of the Act, and the provisions of the Electricity Act, 2003 to the extent applicable. These are the Company's first Ind AS financial statements and Ind AS 101 'First Time Adoption of Indian Accounting Standards', has been applied.

For all the periods upto and including March 31, 2016, the Company prepared its financial statements in accordance with Generally Accepted Accounting Principles (GAAP) in India, Accounting Standards prescribed under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, the Companies Act, 2013 (to the extent notified and applicable), applicable provisions of the Companies Act, 1956, and the provisions of the Electricity Act, 2003 to the extent applicable.

Note 35explains how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

(B) Basis of Measurement

The financial statements have been prepared on accrual basis of accounting under historical cost convention, except for following financial assets and financial liabilities which are measured at fair value:

• Certain financial assets and liabilities measured at fair value.

• Plan assets of defined employee benefit plans.

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

(C) Functional and presentation currency

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

(D) Use of estimates and management judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

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

Critical judgements and estimates

a) Determining whether an arrangement contains a lease

Appendix C, Ind AS 17 'Determining whether an arrangement contains a lease' requires an assessment of whether:

- -fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and
- -the arrangement conveys a right to use the asset.

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

The Company enters into power purchase agreements with beneficiaries. Power Purchase Agreements (PPA) in the nature of embedded lease with a single beneficiary where the minimum lease term is for the major part of the plant's economic life and the minimum lease payments amount to substantially all the fair value of the plant are considered as a Finance Lease. Other embedded leases are considered as Operating Lease.

For embedded leases in the nature of a Finance Lease, the investment in the plant is recognised as a Lease Receivable. The minimum lease payments are identified by segregating the embedded lease payments from the rest of the contract amounts. Each lease receipt is allocated between the receivable and finance lease income so as to achieve a constant rate of return on the Lease Receivable outstanding.

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

b) Useful life of Property, Plant and Equipment

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

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

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

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

d) Post-retirement benefit plans

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

e) Revenue

The Company records revenue from sale of power based on Tariff approved by the CERC, as per the principles of Ind AS 18. However, in cases where tariff rates are yet to be approved, provisional rates are adopted considering the applicable CERC Tariff Regulations.

f) Provisions and contingencies

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

g) Recoverable Amount of Rate Regulated Assets

The operating activities of the Company are subject to cost-of-service regulations whereby tariff charged for electricity generated is based on allowable costs like interest costs, depreciation, operation & maintenance including a stipulated return. Guidance Note on Rate Regulated Activities issued by the ICAI (previous GAAP) and Ind AS 114- 'Regulatory Deferral Accounts' permits an entity to include in the rate base, as part of the cost of self-constructed (tangible) fixed assets or internally generated intangible assets, amounts that would otherwise be recognised as an expense in the statement of profit and loss in accordance with Ind AS. The Company estimates that items of regulatory deferral accounts recognised in the financial statements are recoverable as per the current CERC Tariff regulations 2014-19. However, changes in CERC tariff regulations beyond the current tariff period may affect the recoverability of such balances.

h) Impairment of Trade Receivables

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

i) Investment in Subsidiaries and Joint Ventures

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

j) Insurance Claim Recoverable

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

2017-18 :

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

Note no.	As on 31.03.2017	Revised during FY 2017-18	Reasons for change
1	Basis of preparation		
	(D) Statement of Compliance These financial statements are prepared on accrual basis of accounting in accordance with Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 (The Act)[Companies (Indian Accounting Standards) Rules, 2015& Companies (Indian Accounting Standards) Amendment Rules, 2016] and other applicable provisions of the Act, and the provisions of the Electricity Act, 2003 to the extent	(A) Statement of Compliance These standalone financial statements are prepared on accrual basis of accounting and comply with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and subsequent amendments thereto, the Companies Act, 2013 (to the extent notified and applicable), applicable provisions of the Companies Act, 1956, and the provisions of the Electricity Act,	Compliance of HM issued by C&AG during Phase-I Audit of Account of 2017-18

	applicable.	2003 to the extent applicable.	
	These are the Company's first Ind AS financial statements and Ind AS 101 'First Time Adoption of Indian Accounting Standards', has been applied. For all the periods upto and including March 31, 2016, the Company prepared its financial statements in accordance with Generally Accepted Accounting Principles (GAAP) in India, Accounting Standards prescribed under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014, the Companies Act, 2013 (to the extent notified and applicable), applicable provisions of the Companies Act, 1956, and the provisions of the Electricity Act, 2003 to the extent applicable. Note 35 explains how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.	-deleted-	Relates to first –time adoption of Ind AS and was relevant only for FY 2016-17.
1	Basis of preparation (D) Use of estimates and management judgments Critical judgments and estimates b) Useful life of Property, Plant and Equipment The estimated useful life of property, plant and equipment is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological	Basis of preparation (D) Use of estimates and management judgments Critical judgments and estimates b) Useful life of Property, Plant and Equipment and Intangible Assets The estimated useful life of property, plant and	Due to C&AG Phase-II HM No. 2 of Kotli Bhel for FY 2017-18.

	advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset. Useful life of the assets used for generation of electricity is determined by the Central Electricity Regulatory Commission (CERC) Tariff Regulations as mentioned in part B of Schedule II of the Companies Act, 2013 except for construction plant & machinery and computers & peripherals which are in accordance with Schedule II of the Companies Act, 2013.	equipment and intangible assets are based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset. Useful life of the assets used for generation of electricity is determined by the Central Electricity Regulatory Commission (CERC) Tariff Regulations as mentioned in part B of Schedule II of the Companies Act, 2013 except for construction plant & machinery and computers & peripherals which are in accordance with Schedule II of the Companies Act, 2013 and mobile phones which are as per management assessment.	
	c) Recoverable amount of property, plant and equipment and capital work in progress The recoverable amount of property, plant and equipment and capital work in progress is based on estimates and assumptions, in particular the expected market outlook and future cash flows associated with the power plants. Any changes in these assumptions may have a material impact on the measurement of the recoverable amount resulting in impairment.	c)Recoverable amount of property, plant and equipment, capital work in progress and intangible assets The recoverable amount of property, plant and equipment, capital work in progress and intangible assets are based on estimates and assumptions, in particular the expected market outlook and future cash flows associated with the power plants. Any changes in these assumptions may have a material impact on the measurement of the recoverable amount resulting in impairment.	Due to C&AG Phase-II HM No. 2 of Kotli Bhel for FY 2017-18.
1	(iii) SIGNIFICANT ACCOUNTING POLICIES		
	1.0 (C): Property, Plant & Equipment PPE are initially measured at cost of acquisition/construction	1.0 (C): Property, Plant & Equipment PPE are initially measured at cost of acquisition/construction	

	including decommissioning or restoration cost wherever required. The cost includes expenditure that is directly attributable to the acquisition/construction of the asset. In cases where final settlement of bills with contractors is pending, but the asset is complete and available for use, capitalisation is done on estimated basis subject to necessary adjustments, including those arising out of settlement of arbitration/court cases.	including decommissioning or restoration cost wherever required. The cost includes expenditure that is directly attributable to the acquisition/construction of the asset. In cases where final settlement of bills with contractors is pending, but the asset is complete and available for operating in the manner intended by the management, capitalisation is done on estimated basis subject to necessary adjustments, including those arising out of settlement of arbitration/court cases.	
	9.0 Financial assets other than investment in subsidiaries and joint ventures (b) Initial recognition and measurement All financial assets other than trade receivables are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or Loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statement of Profit and Loss. The Company measures the trade receivables at their transaction price, if the trade receivables do not contain a significant financing component.	9.0 Financial assets other than investment in subsidiaries and joint ventures (b) Initial recognition and measurement All financial assets other than trade receivables are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or Loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in the Statement of Profit and Loss. The Company measures the trade receivables at their transaction price, if the trade receivables do not contain a significant financing component.	Rewording of Policy
	9.0 Financial assets other than investment in subsidiaries and joint ventures c) Subsequent measurement No policy regarding subsequent measurement of trade receivables.	9.0 Financial assets other than investment in subsidiaries and joint ventures c) Subsequent measurement Trade Receivables: Trade receivables containing a significant financing component are subsequently measured at amortised cost using the effective interest method.	Policy regarding subsequent measurement of Trade Receivables added due to recognition of non-current trade receivables in r/o BYPL
	10.0 Inventories	10.0 Inventories	

	Inventories mainly comprise stores and spare parts to be used for maintenance of Property, Plant and Equipment and are valued at cost or net realizable value (NRV) whichever is lower. The cost is determined using weighted average cost formula and NRV is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale. The amount of any write-down of inventories to net realisable value and all losses of inventories is recognized as an expense in the period in which write-down or loss occurs. The amount of any reversal of the write-down of inventories arising from increase in the net realisable value is recognized as a reduction from the amount of inventories recognized as an expense in the period in which reversal occurs.	Inventories mainly comprise stores and spare parts to be used for maintenance of Property, Plant and Equipment and are valued at cost or net realizable value (NRV) whichever is lower. The cost is determined using weighted average cost formula and NRV is the estimated selling price in the ordinary course of business, less the estimated costs necessary to make the sale. The amount of any write-down of inventories to net realisable value and all losses of inventories is recognized as an expense in the period in which write-down or loss occurs.	
	13.0 Government Grants (b)Monetary grants received from the Government for creation of assets of Power Stations are recognised as deferred income and amortised over the useful life of the related assets.	13.0 Government Grants (b)Monetary grants from the government for creation of assets are initially recognised as deferred income when there is reasonable assurance that the grant will be received and the company will comply with the conditions associated with the grant. The deferred income so recognised is subsequently amortised in the Statement of Profit and Loss over the useful life of the related assets. (c) Government grant related to income is recognised in the Statement of Profit and Loss on a systematic basis over the periods in which the entity recognises as expenses the related costs for which the grants are intended to compensate.	Policy Reworded. New policy for accounting of Government Grants related to Income- for recognition of Generation Based Incentives in r/o Wind Power Project, Jaisalmer.
	18.0 Depreciation and amortization b) Depreciation on Property, Plant	18.0 Depreciation and amortization b) Depreciation on Property, Plant	

	and Equipment of Operating Units of the Company is charged to the Statement of Profit & Loss on straight-line method following the rates and methodology as notified by CERC for the fixation of tariff except for Construction Plant & Machinery and Computer & Peripherals. c) i) Depreciation on Property, Plant and Equipment (except old and used) of other than Operating Units of the Company is charged to the extent of 90% of the cost of the asset following the rates notified by CERC for the fixation of tariff except for Construction Plant & Machinery and Computer & Peripherals. ii) Depreciation on old and used items of PPE of other than Operating Units is charged on straight-line method to the extent of 90% of the cost of the asset over estimated useful life determined on the basis of technical assessment. d) Depreciation in respect of following items of PPE is charged on straight line method based on the life and residual value (5%) given in the Schedule II of the Companies Act, 2013: (i) Construction Plant & Machinery (ii) Computer & Peripherals	and Equipment of Operating Units of the Company is charged to the Statement of Profit & Loss on straight-line method following the rates and methodology as notified by CERC for the fixation of tariff except for assets specified in Policy No. 18.0(d) below. c) i) Depreciation on Property, Plant and Equipment (except old and used) of other than Operating Units of the Company is charged to the extent of 90% of the cost of the asset following the rates notified by CERC for the fixation of tariff except for assets specified in Policy No. 18.0(d) below. ii) Depreciation on old and used items of PPE of other than Operating Units is charged on straight-line method to the extent of 90% of the cost of the asset over estimated useful life determined on the basis of technical assessment. d) i) Depreciation in respect of following items of PPE is provided on straight line method based on the life and residual value (5%) given in the Schedule II of the Companies Act, 2013: - Construction Plant & Machinery - Computer & Peripherals ii) Based on management assessment, depreciation on Mobile Phones is provided on straight line basis over a period of three years with residual value of Re 1.	Reworded Reworded New Policy– For compliance of Assurance given to the C&AG during 2016-17
	18.0 (n) Where the life and / or efficiency of an asset is increased due to renovation and modernization, the expenditure thereon along with its unamortized depreciable amount is charged prospectively over the revised /	18.0 (n) Where the life and / or efficiency of an asset is increased due to renovation and modernization, the expenditure thereon along with its unamortized depreciable amount is charged prospectively over the revised /	Rectified since life is determined by CERC.

	remaining useful life determined by technical assessment.	remaining useful life. determined by technical assessment.	
	No specific policy	24.0 Material prior period errors Material prior period errors are corrected retrospectively by restating the comparative amounts for the prior periods presented in which the error occurred. If the error occurred before the earliest period presented, the opening balances of assets, liabilities and equity for the earliest period presented, are restated unless it is impracticable, in which case, the comparative information is adjusted to apply the new accounting policy prospectively from the earliest date practicable.	Accounting practice formalised as Policy.
		25.0 Earnings per share Basic earnings per equity share is computed by dividing the net profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the financial year. Diluted earnings per equity share is computed by dividing the net profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that could have been issued upon conversion of all dilutive potential equity shares. Basic and diluted earnings per equity share are also presented using the earnings amounts excluding the movements in regulatory deferral account balances.	Accounting practice formalised as Policy.

Additional changes to Note No. 1 for Consolidated Financial Statements

	Reporting entity NHPC Limited (the "Company") is a Company domiciled in India and limited by shares. The shares of the Company are publicly traded on the National Stock Exchange of India and BSE Limited. The address of the Company's registered office is NHPC LIMITED, NHPC Office Complex, Sector-33, Faridabad, Haryana- 121003. The Company is primarily involved in the generation and sale of bulk power to various Power Utilities. Other business includes providing consultancy and project management & supervision. NHPC Limited together with its subsidiaries and joint ventures is hereinafter referred to as the "Group". The Group's consolidated financial statements have been approved for issue by the Company's Board of Directors on May 30, 2018.	**Reporting entity** NHPC Limited (the "Company") is a Company domiciled in India and limited by shares. The shares of the Company are publicly traded on the National Stock Exchange of India and BSE Limited. The address of the Company's registered office is NHPC LIMITED, NHPC Office Complex, Sector-33, Faridabad, Haryana- 121003. These consolidated financial statements comprise the financial statements of the Company and its subsidiaries (referred collectively as the 'Group') and the Group's interest in its joint ventures. The Group is primarily involved in the generation and sale of bulk power to various Power Utilities. Other business includes providing consultancy and project management & supervision. The Group's consolidated financial statements have been approved for issue by the Company's Board of Directors on May 28, 2018.	**Reworded**
	20.0 (b) - Deferred Tax	20. 0 (b) - Deferred Tax Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries and joint ventures where the group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.	Accounting practice formalised as Policy.

NOTE NO. 1: GROUP INFORMATION AND SIGNIFICANT ACCOUNTING POLICIES

(I) Reporting entity

NHPC Limited (the "Company") is a Company domiciled in India and limited by shares. The shares of the Company are publicly traded on the National Stock Exchange of India and BSE Limited. The address of the Company's registered office is NHPC LIMITED, NHPC Office Complex, Sector-33, Faridabad, Haryana- 121003.

These consolidated financial statements comprise the financial statements of the Company and its subsidiaries (referred to collectively as the 'Group') and the Group's interest in its joint ventures. The Group is primarily involved in the generation and sale of bulk power to various Power Utilities. Other business includes providing consultancy and project management & supervision. The Group's consolidated financial statements have been approved for issue by the Board of Directors on May 28, 2018.

(II) Basis of preparation

(E) Statement of Compliance

These consolidated financial statements are prepared on accrual basis of accounting except for the Statement of Cash Flows and comply with the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and subsequent amendments thereto, the Companies Act, 2013 (to the extent notified and applicable), applicable provisions of the Companies Act, 1956, and the provisions of the Electricity Act, 2003 to the extent applicable.

(F) Basis of Measurement

The consolidated financial statements have been prepared on historical cost basis, except for following financial assets and financial liabilities which are measured at fair value:

• Certain financial assets and liabilities measured at fair value.

• Plan assets of defined employee benefit plans.

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

(G) Functional and presentation currency

These consolidated financial statements are presented in Indian Rupees (INR), which is the Group's functional currency. All financial information presented in INR has been rounded off to the nearest crores (upto two decimals).

(H) Basis of Consolidation

a) Subsidiaries

i) A subsidiary is an entity over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group.

ii) The Group combines the financial statements of the parent and its subsidiaries on a line by line basis, adding together like items of assets, liabilities, equity, income and expenses. The carrying amounts of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary are eliminated. Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses on transactions between Group companies are also eliminated unless the transaction provides evidence of an impairment of the transferred asset. Accounting policies of subsidiaries are consistent with the policies adopted by the Group.

iii) Non-controlling interests are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition. Non-controlling interests in the results and equity of subsidiaries are shown separately in the consolidated Balance Sheet, consolidated Statement of Profit and Loss and consolidated Statement of Changes in Equity.

iv) A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction.

v) If the Group loses control over a subsidiary, it derecognizes the assets, liabilities, carrying amount of any non-controlling interests and the cumulative translation differences recorded in equity.

b) Joint ventures

i) A joint venture is a joint arrangement whereby parties that have joint control of the arrangement have rights to the net assets of the arrangement. Interests in joint ventures are initially recognised at cost and thereafter accounted for using the equity method.

ii) Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and other comprehensive income of the investee in the Statement of Profit and Loss and Other Comprehensive Income of the Group. Dividends received or receivable from joint ventures are recognised as a reduction in the carrying amount of the investment.

iii) When the Group's share of losses in a joint venture equals or exceeds its investment in the entity, including any other unsecured long-term receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

iv) Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in these entities. Unrealised losses on transactions between the Group and its joint ventures are also eliminated to the extent of the Group's interest in these entities unless the transaction provides evidence of an impairment of the asset transferred. Where the accounting policies of joint ventures are different from those of the Group, appropriate adjustments are made for like transactions and events in similar circumstances to ensure conformity with the policies adopted by the group.

v) Any gain or loss on dilution arising on a reduced stake in the joint venture, but still retaining the joint control, is recognized in the Statement of Profit and Loss.

vi) When the investment ceases to be a joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value with the change in carrying amount recognised in the Statement of Profit and Loss. The fair value of the retained interest becomes the initial carrying amount for the purpose of accounting for the retained interest as a financial asset. Any amounts previously recognised in other comprehensive income in respect of that joint venture are reclassified to the Statement of Profit and Loss.

(E) Use of estimates and management judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

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

Critical judgements and estimates

c) Determining whether an arrangement contains a lease

Appendix C, Ind AS 17 'Determining whether an arrangement contains a lease' requires an assessment of whether:

- fulfilment of the arrangement is dependent on the use of a specific asset or assets (the asset); and
- the arrangement conveys a right to use the asset.

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

The Group enters into power purchase agreements with beneficiaries. Power Purchase Agreements (PPA) in the nature of embedded lease with a single beneficiary where the minimum lease term is for the major part of the plant's economic life and the minimum lease payments amount to substantially all the fair value of the plant are considered as a Finance Lease. Other embedded leases are considered as Operating Lease.

For embedded leases in the nature of a Finance Lease, the investment in the plant is recognised as a Lease Receivable. The minimum lease payments are identified by segregating the embedded lease payments from the rest of the contract amounts. Each lease receipt is allocated between the receivable and finance lease income so as to achieve a constant rate of return on the Lease Receivable outstanding.

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

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

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

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

c) Recoverable amount of Property, Plant and Equipment, Capital Work in Progress and Intangible Assets

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

d) Post-retirement benefit plans

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

e) Revenue

The Group records revenue from sale of power based on Tariff approved by the CERC, as per the principles of Ind AS 18. However, in cases where tariff rates are yet to be approved, provisional rates are adopted considering the applicable CERC Tariff Regulations.

f) Provisions and contingencies

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

g) Recoverable Amount of Rate Regulated Assets

The operating activities of the Group are subject to cost-of-service regulations whereby tariff charged for electricity generated is based on allowable costs like interest costs, depreciation, operation & maintenance including a stipulated return. Guidance Note on Rate Regulated Activities issued by the ICAI (previous GAAP) and Ind AS 114- 'Regulatory Deferral Accounts' permits an entity to include in the rate base, as part of the cost of self-constructed PPE or internally generated intangible assets, amounts that would otherwise be recognised as an expense in the statement of profit and loss in accordance with Ind AS. The Group estimates that items of regulatory deferral accounts recognised in the financial statements are recoverable as per the current CERC Tariff regulations 2014-19. However, changes in CERC tariff regulations beyond the current tariff period may affect the recoverability of such balances.

h) Impairment of Trade Receivables

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

i) Investment in Joint Ventures

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

j) Insurance Claim Recoverable

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

(III) SIGNIFICANT ACCOUNTING POLICIES- A summary of the significant accounting policies applied in the preparation of consolidated financial statements as given below have been applied consistently to all periods presented in the financial statements.

1.0 Property, Plant and Equipment (PPE)

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

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

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

d) Expenditure incurred on renovation and modernization of PPE on completion of the originally estimated useful life of the power station resulting in increased life and/or efficiency of an existing asset, is added to the cost of the related asset. PPE acquired as replacement of the existing assets are capitalized and its corresponding replaced assets removed/ retired from active use are derecognized.

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

f) Payments made/ liabilities created provisionally towards compensation (including interest on enhanced compensation till the date of award by the Court), rehabilitation & resettlement and other expenses including expenditure on Environment Management Plans relatable to land in possession are treated as cost of land.

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

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

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

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

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

2.0 Capital work in Progress

a) Capital work in Progress up to March 31, 2015 were carried in the Balance Sheet in accordance with Indian GAAP. The Group had elected to avail the exemption granted by IND AS 101, "First time adoption of IND AS" to regard those amounts as deemed cost at the date of the transition to IND AS (i.e. as on April 1, 2015).

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

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

d) Capital Expenditure incurred for creation of facilities, over which the Group does not have control but the creation of which is essential principally for construction of the project is accumulated under "Expenditure Attributable to Construction" and carried under "Capital Work in Progress" and subsequently allocated on a systematic basis over major immovable assets, other than land and infrastructure facilities on commissioning of projects, keeping in view the "attributability" and the "Unit of Measure" concepts in Ind AS 16- "Property, Plant and Equipment". Expenditure of such nature incurred after completion of the project, is charged to the Statement of Profit and Loss.

3.0 Investment Property

Upto March 31, 2015, Investment Property were carried in the Balance Sheet in accordance with Indian GAAP. The Group had elected to avail the exemption granted by IND AS 101, "First time adoption of IND ASs" to regard those amounts as deemed cost at the date of the transition to IND AS (i.e. as on April 1, 2015).

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

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

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

4.0 Intangible Assets and Intangible Assets under development

a) Upto March 31, 2015, Intangible assets were carried in the Balance Sheet in accordance with Indian GAAP. The Group had elected to avail the exemption granted by IND AS 101, "First time adoption of IND AS" to regard those amounts as deemed cost at the date of the transition to IND AS (i.e. as on April 1, 2015).

b) Intangible assets acquired separately are measured on initial recognition at cost. After initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

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

d) Software (not being an integral part of the related hardware) acquired for internal use, is stated at cost of acquisition less accumulated amortisation and impairment losses if any.

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

5.0 Foreign Currency Transactions

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

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

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

d) Exchange differences arising from settlement/ translation of monetary items denominated in foreign currency entered into on or after 01.04.2016 to the extent recoverable from or payable to the beneficiaries in subsequent periods as per CERC Tariff

Regulations are recognized as 'Regulatory Deferral Account Balances' during construction period and adjusted from the year in which the same become recoverable from or payable to the beneficiaries.

e) Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

6.0 Regulatory Deferral Accounts

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

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

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

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

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

7.0 Fair value measurement

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

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

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

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

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

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

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

8.0 Investment in joint ventures

Investments in equity shares of joint ventures are carried at cost.

9.0 Financial assets other than investment in joint ventures

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

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

a) Classification

The Group classifies its financial assets in the following categories:

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

The classification depends on the following:

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

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

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

b) Initial recognition and measurement

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

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

c) Subsequent measurement

Debt instruments at amortised cost

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

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

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

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

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

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

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

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

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

Equity investments:

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

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

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

Trade Receivables:

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

d) Derecognition

A financial asset is derecognised only when:

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

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

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

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

e) Impairment of financial assets

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

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

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

iii) Contract Assets under Ind AS 11, Construction Contracts

iv) Lease Receivables under Ind AS 17, Leases.

v) Trade Receivables under Ind AS 18, Revenue.

The Group follows 'simplified approach' permitted under Ind As 109, "Financial Instruments" for recognition of impairment loss allowance on contract assets, lease receivables and trade receivables resulting from transactions within the scope of Ind AS 11, Ind AS 17 and Ind AS 18, which requires expected life time losses to be recognised from initial recognition of the receivables.

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

10.0 Inventories

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

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

11.0 Dividends

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

12.0 Financial liabilities

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

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

a) Classification, initial recognition and measurement

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

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

b) Subsequent measurement

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

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

c) Derecognition

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

d) Offsetting of financial instruments

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

13.0 Government Grants

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

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

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

14.0 Provisions, Contingent Liabilities and Contingent Assets

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

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

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

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

15.0 Revenue Recognition and Other Income

a) Revenue is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs can be estimated reliably, there is no continuous management involvement and the amount of revenue can be measured reliably. Revenue from the sale of power is measured at the fair value of the consideration received or receivable.

b) Revenue from the sale of power (except for power stations which are considered as Finance/Operating Lease) is accounted for as per tariff notified by Central Electricity Regulatory Commission. In case of Power Stations where tariff is not notified, sale is recognized on provisional rates worked out by the Group based on the parameters and method adopted by the appropriate authority. Customers are billed on a periodic and regular basis. As at each reporting date, revenue from sale of power includes an accrual for sales delivered to customers but not yet billed (unbilled revenue). Rebates given to beneficiaries as early payments incentives are deducted from the amount of revenue. Recovery/ refund towards foreign currency variation in respect of foreign currency loans and recovery towards Income Tax are accounted for on year to year basis.

c) Recovery towards deferred tax items recognized till March 31, 2009 are accounted for when the same materialises.

d) Incentives/Disincentives are recognised as per Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations. In case of Power Stations where tariff have not been notified, incentives/disincentives are recognized provisionally on assessment of the likelihood of acceptance of the same.

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

f) Advance Against Depreciation (AAD) considered as deferred income up to 31st March 2009 is included in sales on straight line basis over the balance useful life after 31st March of the year closing after a period of 12 years from the date of commercial operation of the project, considering the total useful life of the project as 35 years.

g) Revenue on Project Management / Construction Contracts/ Consultancy assignments is recognized on percentage of completion method. The percentage of completion is determined as proportion of "cost incurred up to reporting date" to "estimated cost to complete the concerned Project Management / Construction Contracts and Consultancy assignment".

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

i) Interest/Surcharge recoverable from customers and liquidated damages /interest on advances to contractors is recognised when no significant uncertainty as to measurability and collectability exists.

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

16.0 Employee Benefits

i) Short-term employee benefits

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

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

ii) Defined contribution plans

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

Employees Defined Contribution Superannuation Scheme (EDCSS) for providing pension benefits and contribution to Social Security Scheme are accounted as defined contribution plan.

iii) Defined benefit plans

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

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

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

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

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

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in Other Comprehensive Income. They are included in retained earnings in the Statement of Changes in Equity and in the Balance Sheet.

iv) Other long-term employee benefits

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

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

v) Termination benefits

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

17.0 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

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

18.0 Depreciation and amortization

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

b) Depreciation on Property, Plant and Equipment of Operating Units of the Group is charged to the Statement of Profit and Loss on straight-line method following the rates and methodology as notified by CERC for the fixation of tariff except for assets specified in Policy No. 18.0(d) below.

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

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

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

- Construction Plant & Machinery
- Computer & Peripherals

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

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

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

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

h) Leasehold Land, in case of operating units, is amortized over the period of lease or 35 years whichever is lower, following the rates and methodology notified vide CERC tariff regulations.

i) Leasehold Land, in case of units other than operating units, is amortized over the period of lease or 35 years whichever is lower.

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

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

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

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

n) Where the life and / or efficiency of an asset is increased due to renovation and modernization, the expenditure thereon along with its unamortized depreciable amount is charged prospectively over the revised / remaining useful life.

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

19.0 Impairment of non-financial assets other than inventories

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

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

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

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

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

20.0 Income Taxes

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

a) Current tax

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

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

b) Deferred tax

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

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

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

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

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

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

vii) Deferred tax liabilities are not recognised for temporary differences between the carrying amount and tax bases of investments in subsidiaries and joint ventures where the group is able to control the timing of the reversal of the temporary differences and it is probable that the differences will not reverse in the foreseeable future.

21.0 Compensation from third parties

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

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

22.0 Segment Reporting

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

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

c) The Group is having a single geographical segment as all its Power Stations are located within the Country.

23.0 Leases

a) Group as a Lessee:

i. Leases of property, plant and equipment (mainly land acquired through lump sum upfront payments), where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance lease. Such finance leases are generally capitalised at the lease's inception at the fair value of the leased property which equals the transaction price i.e. lump sum upfront payments.

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

b) Group as a Lessor:

Power Purchase Agreements (PPA) in the nature of embedded lease with a single beneficiary where the minimum lease term is for the major part of the plant's economic life and the minimum lease payments amounts to substantially all the fair value of the plant are considered as a Finance Lease. Other embedded leases are considered as Operating Lease.

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

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

24.0 Material prior period errors

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

25.0 Earnings per share

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

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

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

26.0 Statement of Cash Flows

a) **Cash and Cash Equivalents:**

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

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

27.0 Current versus non-current classification

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

a) An asset is current when it is:

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

All other assets are classified as non-current.

b) A liability is current when:

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

All other liabilities are classified as non-current.

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

28.0 Miscellaneous

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

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

(IV) Recent accounting pronouncements

The Ministry of Corporate Affairs (MCA) notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 (the 'Rules') on 28 March 2018. The rules shall be effective from reporting periods beginning on or after 1 April 2018 and cannot be early adopted.

Standards issued but not yet effective

a) Appendix B to Ind AS 21, Foreign currency transactions and advance consideration: The appendix clarifies how to determine the date of transaction for the exchange rate to be used on initial recognition of a related asset, expense or income where an entity pays or receives consideration in advance for foreign currency-denominated contracts.

The appendix can be applied either retrospectively for each period presented applying Ind AS 8 or prospectively to items in scope of the appendix that are initially recognised on or after the beginning of the reporting period in which the appendix is first applied or from the beginning of a prior reporting period presented as comparative.

The Group has assessed the effects of applying the appendix to its foreign currency transactions for which consideration is received in advance.

The Group has evaluated the effect of this on the financial statements and impact is not material.

The Group intends to adopt the amendments prospectively to items in scope of the appendix that are initially recognised on or after the beginning of the reporting period in which the appendix is first applied (i.e. from 1 April 2018).

b) Ind AS 115- Revenue from Contract with Customers:

Ind AS 115, Revenue from contracts with customers deals with revenue recognition and establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. Revenue is recognised when a customer obtains control of a promised good or service and thus has the ability to direct the use and obtain the benefits from the good or service in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods and services. The standard replaces Ind AS 18 Revenue and Ind AS 11 Construction contracts and related appendices.

The new standard is mandatory for financial years commencing on or after 1 April 2018 and early application is not permitted. The standard permits either a full retrospective or a modified retrospective approach for the adoption.

The Group will adopt the standard on April 1, 2018 by using the cumulative catch-up transition method and accordingly comparatives for the year ending or ended March 31, 2018 will not be retrospectively adjusted. The Group is in the process of assessing the detailed impact of Ind AS 115.

c) Amendments to Ind AS 40 Investment property - Transfers of investment property

The amendments clarify that transfers to, or from, investment property can only be made if there has been a change in use that is supported by evidence. A change in use occurs when the property meets, or ceases to meet, the definition of investment property. A change in intention alone is not sufficient to support a transfer. The amendment provides two transition options. Entities can choose to apply the amendment either retrospectively without the use of hindsight or prospectively to changes in use that occur on or after the date of initial application.

The Group has assessed the effects of the amendment on classification of existing property at 1 April 2018 and concluded that no reclassifications are required.

The Group has decided to apply the amendment prospectively to changes in use that occur after the date of initial application (i.e. 1 April 2018).

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PART - B (To be filed by the Applicant)

a. Name :

b. Father's name (if applicable) :

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

d. Phone number:

e. Email ID:

f. PAN Number :

g. Bank Account Details :

h. No. of debentures applied for :

i. Amount Remitted (in Rs. Lakhs) :

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

Signature

Initial of the Officer of the company designated to keep records

DECLARATION

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

I am authorized by the Board of Directors of the company vide resolution number III passed in 423rd meeting of Board of Directors on 15.03.2019 to sign this form and declare that all the requirements of the Companies Act, 2013 and the rules made there under in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and Articles of Association. It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

HS Puri
(H.S.Puri)
Chief General Manager-Finance
20/3/2019

Date : 20.03.2019
Place : Faridabad

Attachments :

Copy of Board Resolution

एनएचपीसी लिमिटेड
(भारत सरकार का उद्यम)
स्वच्छ भारत
एक कदम स्वच्छता की ओर
NHPC Limited
(A Government of India Enterprise)

फोन/Phone :________________

संदर्भ सं./Ref. No. ________________ दिनांक/Date :________________

CERTIFIED TRUE COPY OF RESOLUTIONS PASSED IN THE 423rd BOARD MEETING OF NHPC LIMITED HELD ON 15th MARCH, 2019.

ITEM NO.

423.2.8: RAISING OF 'GOI FULLY SERVICED BONDS' IN THE NATURE OF UNSECURED, REDEEMABLE, NON-CONVERTIBLE, AND TAXABLE LONG TERM BONDS TO FUND EXTRA BUDGETARY RESOURCES (EBR) OF RS.2017.23 CRORE DURING THE YEAR 2018-19 FOR MEETING ACCRUED LIABILITIES OF THE SCHEME OF "POWER SYSTEM DEVELOPMENT FUND":

I. **RESOLVED THAT** Chairman & Managing Director and/or Director (Finance) be and are hereby authorized to raise "GOI Fully Serviced Bonds" up to **Rs. 2017.20 crore** as per mandate given by Govt. of India, during the financial year 2018-19 through Unsecured, Redeemable, Taxable, Non-cumulative, Non-Convertible, Taxable bonds in one or more Series/Tranches on private placement basis from the Domestic market. Chairman & Managing Director and/or Director (Finance) be and are hereby further authorized to decide all terms and conditions including coupon rate, tenor, etc. for the "GOI Fully Serviced Bonds".

II. **RESOLVED FURTHER THAT** Chairman & Managing Director / Director (Finance) / Chief General Manager (Finance) be and is hereby authorized to make allotment of the "GOI Fully

VIJAY GUPTA
Company Secretary
NHPC Limited
(A Govt. of India Enterprises)
NHPC Office Complex, Sector-33
Faridabad-121 003 (India)

1/3

Serviced Bonds" to be raised during the financial year 2018-19 up to Rs.2017.20 crore.

III. **RESOLVED FURTHER THAT** Director (Finance)/Chief General Manager (Finance) be and is hereby authorized to sign Declaration under Form PAS-4 required pursuant to Rule 14 of Companies (Prospectus and Allotment of Securities) Rule, 2014 for "GOI Fully Serviced Bonds" and approve offer letter in connection thereof.

IV. **RESOLVED FURTHER THAT** Director (Finance) be and is hereby authorized to appoint any intermediaries / agencies / persons as may be required for the purposes of the issue(s) of the "GOI Fully Serviced Bonds" including without limiting to the Arrangers, Registrar, Credit Rating Agency (ies), Trustee , Legal Firm, and any other agency required and to decide, settle the remuneration for all such intermediaries / agencies / persons, including by way of payment of commission, brokerage, fee, charges, etc.

V. **RESOLVED FURTHER THAT** Director (Finance) be and is hereby authorized to appoint Banker to the issue(s) and open Bank Account and settle the terms of appointment wherever required.

VI. **RESOLVED FURTHER THAT** Director (Finance)/CGM (Finance) be and is hereby authorized to transfer proceeds to GoI account/any other account as per the direction of Ministry of Power.

VII. **RESOLVED FURTHER THAT** Chief General Manager (Finance)/General Manager (Finance) be and is hereby authorized to execute any Deed/agreements for issuance of "GOI Fully Serviced Bonds" and to pay fee and any other related charges.

VIJAY GUPTA
Company Secretary
NHPC Limited
(A Govt. of India Enterprises)
NHPC Office Complex, Sector-33
Faridabad, Haryana-121 003 (India)

2/3

VIII. **RESOLVED FURTHER THAT** Company Secretary/Chief General Manager (Finance)/General Manager (Finance) be and is hereby authorized to sign the Disclosure Document and to make an application along with necessary documents required for the listing of the "GOI Fully Serviced Bonds" in Stock Exchange(s), to obtain ISIN/Filing Corporate action with NSDL/CDSL and make necessary fees to Stock Exchanges and NSDL/CDSL and all the compliances as may be required.

IX. **RESOLVED FURTHER THAT** Company Secretary be and is hereby authorized to file with the Registrar of the Companies requisite form PAS 3, PAS 5 etc.

X. **RESOLVED FURTHER THAT** the Common seal as per the rules of the Corporation be affixed on all such documents/deeds as are required to be executed under the Common Seal of the Corporation, in terms of provisions of Articles of Association of the Corporation.

Certified True Copy

(Vijay Gupta)
Company Secretary

VIJAY GUPTA
Company Secretary
NHPC Limited
(A Govt. of India Enterprises)
NHPC Office Complex, Sector-33
Faridabad, Haryana-121 003 (India)

3/3

Annex-I

एनएचपीसी लिमिटेड
(भारत सरकार का उद्यम)

NHPC Limited
(A Government of India Enterprise)

फोन/Phone :

संदर्भ सं./Ref. No. ________ दिनांक/Date :

The following resolutions were passed by the shareholders in the Postal Ballot process held on 9th September, 2014.

ITEM NO. 1: Authorization to the Board of Directors for mortgaging and/or creating charge on all or any of the movable or immovable assets and / or immovable property of the Company for securing borrowings for the purpose of the Company.

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

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

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

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

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

ITEM NO. 3: Issue of Secured / Unsecured Redeemable Non-Convertible Debentures / Bonds aggregating up to Rs. 2500 Crore through Private Placement.

"**RESOLVED THAT** pursuant to the provisions of Section 42, 71 and all other applicable provisions of the Companies Act, 2013 read with relevant rules (including any statutory modification(s) or re-enactment thereof, for the time being in force), and subject to the provisions of the Articles of Association of the Company, approval of the Members be and is hereby accorded to authorize the Board of Directors of the Company to offer or invite subscriptions for Secured / Unsecured Redeemable Non-Convertible Debentures / Bonds, in one or more series / tranches, aggregating up to Rupees 2,500 crore (Rupees Two Thousand Five Hundred Crore), on Private Placement, on such terms and conditions as the Board of Directors of the Company may, from time to time, determine and in the beneficial interest of the Company including time, consideration for the issue, utilization of issue proceeds and all other matter connected with or incidental thereto;

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

Certified True Copy

18/11/2014

Vijay Gupta
कंपनी सचिव
Company Secretary
एनएचपीसी लिमिटेड

CARE Ratings
Professional Risk Opinion

Celebrating 25th Year Analytical Excellence

No. CARE/DRO/RL/2018-19/3959
Mr. Mahesh Kumar Mittal
Director (Finance)
NHPC Limited
NHPC Office Complex,
Sector 33, Faridabad - 121003

March 18, 2019

Confidential

Dear Sir,

Credit rating for proposed long term GoI fully serviced bond programme

Please refer to your request for rating of proposed long-term bond programme aggregating to Rs. 2,017.20 crore of your company. The proposed bonds would have door-to-door tenure of 10 years and repayable in bullet tranche.

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

Instrument	Amount (Rs. crore)	Rating[1]	Rating Action
Long term instruments – Proposed GoI fully serviced bonds	2,017.20 (Rs. two thousand seventeen crore and twenty lakh only)	CARE AAA; Stable (Triple A; Outlook Stable)	Assigned

3. Please arrange to get the rating revalidated, in case the proposed issue is not made within a period of **six months** from the date of our initial communication of rating to you (that is March 18, 2019).

4. In case there is any change in the size or terms of the proposed issue, please get the rating revalidated.

5. Please inform us the below-mentioned details of issue immediately, but not later than 7 days from the date of placing the instrument:

Instrument type	ISIN	Issue Size (Rs cr)	Coupon Rate	Coupon Payment Dates	Terms of Redemption	Redemption date	Name and contact details of Debenture Trustee	Details of top 10 investors

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

Page 1 of 6

CARE Ratings Limited
(Formerly known as Credit Analysis & Research Limited)

CORPORATE OFFICE: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (E), Mumbai - 400 022.
Tel.: +91-22-6754 3436 • Fax: +91-22-6754 3457
Email: care@careratings.com • www.careratings.com

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

CIN-L67190MH1993PLC071691

6. Kindly arrange to submit to us a copy of each of the documents pertaining to the NCD issue, including the offer document and the trust deed.
7. The rationale for the rating will be communicated to you separately. A write-up (press release) on the above rating is proposed to be issued to the press shortly, a draft of which is enclosed for your perusal as Annexure. We request you to peruse the annexed document and offer your comments if any. We are doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in. Kindly revert as early as possible. In any case, if we do not hear from you by February 4, 2019, we will proceed on the basis that you have no any comments to offer.
8. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
9. CARE reserves the right to revise/reaffirm/withdraw the rating assigned as also revise the outlook, as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE so as to enable it to carry out continuous monitoring of the rating of the debt instrument, CARE shall carry out the review on the basis of best available information throughout the life time of such instrument. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.
10. Users of this rating may kindly refer our website www.careratings.com for latest update on the outstanding rating.
11. CARE ratings are **not** recommendations to buy, sell or hold any securities.

CARE Ratings Limited
(Formerly known as Credit Analysis & Research Limited)
13th Floor, E-1 Block, Videocon Tower, Jhandewalan Extension, New Delhi - 110 055.
Tel: +91-11-4533 3200 • Fax: +91-11-4533 3238 • www.careratings.com • CIN-L67190MH1993PLC071691

If you need any clarification, you are welcome to approach us in this regard. We are indeed, grateful to you for entrusting this assignment to CARE.

Thanking you,

Yours faithfully,

Agnimitra Kar

[Agnimitra Kar]
Manager
[agnimitra.kar@careratings.com]

Sudhir

[Sudhir Kumar]
Associate Director
[sudhir.kumar@careratings.com]

Encl.: As above

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.
In case of partnership/proprietary concerns, the rating/outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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India Ratings & Research

Fitch Group

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

March 18, 2019

Kind Attn: Mr. Mahesh Kumar Mittal, Director – Finance

Dear Sir,

Re: Rating Letter for NHPC Limited

India Ratings and Research (Ind-Ra) rates NHPC's GoI Fully Serviced Bonds as follows:

Instrument Type	Size of Issue (billion)	Rating/Outlook	Rating Action
GoI Fully Serviced Bonds	INR20.17	IND AAA/Stable	Assigned

In issuing and maintaining its ratings, India Ratings relies on factual information it receives from issuers and underwriters and from other sources India Ratings believes to be credible. India Ratings conducts a reasonable investigation of the factual information relied upon by it in accordance with its ratings methodology, and obtains reasonable verification of that information from independent sources, to the extent such sources are available for a given security or in a given jurisdiction.

The manner of India Ratings' factual investigation and the scope of the third-party verification it obtains will vary depending on the nature of the rated security and its issuer, the requirements and practices in the jurisdiction in which the rated security is offered and sold and/or the issuer is located, the availability and nature of relevant public information, access to the management of the issuer and its advisers, the availability of pre-existing third-party verifications such as audit reports, agreed-upon procedures letters, appraisals, actuarial reports, engineering reports, legal opinions and other reports provided by third parties, the availability of independent and competent third-party verification sources with respect to the particular security or in the particular jurisdiction of the issuer, and a variety of other factors.

Users of India Ratings' ratings should understand that neither an enhanced factual investigation nor any third-party verification can ensure that all of the information India Ratings relies on in connection with a rating will be accurate and complete. Ultimately, the issuer and its advisers are responsible for the accuracy of the information they provide to India Ratings and to the market in offering documents and other reports. In issuing its ratings India Ratings must rely on the work of experts, including independent auditors with respect to financial statements and attorneys with respect to legal and tax matters. Further, ratings are inherently forward-looking and embody assumptions and predictions about future events that by their nature cannot be verified as facts. As a result, despite any verification of current facts, ratings can be affected by future events or conditions that were not anticipated at the time a rating was issued or affirmed.

India Ratings & Research Private Limited A Fitch Group Company
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India Ratings & Research

Fitch Group

India Ratings seeks to continuously improve its ratings criteria and methodologies, and periodically updates the descriptions on its website of its criteria and methodologies for securities of a given type. The criteria and methodology used to determine a rating action are those in effect at the time the rating action is taken, which for public ratings is the date of the related rating action commentary. Each rating action commentary provides information about the criteria and methodology used to arrive at the stated rating, which may differ from the general criteria and methodology for the applicable security type posted on the website at a given time. For this reason, you should always consult the applicable rating action commentary for the most accurate information on the basis of any given public rating.

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It will be important that you promptly provide us with all information that may be material to the ratings so that our ratings continue to be appropriate. Ratings may be raised, lowered, withdrawn, or placed on Rating Watch due to changes in, additions to, accuracy of or the inadequacy of information or for any other reason India Ratings deems sufficient

Nothing in this letter is intended to or should be construed as creating a fiduciary relationship between India Ratings and you or between India Ratings and any user of the ratings.

In this letter, "India Ratings" means India Ratings & Research Pvt. Ltd. and any successor in interest.

We are pleased to have had the opportunity to be of service to you. If we can be of further assistance, please contact the undersigned at 022 – 4000 1700.

Sincerely,

India Ratings

Devendra Kumar Pant
Senior Director

Salil Garg
Director

IDBI Trusteeship Services Ltd
CIN : U65991MH2001GOI131154

IDBI trustee

No. 12400-A/ITSL/OPR/CL/18-19/DEB/2159

Date: 18th March, 2019

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

Kind Attn: Mr. Saroj Kumar Roy/ Mr. Umakant Rai

Dear Sir,

Consent to act as Debenture Trustee for the proposed issuance of 'GOI Fully Serviced Bonds' by NHPC Limited aggregating upto Rs. 2017.20 Crores in the financial year 2018-19.

This is with reference to your appointment letter dated 16th March, 2019 regarding appointment of IDBI Trusteeship Services Ltd. as Debenture Trustee for the proposed issuance of "GOI Fully Serviced Bonds' aggregating up to Rs. 2017.20 Crores. In this connection, we confirm our acceptance of the assignment.

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

1) The Company hereby agrees and undertakes to execute the Debenture Trust Deed / Debenture Trustee Agreement and other necessary documents on such terms and conditions as agreed by the Debenture holders and disclose in the Information Memorandum or Disclosure Document as approved by the Debenture Trustee, within a period as agreed by us in the Information Memorandum or Disclosure Document.

2) The Company hereby agree & undertake to pay to the Debenture Trustees so long as they hold the office of the Debenture Trustee, remuneration as mutually agreed for their services as Debenture Trustee in addition to all legal, traveling and other costs, charges and expenses which the Debenture Trustee or their officers, employees or agents may incur in relation to execution of the Debenture Trust Deed and all other Documents affecting the Security till the monies in respect of the Debentures have been fully paid-off and the requisite formalities for satisfaction of charge in all respects, have been complied with.

3) The Company hereby agrees & undertakes to comply with the provisions of SEBI (Debenture Trustees) Regulations, 1993, SEBI (Issue and Listing of Debt Securities) Regulations, 2008, SEBI Circular No. SEBI/IMD/DOF-1/Bond/2009/11/05 dated 11/05/2009 on Simplified Listing Agreement for Debt Securities read with the SEBI Circular No. SEBI/IMD/DOF-1/BOND/Cir-5/2009 dated the 26th November, 2009, the new Companies Act, 2013 and other applicable provisions and agree to furnish to Trustees such information in terms the same on regular basis.

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

Yours faithfully,

For IDBI Trusteeship Services Limited

Authorized Signatory

Regd. Office : Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai - 400 001.
Tel. : 022-4080 7000 • Fax : 022-6631 1776 • Email : itsl@idbitrustee.com • response@idbitrustee.com
Website : www.idbitrustee.com

NSE

National Stock Exchange Of India Limited

Ref. No.:NSE/LIST/814 March 19, 2019

The Compliance Officer
NHPC Limited
NHPC Office Complex, Sector 33,
Faridabad - 121003,
Haryana

Kind Attn.: Mr. Vijay Gupta

Dear Sir,

Sub.: In-principle approval for listing of Non-convertible Bonds in the nature of Debentures on private placement basis.

This is with reference to your application for In-principle approval for listing of Unsecured, Non-cumulative, Non-convertible, Redeemable, Taxable GOI Fully Serviced Bonds (Series I) in the nature of Debentures, amounting to Rs. 2017.20 Crore, to be issued by NHPC Limited on private placement basis. In this regard, the Exchange is pleased to grant in-principle approval for the said issue.

Kindly note that these debt instruments may be listed on the Exchange after the allotment process has been completed provided the securities of the issuer are eligible for listing on the Exchange as per our listing criteria and the issuer fulfills the listing requirements of the Exchange. The issuer is responsible to ensure compliance with all the applicable guidelines issued by appropriate authorities from time to time including SEBI (Issue and Listing of Debt Securities) Regulations, 2008.

Yours faithfully,
For National Stock Exchange of India Limited

Priya Iyer
Manager

This Document is Digitally Signed

Signer: Priya Ranjith Iyer
Date: Tue, Mar 19, 2019 16:09:01 IST
Location: NSE