NHPC LIMITED
(A Government of India Enterprise)
Regd. Office: NHPC Office Complex, Sector-33, Faridabad-121003 (Haryana)
Tel: (0129) 2270603, 2250591, 2278018 Fax: (0129) 2270902
Website: www.nhpcindia.com
Compliance Officer Mr Vijay Gupta, Company Secretary
E-mail: companysecretary@nhpc.nic.in, csnhpc@gmail.com, nhpcbondsection@gmail.com
CIN No. L40101HR1975GOI032564

Registered Office and Corporate Office
NHPC Limited,
NHPC Office Complex,
Sector - 33, Faridabad - 121 003,
Haryana, India

(This is an Offer Letter prepared in conformity with Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 issued vide circular no. LAD-NRO/GN/2008/13/127878 dated June 06, 2008 and as amended, Form PAS-4 prescribed under section 42(1) and Rule, 14(1) of the Companies (Prospectus and Allotment of Securities) Rule 2014 and Companies (Share Capital and Debenture) Rules, 2014.

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

OFFER LETTER FOR PRIVATE PLACEMENT OF SECURED NON-CUMULATIVE NON CONVERTIBLE REDEEMABLE TAXABLE BONDS (W - SERIES) IN THE NATURE OF DEBENTURES IN 2 TRANCHES W1 & W2.

W1 SERIES@ 6.91% p.a. TENOR OF 5 YEARS & W2 SERIES @ 7.35% p.a TENOR OF 10 YEARS, Rs. 50 Lakhs EACH FOR CASH AT PAR AGGREGATING TO Rs. 1500 CRORE & Rs. 750 CRORE respectively (INCLUDING GREEN SHOE OPTION).

ISSUE OPENS: 15.09.2017
ISSUE CLOSES: 15.09.2017

LISTING

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

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

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

ARRANGERS TO THE ISSUE

Sl. No.	Name of Arranger	Address of Arranger	Contact Details
1.	ICICI BANK	ICICI Tower, NBCC Palace, Bhimsma Pitamah Marg,New Delhi-110003	Kunal Narang 011-42218224/9599684827/9891293040 kunal.narang@icicibank.com
2.	HDFC BANK LTD	Unit No. 401 & 402, 4th Floor, Tower B, Peninsula Business Park, 4th Floor, Tower B, Senapati Bapat Marg Lower Parel, Mumbai - 400013	Niranjan Kawatkar 022-33958009/66521006/1162/9867602451 niranjan.kawatkar@hdfcbank.com
3.	A. K. CAPITAL SERVICES LIMITED	609 6th Floor, Antriksh Bhawan, 22 Kasturba Gandhi Marg, Connaught Place, New Delhi-110 001, India	Pankaj Agrawal 011-23739628/9999305903 pankaj.agrawal@akgroup.co.in
4.	ICICI SECURITIES PRIMARY DEALERSHIP LIMITED	3rd Floor, NBCC Place, ICICI Bank Tower, Pragati Vihar, Bhisham Pitamah Marg,New Delhi-110003.	Ashutosh Garg (91 11) 24390025/26, 24369989/90/9810444388 ashutosh.garg@isecpd.com
5.	TRUST INVESTMENT ADVISORS PRIVATE LIMITED	109/110, Ist Floor, Balrama, Village Parigkhari, Bandra-Kurla Complex,Bandra (East), Mumbai-400051	Sanjeev Jain 011-43554045/46/9899077799 sanjeev.jain@trustgroup.in
6.	AXIS BANK LIMITED	Treasury (Debt Capital Markets & ET) AXIS Bank Ltd. Axis House, 4th Floor, Tower 1, Sector-128, Noida-201304	Premanshu Sharma 011-43682437/9999055076 premanshu.sharma@axisbank.com
7.	SBI CAPITAL MARKETS LTD	202, Maker Tower 'E' Cuffe Parade, Mumbai-400005	Vivek Khurana 022-22178300 Vivek.Khurana@sbicaps.com
8.	DARASHAW & CO PVT LTD	A 238, 2nd Floor, Defence Colony, New Delhi 10024	Umesh Khandelwal 011-46008585-90 umesh-khandelwal@darashaw.com

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 Ray and Ray, Kolkata, West Bengal 2. M/s Gupta Gupta and Associates, Jammu, Jammu & Kashmir 3. M/s S N Dhawan and Co. LLP, New Delhi
Board or Board of Directors	The Board of Directors of the Company
Directors	The Directors of the Company
Memorandum of Association or Memorandum	The memorandum of association of the Company, as amended from time to time
Promoter	The President of India, acting through the Ministry of Power, Government of India
Registered Office	The registered office of the Company, which, as at the date of this Disclosure Document, is located at NHPC Office Complex, Sector - 33, Faridabad 121 003, Haryana, India

Conventional and General Terms

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

Term	Description
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	W1 SERIES@ 6.91% p.a. TENOR OF 5 YEARS & W2 SERIES @ 7.35% p.a TENOR OF 10 YEARS, Rs. 50 Lakhs EACH FOR CASH AT PAR AGGREGATING TO Rs. 1500 CRORE & Rs. 750 CRORE respectively (INCLUDING GREEN SHOE OPTION
Bondholder / Debenture holder	The holder of bonds
BRRP/BREW	Bihar Rural Road Projects/Bihar Rural Electrification Works
CCEA	Cabinet Committee on Economic Affairs
CEA	Central Electricity Authority
CERC	Central Electricity Regulatory Commission
CPSU	Central Public Sector Undertaking
CWC	Central Water Commission
Design energy	The quantum of energy which could be generated in a 90% dependable year with 95% installed capacity of the generating station
Deemed Date of Allotment	Date as specified in summary Term Sheet
DPE	Department of Public Enterprises
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

Term	Description
Offer Letter	**Offer Letter dated 15.09.2017** as prepared in conformity with Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 issued vide circular no. LAD-NRO/GN/2008/13/127878 dated June 06, 2008 and as further amended, Form PAS-4 prescribed under section 42(1) and Rule, 14(1) of the Companies (Prospectus and Allotment of Securities) Rule 2014 and Companies (Share Capital and Debenture) Rules, 2014.
PFC	Power Finance Corporation Limited
PGCIL	Power Grid Corporation of India Limited
PPA	Power Purchase Agreement
REC	Rural Electrification Corporation Limited
Registrar	Registrar to the issue, in this case RCMC Share Registry Private Limited
RoR	Run-of-the-river
SCADA	Supervisor Control and Data Acquisition
SEB(s)	State Electricity Board(s) and their successor(s), if any, including those formed pursuant to restructuring/unbundling
SERC	State Electricity Regulatory Commission
The issue/The offer/Private Placement	**W1 SERIES@ 6.91% p.a. TENOR OF 5 YEARS & W2 SERIES @ 7.35% p.a TENOR OF 10 YEARS, Rs. 50 Lakhs EACH FOR CASH AT PAR AGGREGATING TO Rs. 1500 CRORE & Rs. 750 CRORE respectively (INCLUDING GREEN SHOE OPTION).**
Tripartite Agreements	Tripartite Agreements executed among the GoI, RBI and the respective State governments
Unit	1 KWh, i.e. the energy contained in a current of one thousand amperes flowing under an electromotive force of one volt during one hour

AUTHORITY TO THE ISSUE

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

The following resolutions were passed by the Shareholders:-

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

In line with the above special resolution passed, the present issue of V series Secured, Redeemable, Taxable and Non-Convertible Debentures / Bonds through Private Placement basis was approved by the Board of Directors of NHPC in 398th meeting held on 18.11.2016 for raising funds up to Rs 2250 crore. The proposed borrowing is within the overall borrowing limits of NHPC.

DISCLAIMERS

GENERAL DISCLAIMER

The Offer Letter is prepared in conformity with Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 as amended from time to time, Form PAS-4 prescribed under section 42 of Company Act 2013and Rule, 14(1) of Companies (Prospectus and Allotment of Securities) Rule 2014 and Companies (Share Capital and Debenture) Rules, 2014.

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

DISCLAIMER OF THE SECURITIES & EXCHANGE BOARD OF INDIA

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

DISCLAIMER OF THE JURISDICTION

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

DISCLAIMER OF THE ISSUER

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

DISCLAIMER OF THE STOCK EXCHANGE

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

DISCLAIMER OF THE ARRANGERS TO THE ISSUE

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

DISCLAIMER OF THE DEBENTURE TRUSTEE

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

1. GENERAL INFORMATION

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

i. Name of the Issuer

NHPC LIMITED

ii. Date of Incorporation

November 7, 1975

iii. CIN No.

L40101HR1975GOI032564

iv. Registered Office & Corporate Office of the Issuer

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

v. Compliance Officer of the Issuer

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

vi. CFO of the Issuer

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

vii. **Arrangers of the instrument**

S.NO	Name of Arranger	Address of Arranger	Contact Details
1		ICICI Tower, NBCC Palace, Bhimsma Pitamah Marg,New Delhi-110003	Kunal Narang 011-42218224/9599684827/9891293040 kunal.narang@icicibank.com
2	HDFC BANK LTD	Unit No. 401 & 402, 4th Floor, Tower B, Peninsula Business Park, 4th Floor, Tower B, Senapati Bapat Marg Lower Parel, Mumbai - 400013	Niranjan Kawatkar 022-33958009/66521006/1162/9867602451 niranjan.kawatkar@hdfcbank.com
3	A. K. CAPITAL SERVICES LIMITED	609 6th Floor, Antriksh Bhawan, 22 Kasturba Gandhi Marg, Connaught Place, New Delhi-110 001, India	Pankaj Agrawal 011-23739628/9999305903 pankaj.agrawal@akgroup.co.in
4	ICICI SECURITIES PRIMARY DEALERSHIP LIMITED	3rd Floor, NBCC Place, ICICI Bank Tower, Pragati Vihar, Bhisham Pitamah Marg,New Delhi-110003.	Ashutosh Garg (91 11) 24390025/26, 24369989/90/9810444388 ashutosh.garg@isecpd.com
5	TRUST INVESTMENT ADVISORS PRIVATE LIMITED	109/110, Ist Floor, Balrama, Village Parigkhari, Bandra-Kurla Complex,Bandra (East), Mumbai-400051	Sanjeev Jain 011-43554045/46/9899077799 sanjeev.jain@trustgroup.in
6	AXIS BANK LIMITED	Treasury (Debt Capital Markets & ET) AXIS Bank Ltd. Axis House, 4th Floor, Tower 1, Sector-128, Noida-201304	Premanshu Sharma 011-43682437/9999055076 premanshu.sharma@axisbank.com
7	SBI CAPITAL MARKETS LTD	202, Maker Tower 'E' Cuffe Parade, Mumbai-400005	Vivek Khurana 022-22178300 Vivek.Khurana@sbicaps.com
8	DARASHAW & CO PVT LTD	A 238, 2nd Floor, Defence Colony, New Delhi 10024	Umesh Khandelwal 011-46008585-90 umesh-khandelwal@darashaw.com

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) ICRA Limited
1105 Kailash Building 11th Floor
26 K.G.Marg
New Delhi 110001
Tel. : +91 11 23357940-50, 45333238

b) CARE Ltd.
13th Floor, E-1 Block
Videocon Tower, Jhandewalan Extension,
New Delhi-110055
Tel. : +91 11 45333200, 45333238

xi Auditors of the Issuer

The Joint Statutory Auditors of the Company are:

a) M/s Ray and Ray,
Chartered Accountants,
WebelBhawan, Ground Floor,
Block-EP & GP, Sector-V,
Bidhannagar, Salt Lake,
Kolkatta-700091

b) M/s Gupta Gupta and Associates,
Chartered Accountants,
142/3, Trikuta Nagar,
Jammu Tawi - 180012,
Jammu & Kashmir

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

xii. Banker of the Issue

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

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

Overview

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

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

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

We are presently engaged in the construction of 3 no. hydroelectric projects with aggregate capacity of 3130 MW and 01 no. solar project in Tamil Nadu with aggregate capacity of 50 MW. 1 No. JV project i.e. 1000 MW Pakal Dul HE project under M/s. CVPPL has been sanctioned by GoI and major work are to be awarded by M/s. CVPPL. We are awaiting government sanction for a further five projects with an anticipated capacity of 4,995 MW. In addition, we are awaiting government sanction for 4 Nos. joint venture and subsidiary projects with an anticipated capacity of 2000 MW. Survey and investigation works are being carried out to prepare project proposal reports for two additional projects while DPR is under examination in CEA/CWC for Bursar project, totaling 1160 MW of anticipated capacity. Besides this, Agreement has been signed on 03.07.2015 for development of 4 hydro projects of total capacity of 293 MW in West Bengal, on ownership basis.

Besides hydro power development, NHPC has also taken up Wind, Solar and Thermal projects. NHPC has taken development of 2 nos. Wind Projects of 88 MW i.e. 72 MW, (8 MW in first phase in Kerala), 12.5 MW in Andhra Pradesh, 1 no. Solar Project of 32 MW Kalpi, UP in JV mode and 1 no. Thermal Project in Bihar of 1320 MW in JV mode are under PIB stage.

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

The Company has been actively pursuing business development and has entered into various agreements for expanding its business portfolio. Six projects totaling 3370 MW (Kiru- 624 MW, Kwar- 540 MW, Loktak Downstream-66 MW, Chamkharchhu- 770 MW, Kalpi- 50 MW and Pirpainti- 1320 MW) are to be implemented as Joint Ventures in India and abroad.

Loktak Downstream Hydroelectric Corporation Limited, a Subsidiary Company, has been incorporated for developing hydro power projects in Manipur with 74% shareholding by NHPC and 26% by the Government of Manipur. The Company is currently developing 66 MW Loktak Downstream Project in Manipur. Another

Joint Venture Company, Chenab Valley Power Projects (Pvt) Ltd., has been formed in which NHPC, JKSPDC and PTC are partners in 49:49:2 basis for taking up three projects totaling 2,164 MW in the Chenab River basin in Jammu and Kashmir. Other projects under development in JV mode are Chamkharchhu-I (770MW) HE Project, Bhutan (JV between NHPC & DGPC), Kalpi (32 MW) Solar Project, UP (JV between NHPC & UPNEDA), Pirpainti (1320 MW) Thermal Power Project, Bihar (JV between BSPGCL & NHPC Ltd.).

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

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

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

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

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

Based on our audited financial statements, in Fiscals 2015, 2016 and 2017 we generated total income (excluding exceptional items) of Rs.7663.58 crore, Rs. 8353.82 crore and Rs. 8729.84 crore respectively.

The company earned a net profit of Rs.2124.47 crore, Rs. 2440.14 crore and Rs.2795.59 crore (excluding OCI) respectively in Fiscals years 2015 , 2016 and 2017.

In FY 2016-17, we derived Rs. 7117.00 crore i.e 81.52 % of our audited total income from the sale of energy to SEBs and their successor entities, pursuant to long term power purchase agreements.

Our operational efficiency has been reflected through high average plant availability for our power stations, which are measured by the Plant Availability Factor (PAF). The average Plant Availability Factor for our power stations for Fiscals 2015 and 2016 and 2017 were 77.3%, 81.60% and 83.41% 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". Also, in recognition of our performance, we were designated as a Mini-Ratna Category-I public sector undertaking in April 2008. As a Mini-Ratna Category-I entity, we have autonomy to undertake new projects having project cost of upto Rs. 500 crs. without GoI approval.

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

Our Competitive Strengths

We believe that the following are our primary competitive strengths:

Established track record in implementing hydroelectric projects:
NHPC has wide experience and expertise in implementing projects which provide it significant competitive advantage. It has a strong design and engineering base with in-house expertise in developing good 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 power stations (including two through its subsidiary NHDC). 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. 50,000 Crore. It also has a strong financial position with a rating of IND AAA by India Ratings for domestic borrowings.

Strong operating performance:

NHPC has at present 22 Power Stations with an aggregate capacity of 6717 MW under operation (including 2 Nos. power stations of 1520 MW in JV mode and 1 Wind Power Project). 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 and MoUs:
We seek to expand our installed capacity by tapping into new geographic markets where there is significant scope for capacity expansion through conventional and non-conventional sources of energy. Presently we are engaged in the construction of 3 hydroelectric projects in the state of Jammu & Kashmir, Himachal Pradesh and Arunachal Pradesh with aggregate capacity of 3130 MW and 01 no. solar project in Tamil Nadu with aggregate capacity of 50 MW, which is expected to increase our total installed capacity further by 3180 MW. 1 No. JV Project 1000 MW Pakal Dul HE Project under M/s. CVPPL has been sanctioned by GoI and major works are to be awarded by M/s. CVPPL. We are awaiting government sanction for a further 5 nos. projects with an anticipated capacity of 4995 MW. In addition, we are awaiting government sanction for 4 nos. joint venture and subsidiary projects with an anticipated capacity of 2000 MW. Survey and investigation works are being carried out to prepare project proposal reports for 2 nos. additional projects while DPR is under examination in CEA/CWC for Bursar project, totaling 1160 MW of anticipated capacity. Besides this, Agreement has been signed on 03.07.2015 for development of 4 hydro project of total capacity of 293 MW in West Bengal, on ownership basis

A 50 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. Request for providing concessions to Project, for commercial viability has been made to MoP and MNRE.

DPR for wind power project in Kerala for installed capacity of 72 MW has been prepared through National Institute of wind energy (NIWE). DPR submitted by NHPC to Govt. of Kerala. Signing of PPA is awaited. EPC bids for 12.5 MW Wind Power Project in Andhra Pradesh has been invited.

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

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

We aim to continue to deliver advisory services to clients and government entities in India and abroad. C:\Users\manishdhawan\Desktop\Offer Letter\Updates-Offer Letter\Consultancy.docx

Continue to expand our international activities:

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

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

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

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

Maintain our focus in environmental and corporate social responsibility:

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

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

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

Our Operations by Segment:

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

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

(Rs. in Crore)

Power Stations	Fiscal 2017	Fiscal 2016	Fiscal 2015	Fiscal 2014
Sales (Net)	7139.46	7346.77	6736.64	5335.11
Revenue from Contracts, Project Management and Consultancy Works	52.07	34.22	47.53	86.39
Interest on Power Bonds	0.54	19.05	42.87	66.35
Other Income	1537.77	953.78	836.54	1506.14
Total	**8729.84**	**8353.82**	**7663.58**	**6993.99**

Our Hydropower Generation Business:

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

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

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

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

Stage-III: Final sanction and project construction

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

Completed Projects:

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

(Rs. in crore)

Power Station	State	Installed Capacity (MW)	Year of Commissioning	Revenue Generated in Fiscal 2018 as on 31.03.2017 from Sale of Power (Rs. in Crore)
BairaSiul	Himachal Pradesh	180	1981	132.57
Loktak	Manipur	105	1983	173.06
Salal	Jammu & Kashmir	690	1987/1995	742.60
Tanakpur[1]	Uttarakhand	120	1992	130.47
Chamera I	Himachal Pradesh	540	1994	405.89
Uri I	Jammu & Kashmir	480	1997	624.73
Rangit	Sikkim	60	2000	117.96
Chamera II	Himachal Pradesh	300	2004	297.38
Dhauliganga	Uttarakhand	280	2005	295.11
Dulhasti	Jammu & Kashmir	390	2007	1143.05
Teesta V	Sikkim	510	2008	592.46
Sewa II	Jammu & Kashmir	120	2010	213.13
Chamera III	Himachal Pradesh	231	2012	373.77
Chutak	Jammu & Kashmir	44	2013	93.96
TLDP-III	West Bengal	132	2013	355.85
NimmoBazgo	Jammu & Kashmir	45	2013	160.76
Uri II	Jammu & Kashmir	240	2014	732.76
Parbati-III	Himachal Pradesh	520	2014	386.43
TLDP-IV	West Bengal	160	2016	161.13
Wind Power Project-Jaisalmer	Rajasthan	50	2016	5.76
Total				**7138.83**
Add : AAD				**60.68**
Total Sales				**7199.51**
Completed Projects with NHDC				
Indira Sagar	Madhya Pradesh	1000	2005	845.15
Omkareshwar	Madhya Pradesh	520	2007	461.78
Total				**1306.92**
Grand Total				**8506.43**
Note: 1 Derating of Tanakpur Power Station of 94.2 MW from September 1996 vide CEA letter no.DMLF/PS/9/7/96				

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	Mar'15	8398.75 [*1]
Subansiri Lower (Ar.Pradesh/ Assam)	2000	Dec'02	6,285.33	Feb 16	17435.15[*2]
Kishanganga (J&K)	330	Sep'07	3,642.04	Jan17	5882.01[*3]
Total	**3130**		**13846.96**		31715.91

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

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

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

B. SOLAR PROJECT:-

Ongoing Solar Project & States	Installed Capacity (MW)	Estimate Cost (Rs. in Crore)	Anticipated Cost (Rs. in Crore)
NHPC-Solar Project,Tamilnadu	50MW	279.25 (including 10Yrs O&M)	287.48

Projects cleared but construction yet to start:

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

1. MoP has conveyed the Cabinet Sanction of project and award of main work contracts is in progress.

Projects Awaiting Clearances:

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

S.No.	Projects	State	Proposed Installed Capacity (MW)
A. Hydro-Stand alone			
1	KotliBhel Stage IA[1]	Uttarakhand	195
2	Dibang[2]	Arunachal Pradesh	2880

3	Teesta IV[3]	Sikkim	520
4	Tawang I[4]	Arunachal Pradesh	600
5	Tawang II[5]	Arunachal Pradesh	800
		Total (A)	**4995**
B. Hydro – Projects in Joint Venture			
1	Loktak Downstream	Manipur (JV with Govt. of Manipur)	66
2	Kiru[6]	J&K (JV With JKSPDC & PTC)	624
3	Kwar[6]		540
	Total (B)	**Total (B)**	**1230**
C. Hydro-JV Project in Bhutan			
1	Chamkharchu-I	Bhutan (JV of NHPC &Druk Green Power Corporation)	770
		Total Hydro 9 projects (A+B+C)	**6995**
D. NHPC-Wind Projects (PPA Signing awaited)			
1	Wind Project	Palakkad, Kerela	72.0
2	Wind Project	Andhra Pradesh	12.5
		Total –Wind Projects	**84.50**
E. Solar Project(under PPA Signing/Award)			
1.	JV-Solar Project	Kalpi, UP (JV of NHPC & UPNEDA)	32
		Total – Solar Projects	**32**
F. Thermal Project in JV			
1	Pirpainti Thermal Power Project	Pirpainti, Bihar (JV in BSPGCL & NHPC Ltd.)	1320
	Grand Total (A + B+C+D+E+F)		**8431.5**

Notes:

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

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

2. MOEEF&CC accorded Forest Clearance (ST-I) to Dibang Multipurpose Project in Arunachal Pradesh on 15.04.2015 and Environment Clearance on 19.05.2015.
   Earlier concurrence of Dibang Multipurpose Project was accorded by CEA for 3000 MW. Dibang Multipurpose Project was accorded Forest Clearance (ST-I) by Ministry of Environment, Forest and

Climate Change on 15.04.2015 with reduction in dam height by 10 meters. The installed capacity due to reduction in Dam height shall to be 2880 MW now. Fresh DPR submitted to CEA on 15.09.2016 and concurrence meeting of CEA held on 02.05.2017. Minutes are awaited.
A case before the National Green Tribunal, Eastern Bench, Kolkata challenging the environment clearance of the project is pending.

3. MOEF&CC has accorded environmental clearance to Teesta-IV on 09.01.2014 and Forest clearance (ST-I) on 26.02.2013. Gram Sabha meetings have been completed at all 10 GPUs and resolutions for the same have been forwarded to State Forest dept. on 24.01.2017, 19.05.2017 and 30.06.2017 by District Authority. State Forest dept. is being pursued for raising the demand against NPV, CA, CAT etc. An appeal challenging the Environmental Clearance accorded to the project is pending before NGT, Kolkata. The matter is in the stage of final hearing.
4. MoEF& CC vide letter dt.10.06.2011 accorded Environmental Clearance to Tawang Stage-I HE Project. The forest proposal was re-discussed on 16.05.2017 and as per MoM, FAC has desired to undertake study regarding habitat of black neck crane in project area through WII Dehradun Meanwhile, Government of Arunachal Pradesh conveyed approval to Resettlement & Rehabilitation plan of the project on 02.12.2016. Compliance under FRA 2006 is in process.
5. MOEF & CC has accorded environmental Clearance to Tawang (Stage-II) HE Project vide letter dated 10.06.2011 and Forest Clearance Stage-I (FC-1) vide letter dated 08.01.2014. Compliance under FRA 2006 is in process.
6. All Statuary clearances including MOEF &CC Clearances are available. Capacity of Kiru and Kwar earlier envisaged as 600 and 520 MW respectively have been revised to 624 and 540 MW respectively after appraisal by CEA.

Projects under Survey and Investigation:

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

Project	State	Proposed Installed Capacity (MW)
A. Hydro		
Bursar	Jammu & Kashmir	800
Dhauliganga Intermediate	Uttarakhand	210
Goriganga IIIA	Uttarakhand	150
Total -Hydro		1160
B. Solar		
Solar Project-under identification	Anywhere in India	250
Total		**1410**

Notes:

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

3. Earlier capacity of Gauriganga –III A in the implementation agreement was envisaged as 120 MW. However, as per Terms of Reference (TOR) the capacity was envisaged as 165 MW. Now as per Post PFR Studies, capacity is likely to be reduced to 150 MW.
4. NHPC is envisaging addition of 250 MW Solar Project in anywhere in India, in association with SECI, for which projects are under identification.

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. Till 30.06.2017, 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 623 roads covering 2580 km of road length is over, while 130 roads having 504 km of road length are under maintenance period.

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

Civil and hydro mechanical design:
This aspect of the project includes:

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

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

Electrical and mechanical design:

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

(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.

Contract and construction management:

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

Operation and maintenance:

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

Automation of stations:

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

Sale of Energy

Tariffs:

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

Tariff are determined by reference to AFC, which comprise of return on equity, depreciation, interest on loan, interest on working capital, operation & maintenance expenses. The AFC is recoverable as primary energy charges and capacity charges. Recovery of capacity charges dependent on the actual availability of our machines for generating power. Capacity charge is determined by reference to the NAPAF, which has been prescribed for each project based on the nature of the project 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, (further extended for 10/15 years up to 31st October 2026/2031 by MOP in response of 21 No states), to effectuate a settlement of overdue payments, by way of tax-free power bonds, owed to NHPC by the SEBs or their successor entities or other state government entities with provisions for incentives for future timely payment.

Under these agreements, the overdue amounts outstanding as of September 30, 2001 were securitised by the issue of tax-free power bonds and long term advances amounting to Rs. 2,818.04 crore against outstanding principal dues, late payment surcharge, and conversion of bonds issued by the SEBs after March 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).

Research and Development:

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

- Measures are being undertaken for installing arrangements for monitoring of cavitation in Teesta-V shall be the first Power Station to have the same. This system shall be helpful in timely maintenance of the machines and shall prolong their life span.
- For optimization of the performance of Power Stations, Energy Audit of all NHPC Power Stations are being conducted regularly and energy saving measures are being implemented in a phased manner.
- Planning to deploy ROV for inspection of underground parts / structures
- Remote sensing based sedimentation studies for Teesta-IV Hydroeletric project of NHPC Ltd: The study of Four year duration starting from November 2016 will undertake the basic resource mapping of the catchment area like soils, land use/cover and geological features including landslides. These inputs will be used in a soil erosion model to predict the sediment outcome from the catchment area. Besides above, the temporal satellite data will be used to monitor the dam site to understand the sedimentation and will be compared with historical records.
- *Research work of "Study on Bonding of High Performance Concrete with old concrete" is being taken up with the help of National Council of Cement and Building Material (NCCBM) Faridabad*

Clean Development Mechanism

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

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

Nimmo Bazgo (3X15 MW) and Chutak (4X11 MW) Projects located in Jammu & Kashmir state have been registered by the CDM Executive Board of the United Nations Framework Convention on Climate Change (UNFCCC). The Nimmo Bazgo and Chutak projects shall annually reduce emissions of approximately 187,893 metric tons of CO2 equivalent and 166,831 metric tons of CO2 equivalent respectively. However, CDM Registration of these projects is being revised under the new isolated grid methodology which may be suitably fit in these projects to incorporate the change in connectivity of these projects from National Grid to Local Isolated Grid. In this regard, the work has been awarded to M/s Core Carbon X Solution Private Limited, Hyderabad for revision of CDM methodology and verification, issuance and sale of CER's of Nimoo Bazgo and Chutak Power Station.

Validation, assistance in registration and annual verification for first five monitoring years in respect of 50 MW wind project in Jaisalmer, Rajasthan under CDM of UNFCCC has been awarded to M/S MITCON Consultancy and Engineering Services Ltd, Pune (MH). In feasibility study report, the Consultant has concluded that Project is financially viable without CDM benefit only and cannot be processed further under CDM mechanism after considering all the financial parameters presented in board agenda note.

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

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

At present Uri-II, Parbati-II, Parbati-III and TLDP-IV are successfully listed in VCS APX registry and verification under VCS of PB-III and Uri-II Power Stations are also successfully completed. Now TLDP-IV Power Station is under verification process.

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

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

Quality Assurance etc. have been implemented in ERP. Employee Self Service (ESS) is also implemented across NHPC catering to all employees of the Corporation.

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

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

Software:

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

Insurance:

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

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

Human Resources:

Our Company had 7837 employees as on 30.06.2017. Out of this 4569 employees were engaged in operation and maintenance areas of our business. We believe that a well-trained and experienced team of employees is crucial to our continued growth and success. In this regard, we are committed to recruiting and retaining the best talent in the industry, providing them the best training and development facilities with remuneration at levels that will encourage them to perform to best of their capability.

Employee Training and Development:

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

Unions:

The majority of our workers are affiliated with worker unions. We believe in harmonious relationships with our worker unions. Most of our generating stations have unions that are registered under the Trade Union

Act, 1926. Most of these unions are affiliated with one of the five Apex Level Unions namely – All India NHPC Employees' & Workers' Council, All India Workers' & Employees' Federation, NHPC Karamchari Mahasangh, NHPC Employees' Front and National Coordination of NHPC Employees Union. We have previously had instances of sporadic and localised protests.

Environmental Compliance and Resettlement & Rehabilitation:

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

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

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

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

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

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

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

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

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

Corporate Social Responsibility:

CSR has been an integral part of NHPC's business philosophy. NHPC is conducting its business in a socially responsible way by maintaining high level of organizational integrity and ethical behaviour, in conformity with expected standards of transparency in reporting and disclosing the performance in all spheres of its activities, demonstration of concern for social welfare, adoption of best management practices and effective operational methods to win the trust and confidence of all stakeholders. NHPC is playing a significant role in the area of Corporate Social Responsibility 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/Training Institutes • 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 Industrial Training Institutes adopted by NHPC.
Health	• Organizing medical camps, health awareness programs • Augmentation of health infrastructure • Deployment of Mobile medical units (MMUs) in rural areas • Providing medical care to local population including medicines

Sanitation	• 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
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 • Promoting art and culture • Conducting Stake holder meetings/ Base-line surveys/ Impact assessment programs etc.

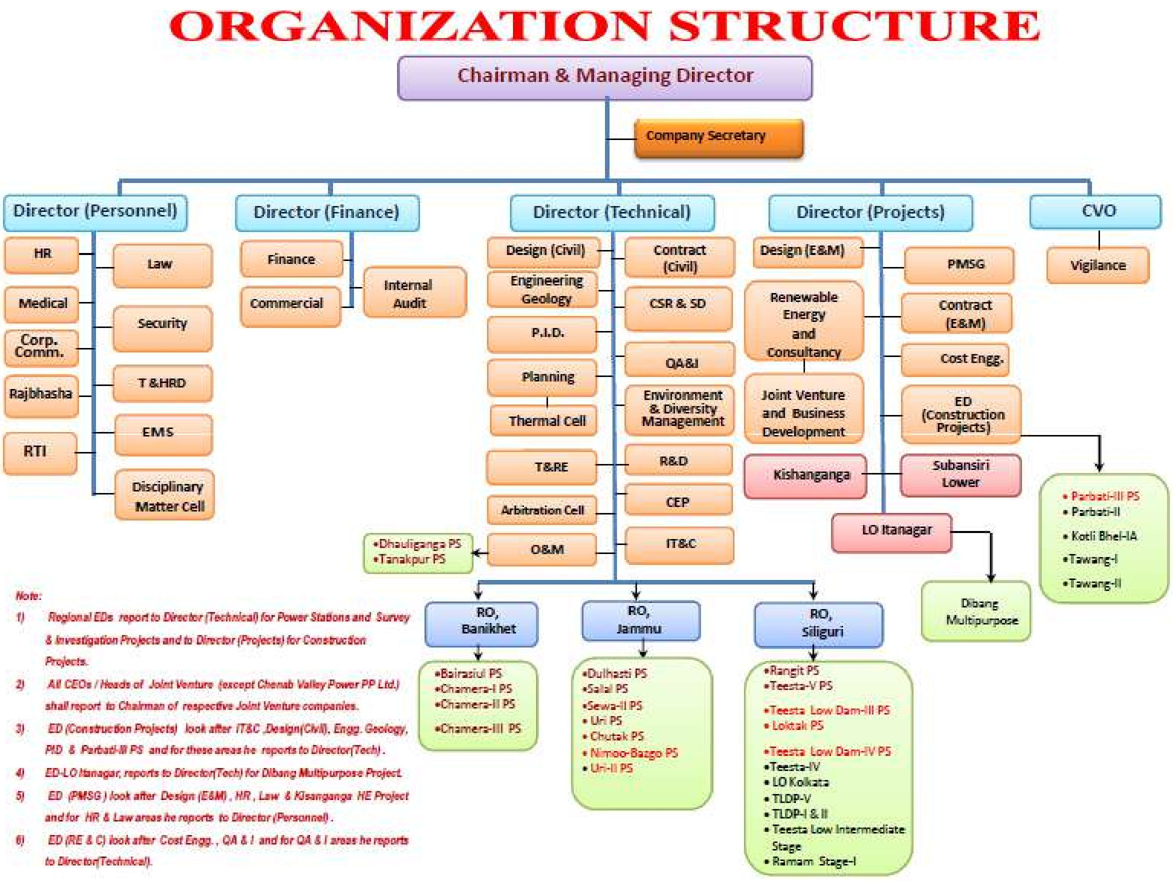
Competition:

Our Total installed capacity is 6717 MW (Including 50 MW in wind power). As on June 2017, Total installed capacity of hydroelectric projects in India was approximately 44614.42 MW. Our Company, with a hydro installed capacity of 5147 MW, represents approximately 11.54% of the capacity share on standalone basis. Combined with NHDC's installed capacity of 1,520 MW, we represent a capacity share of 6667 MW approximately 14.94% of total Hydro capacity of India. In Fiscal 2016 our Company generated 23404 MUs of electricity and 23275 MUs as on March 17 (including deemed generation of Chutak & Nimmo Bazgo power stations and actual generation of wind power project, Jaisalmer. Some of the other players in this industry are Bhakra Beas Management Board ("BBMB"), generation companies of the various states of India, such as, MAHAGENCO, Andhra Pradesh Generation Company ("APGENCO"), Satluj Jal Vidyut Nigam Limited, which is a joint venture between the GoI, the government of Himachal Pradesh and Tehri Hydro Development Corporation Limited ("THDC"), which is a joint venture between the GoI and the government of Uttar Pradesh, along with other private players. Due to the historical imbalance between demand and supply in the Indian power sector, there has generally been a stable market for power generation companies in India. However, the Electricity Act, 2003, removes licensing requirements for thermal generators, provides for open access to transmission and distribution networks and removes restrictions on the right to build captive generation stations. These reforms provide opportunities for increased private sector involvement in power generation. Specifically, the open access reforms, by which generators will be able to sell their output directly to distribution companies and, ultimately, directly to consumers, may increase the financial viability of private investment in power generation.

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

d) & e) Organisation Structure & Management of the Company

i) Organisation Structure.



ii) Details of the current directors of the Company*

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

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

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

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

Name, Designation & DIN	Age	Director of the Company since	Address	Details of Other Directorship
Shri Krishna Mohan Singh Designation: Chairman and Managing Director, Occupation: Service Nationality: Indian DIN: 02223301	59	23.09.2015	CMD Awas, NHPC Residential Colony, Sector-41, Faridabad, Haryana-121 010	- NHDC Ltd. - Loktak Downstream Hydoelectric Corporation Ltd.
Shri Ratish Kumar, Designation: Director (Projects) Occupation: Service Nationality: Indian DIN: 06852735	56	06.01.2016	20-C, Pocket-B, Mayur Vihar Phase – II, Delhi – 110091	- Bundelkhand Saur Urja Limited
Shri Balraj Joshi Designation: Director (Technical) Occupation: Service Nationality: Indian DIN: 07449990	57	01.04.2016	406 Urja Vihar, Sec-45 Faridabad, Haryana- 121010	- Chenab Valley Power Projects Private Limited
Shri Nikhil Kumar Jain, Director (Personnel) Occupation: Service Nationality: Indian DIN: 05332456	55	07.02.2017	Flat No. 297, Ganpat Andolkar Block, Asian Games Village Complex, New Delhi-110049	Nil
Shri Mahesh Kumar Mittal, Director (Finance) Occupation: Service Nationality: Indian DIN: 02889021	56	01.03.2017	Flat No. 110, Pocket-K, Sarita Vihar, New Delhi-110076	-Chenab Valley Power Projects Private Limited - PTC India Limited
Smt. Krishna Tyagi, Government Nominee Director Occupation: Service Nationality: Indian DIN: 07230978	56	08.07.2015	C-253, Pocket-7, Kendriya Vihar, Sector-82,Noida (U.P)-201304	NIL
Smt. Archana Agrawal, Government Nominee Director Occupation: Service Nationality: Indian DIN No. 02105906	49	06.03.2016	Joint Secretary (Hydro), Ministry of Power, 4th Floor, Shram Shakti Bhawan, Rafi Marg, New	- SJVN Ltd.

			Delhi – 110 001	
Shri Satya Prakash Mangal, Independent Director Nationality: Indian DIN: 01052952	55	26.11.2015	A-2/51, 2nd Floor, Safdarjung Enclave, New Delhi-110029	- Raunaq EPC International Limited - SPMC Global Advisory Service Private Limited - Addwings Rail & Infra Solutions Private Limited - NHDC Limited
Prof. Arun Kumar Independent Director Nationality: Indian DIN: 07346292	56	26.11.2015	A-02 Hill View Apartments, IIT Roorkee, Haridwar - 247667	NIL
Prof. Kanika Tandon Bhal Independent Director Nationality: Indian DIN: 06944916	51	26.11.2015	68, Vikramshila Apartments, IIT Campus, New Delhi-110016	NIL

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

NIL

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

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

Shri Radheshyam Mina, Director (Personnel) Occupation: Service Nationality: Indian DIN: 00149956	31.01.2017	28.04.2009	Appointment/Cessation
Shri Farooq Khan Designation: Independent Director Nationality: Indian DIN: 07348921	17.08.2016	26.11.2015	Appointment/ Cessation
Shri Balraj Joshi Designation: Director (Technical) Occupation: Service Nationality: Indian DIN: 07449990	01.04.2016	01.04.2016	Appointment
Shri Dinesh Prasad Bhargava Designation: Director (Technical) Occupation: Service Nationality: Indian DIN: 01277269	31.03.2016	26.03.2009	Cessation

Smt. Archana Agrawal Designation: Government Nominee Director Occupation: Service Nationality: Indian DIN: 02105906	06.03.2016	06.03.2016	Appointment
Shri Aniruddha Kumar, Designation: Government Nominee Director Occupation: Service Nationality: Indian DIN: 07325440	29.02.2016	28.10.2015	Appointment/ Cessation
Shri Ratish Kumar Designation: Director (Projects) Occupation: Service Nationality: Indian DIN: 06852735	06.01.2016	06.01.2016	Appointment
Prof. Kanika Tandon Bhal Designation: Independent Director Nationality: Indian DIN: 06944916	26.11.2015	26.11.2015	Appointment
Prof. Arun Kumar Designation: Independent Director Nationality: Indian DIN: 07346292	26.11.2015	26.11.2015	Appointment
Shri Satya Prakash Mangal Designation: Independent Director Nationality: Indian DIN: 01052952	26.11.2015	26.11.2015	Appointment
Shri Arun Kumar Verma Designation: Government Nominee Director Occupation: Service Nationality: Indian DIN: 02190047	19.10.2015	17.12.2014	Appointment/ Cessation
Shri Krishna Mohan Singh Designation: Chairman and Managing Director Occupation: Service Nationality: Indian DIN: 02223301	23.09.2015	23.09.2015	Appointment
Shri Atul Kumar Garg Designation: Independent Director Nationality: Indian DIN: 02281287	23.09.2015	30.03.2012	Cessation
Shri Ashoke Kumar Dutta Designation: Independent Director	23.09.2015	30.03.2012	Cessation

Nationality: Indian DIN: 00045170			
Shri R. S. T. Sai Designation: Chairman and Managing Director Occupation: Service Nationality: Indian DIN: 00171920	23.09.2015	08.06.2014	Appointment/ Cessation
Smt. Krishna Tyagi Designation: Government Nominee Director Occupation: Service Nationality: Indian DIN: 07230978	08.07.2015	08.07.2015	Appointment
Shri K. N. Garg Designation: Government Nominee Director Occupation: Service Nationality: Indian DIN: 06707847	30.06.2015	07.10.2013	Appointment/ Cessation
Shri J .K. Sharma Designation: Director (Projects) Occupation: Service Nationality: Indian DIN: 00387785	11.03.2015	10.04.2009	Cessation
Shri Mukesh Jain, Government Nominee Director DIN No.: 06733536	10.11.2014	11.11.2013	Appointment/ Cessation
Shri Arun Kumar Mago, Independent Director DIN No. 01624833	31.10.2014	09.11.2011	Cessation
Shri R. Jeyaseelan, Independent Director DIN No.: 02143850	31.10.2014	12.11.2011	Cessation
Shri G. S. Vedi, Independent Director DIN No.: 02286126	31.10.2014	08.11.2011	Cessation
Shri A. Gopalakrishnan, Independent Director DIN No.: 02880344	26.09.2014*	10.03.2013	Re-appointment / Cessation
Shri Shantikam Hazarika, Independent Director DIN No.: 00523656	26.09.2014*	24.05.2012	Appointment/ Cessation

Shri A.B.L. Srivastava Designation: Director (Finance) Occupation: Service Nationality: Indian DIN: 01601682	15.09.2014	11.02.2008	Cessation
Shri G. Sai Prasad, Government Nominee Director holding additional charge of the post of Chairman and Managing Director since July 24 2012 DIN No.: 00325308	08.06.2014	20.12.2011	Cessation

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

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

f) MANAGEMENT'S PERCEPTION OF RISK FACTOR

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

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

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

Internal Risk Factors

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

Our total contingent liabilities that have not been provided for as of Mar 31, 2017 were Rs. 8825.90 crore. The details are as follows:

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

Particulars	Amount
Capital Works	7848.60
Land Compensation Cases	19.36
Disputed Income Tax, Sales Tax and Service Tax Demands	373.53
Others	584.41
Total	**8825.90**

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

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

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

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

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

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

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

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

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

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

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

We, as well as infrastructure projects executed by us have benefited from certain tax regulations and incentives that accord favorable treatment to infrastructure-related activities. For instance, currently, the developers of power projects also receive a ten year income tax holiday on all projects.

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

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

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

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

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

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

We will require significant additional capital to finance our business plan, in particular, our capacity expansion plan. In Fiscal 2018, GoI approved a budget estimate of Rs. 3089.36 crore for our Company. Our ability to finance our capital expenditure plans is subject to a number of factors, some of which are beyond our control, including tariff regulations, our results of operations, general economic and capital market conditions, borrowing or lending restrictions, if any, imposed by state governments, the GoI and the Reserve Bank of India (“RBI”), our ability to obtain financing on acceptable terms, and the amount of dividends required to be paid to the GoI and our public shareholders. In addition, in the past some lenders have not disbursed funds to us when scheduled to do so. Also, adverse developments in the credit markets may significantly increase our debt service costs and the overall cost of our funds. We cannot assure you that debt or equity financing or our internal accruals will be available or sufficient to meet our capital expenditure requirements. This may, in turn, adversely affect the implementation of our current projects or future business plans.

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

In Fiscal 2017 we derived Rs. 7191.53 crore or 82.00% 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 and further extended for 10 Years up to 31st October 2026 by MOP in respect of 21 no. states, however we cannot assure you that the State electricity entities will always be required to, or be able to, secure their payments to us. Any change that adversely affects our ability to recover our dues from the State electricity entities may adversely affect our financial position.

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

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

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

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

Similarly, following unbundling, our PPAs that are currently with the SEBs will be with one or more of the unbundled entities, particularly distribution companies, which may adversely affect their ability to make payments to us. Further, upon divestment of ownership or control of a SEB or any of the unbundled entities, as applicable, in favour of any entity not owned or controlled, directly or indirectly, by the applicable state government, the Tripartite Agreement relating to the SEB or the unbundled entity will no longer apply. In such an event, a fresh PPA will have to be entered into with such unbundled entity or entities. Any delay in execution or change in terms and conditions in the PPA may adversely affect our realisation of payments against sale of power. However, in this case, the rights and obligations of the RBI, GoI and the applicable state government as per tripartite agreement will continue. This agreement has been further extended up to 31.10.2026 by MOP in respect of 21 Nos states. In addition all our PPAs signed recently have included additional clause for 'Payment Security Mechanism', which requires that after the expiry period of the Tripartite Agreement, an alternative payment security arrangement in the form of Default Escrow Arrangement as a back to amount of the LC shall be provided. Under this arrangement an Default Escrow Account in favour of NHPC shall be established through which the incremental receivables of bulk power customer shall be routed as per the terms of Default Escrow Agreement.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

For instance, the International Court of Arbitration issued the final award in respect of the dispute between Pakistan and India under Indus Water Treaty regarding diversion from the Kishanganga/ Neelam River for power generation by Kishanganga HE Project. In the final award it was upheld that India shall maintain a minimum flow of 9 cumecs in the Kishanganga/Neelam river at all times below the KHEP and when the daily average flow upstream of KHEP does not 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.

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

As of June 30, 2017, our total borrowings aggregated to Rs. 19292.73 crore. Our ability to meet our debt service obligations and to repay our outstanding borrowings will depend primarily upon the cash flow produced by our business. If we fail to meet our debt service obligations, our lenders may declare us in default under the terms of our borrowings and accelerate the maturity of our obligations. We cannot assure you that, in the event of any such acceleration, we would have sufficient resources to repay these borrowings and maintain the operations of our facilities without disruption. Accordingly, any such acceleration may have an adverse effect on our cash flows, business and results of operations.

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

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

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

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

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

Our joint venture partners may:

- be unable or unwilling to fulfill their obligations, whether of a financial nature or otherwise;
- have economic or business interests or goals that are inconsistent with ours;

- take actions contrary to our instructions or requests or contrary to our policies and objectives;
- take actions that are not acceptable to regulatory authorities;
- become involved in litigation;
- have financial difficulties; or
- have disputes with us.

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

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

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

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

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

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

Our Company had 7837 employees as on 30.06.2017. There have been no strikes in our Company leading to material loss of generation or disruption of work during the last five years. However, there can be no assurance that we will not in the future experience disruptions to our operations due to disputes or other problems with our work force, which may adversely affect our business and results of operations. Further, efforts by labour unions to organise our employees may divert management’s attention and increase operating expenses.

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

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

As of June 30, 2017, our Company had Rs. 1360.48 crore foreign currency borrowings outstanding. We may continue to borrow foreign currency in the future, which will further expose us to fluctuations in foreign currency rates. Volatility in foreign exchange rates may adversely affect our business and financial performance.

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

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

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

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

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

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

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

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

The interrupted work of Subansiri Lower falls under the uncontrollable factor as defined in CERC Tariff Regulation 14-19 and therefore the company has adopted the concept of Guidance Note issued by the Institute of Chartered Accountant of India (ICAI) on 18.02.2015 on Accounting for Rate Regulated Activities. 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 516.71 core for the year ended 31.03.2017 (Cumulative upto 31.03.2017 Rs. 2697.99 crore) have been recognized in respect of Subansiri Lower project.

External Risk Factors

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

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

34. Political instability or changes in 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.

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

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

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

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

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

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

RISKS RELATING TO THE BONDS

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

The Bonds will be subordinated to certain liabilities preferred by law such as to claims of GoI on account of taxes, and certain liabilities incurred in the ordinary course of our transactions. In particular, in the event of bankruptcy, liquidation or winding-up, our assets will be available to pay obligations on the Bonds only after all of those liabilities that rank senior to these Bonds have been paid. In the event of bankruptcy, liquidation or winding-up, there may not be sufficient assets remaining, after paying amounts relating to these proceedings, to pay amounts due on the Bonds.
Further, there is no restriction on the amount of debt securities that we may issue that may rank above the Bonds. The issue of any such debt securities may reduce the amount recoverable by investors in the Bonds on our bankruptcy, winding-up or liquidation.

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

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

g) Details of Default

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

h) Disclosures pertaining to wilful default: NIL

i) Compliance Officer of the Issuer

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

2 (i) Term Sheet for W1 Series

Security Name	NHPC 6.91 % p.a. W1 Series Bonds 2027
Issuer	NHPC LIMITED
Type of Instrument	Secured Redeemable, Non Convertible, Non Cumulative, Taxable Bonds (W1 Series) in the nature of Debentures
Nature of Instrument	Secured
Seniority	Senior and Unsubordinated
Mode of Issue	Private Placement
Eligible Investors	**Qualified Institutional Buyers ("QIBs"):** a. Mutual Funds registered with SEBI, b. Public Financial Institutions specified in Section 2(72) of the Companies Act 2013; c. Alternative Investment Funds; d. Scheduled Commercial Banks; e. State Industrial Development Corporations; f. Insurance Companies registered with the Insurance Regulatory and Development Authority; g. Provident Funds and Pension Funds with

	minimum corpus of Rs. 25.00 crore; h. National Investment Funds set up by resolution no. F. No. 2/3/2005-DD-II dated November 23, 2005 of the Government of India published in the Gazette of India; i. Insurance funds set up and managed by army, navy or air force of the Union of India. j. Insurance funds set up and managed by the Department of Posts, India. Any other investor authorised to invest in these bonds, subject to confirmation from the issuer. **Non QIBs:** a. Companies and Bodies Corporate authorized to invest in bonds/ debentures; b. Co-operative Banks and Regional Rural Banks authorized to invest in bonds/ debentures; c. Gratuity Funds and Superannuation Funds; d. Provident Funds and Pension Funds with corpus of less than Rs. 25.00 crore; e. Societies authorized to invest in bonds/ debentures; f. Trusts authorized to invest in bonds/ debentures; g. Statutory Corporations/ Undertakings established by Central/ State legislature authorized to invest in bonds/ debentures; h. Resident Individual Investors; i. Hindu Undivided Families through Karta; j. Partnership firms formed under applicable laws in India in the name of the partners. Any other investor authorised to invest in these bonds, subject to confirmation from the issuer.
Listing (including name of Stock Exchange(s) where it will be listed and timeline for listing)	On the Wholesale Debt Market (WDM) Segment of Bombay Stock Exchange (BSE).
Rating of the Instrument	"ICRA AAA" by ICRA Ltd. and "CARE AAA" [Triple A] BY CARE LTD.
Issue Size	Rs 1000.00 Crores
Option to retain oversubscription (Amount)	Rs 500.00 Crores
Objects of the Issue	To refinance existing loans and to partly meet the debt requirement of ongoing construction

	projects including recoupment of expenditure already incurred.
Details of the utilization of the Proceeds	To refinance existing loans and to partly meet the debt requirement of ongoing construction projects including recoupment of expenditure already incurred.
Coupon Rate	6.91% p.a.
Step Up / Step Down Coupon Rate	None
Coupon Payment Frequency	Annual
Coupon payment dates	Each Anniversary date of the allotment
Coupon Type	Fixed
Coupon Reset Process (including rates, spread, effective date, interest rate cap and floor etc.)	None
Day Count Basis	Actual/ Actual Interest shall be computed on an "actual/actual basis". Where the interest period (start date to end date) includes February 29, interest shall be computed on 366 days-a-year basis.
Interest on Application Money	Interest at the coupon rate (subject to deduction of income tax under the provisions of the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof, as applicable) will be paid to the applicants on the application money for the Bonds for the period starting from and including the date of realization of application money in Issuer's Bank Account up to one day prior to the Deemed Date of Allotment.
Default Interest Rate	In the event of delay in the payment of interest amount and/ or principal amount on the due date(s), the Issuer shall pay additional interest of 2.00% per annum in addition to the Coupon Rate payable on the Bonds, on such amounts due, for the defaulting period i.e. the period commencing from and including the date on which such amount becomes due and up to but excluding the date on which such amount is actually paid.
Tenor	5 years
Redemption Date	Bonds are redeemable at par in 5 equal annual installments starting at the end of 1st year of date of allotment. Each bond will comprise of 5 Detachable, Separately Transferable Redeemable Principal Parts (STRPPs) redeemable at par at the end of 1st , 2nd , 3rd , 4th & 5th year respectively of date of allotment.

Redemption Amount	At Par at Rs 50.00 lakh each.
Redemption Premium / Discount	Nil
Issue Price	At Par at Rs 50.00 lakh each.
Discount at which security is issued and the effective yield as a result of such discount.	None
Put Option Date	None
Put Option Price	None
Call Option Date	None
Call Option Price	None
Put Notification Time	None
Call Notification Time	None
Face Value	Rs 50.00 Lac each Each bond will comprise of 5 Detachable, Separately Transferable Redeemable Principal Parts (STRPPs) redeemable at par at the end of 1st , 2nd , 3rd , 4th & 5th year respectively of date of allotment.
Minimum Application	Rs 5.00 Crores thereafter in multiples of Rs 50.00 lakh
Issue Timing Issue Opening Date	0900 hrs on 15-09-2017
Issue Closing Date	1700 hrs on 15-09-2017
Pay-in Date	15-09-2017
Deemed Date of Allotment	15-09-2017
Issuance mode of the instrument	Demat
Trading mode of the instrument	Demat
Settlement mode of the instrument	Payment of Interest and repayment of Principal shall be made by way of ECS / Direct Credit / RTGS / NEFT/ Cheque (s) / Warrant (s) / Demand Draft (s).
Depository	National Securities Depository Ltd. (NSDL) & Central Depository Services Ltd. (CDSL)
Business Day Convention	Business Day' shall be a day on which commercial banks are open for business in the city of Mumbai. (Kindly see "Effect of Holidays" on page no. 90).
Record Date	15 calendar days prior to each Coupon Payment Date and redemption date (both dates exclusive).
Security (where applicable) (Including description, type of security, type of charge, likely date of creation of security, minimum security cover, revaluation, replacement of security)	The Bonds will be secured by way of first pari-passu charge on the selective movable and immovable assets of the Company, i.e., The charge will be created in favor of Debenture Trustee on behalf of the Bondholders in such form and manner in one or more tranches and through one or more security documents as considered appropriate by the Company of value

	not less than 1.00 times the value of the Bonds outstanding.
Transaction Documents	The Issuer has executed/ shall execute the documents including but not limited to the following in connection with the Issue: 1. Letter appointing Trustees to the Bondholders; 2. Debenture Trusteeship Agreement; 3. Debenture Trust Deed; 4. Rating Agreement with Rating Agency; 5. Tripartite Agreement between the Issuer; Registrar and NSDL for issue of Bonds in dematerialized form; 6. Tripartite Agreement between the Issuer, Registrar and CDSL for issue of Bonds in dematerialized form; 7. Letter appointing Registrar and MoU entered into between the Issuer and the Registrar; 8. Application made to BSE for seeking its in-principle approval for listing of Bonds; 9. Listing Agreement with BSE;
Conditions Precedent to Disbursement	The subscription from investors shall be accepted for allocation and allotment by the Issuer subject to the following: i. Rating letter(s) from the aforesaid rating agency(ies) not being more than one month old from the issue opening date; ii. Letter from the Trustees conveying their consent to act as Trustees for the Bondholder(s); iii. Letter from BSE conveying its in-principle approval for listing of Bonds.
Conditions Subsequent to Disbursement	The Issuer shall ensure that the following documents are executed/ activities are completed as per time frame mentioned elsewhere in this Offer Letter: 1. Credit of demat account(s) of the allottee(s) by number of Bonds allotted within 2 working days from the Deemed Date of Allotment; 2. Listing of bonds within 20 days from the Deemed Date of Allotment as per the SEBI

	(Issue and Listing of Debt Securities) Regulations, 2008 as amended. 3. Execution of Debenture Trust Deed for creation of security within 3 months of closure of issue or offer of bonds as per Rule 18 sub rule 5 of Companies (Share Capital and Debentures) Rules, 2014. Besides, the Issuer shall perform all activities, whether mandatory or otherwise, as mentioned elsewhere in this Offer Letter.
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. Besides, it would also constitute an “Event of Default” by the Issuer, if the Issuer does not perform or does not comply with one or more of its material obligations in relation to the Bonds issued in pursuance of terms and conditions stated in this Offer Letter, Debenture Trusteeship Agreement and Debenture Trust Deed, which in opinion of the Trustees is incapable of remedy.
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 Trustees shall perform its duties and obligations and exercise its rights and discretions, in keeping with the trust reposed in the Trustees by the holder(s) of the Bonds and shall further conduct itself, and comply with the provisions of all applicable laws, provided that, the provisions of Section 20 of the Indian Trusts Act, 1882, shall not be applicable to the Trustees. The Trustees

	shall carry out its duties and perform its functions as required to discharge its obligations under the terms of SEBI Debt Regulations, the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, the Debenture Trusteeship Agreement, the Trust Deed, Disclosure Document and all other related transaction documents, with due care, diligence and loyalty. The Trustees shall be vested with the requisite powers for protecting the interest of holder(s) of the Bonds including but not limited to the right to appoint a nominee director on the Board of the Issuer in consultation with institutional holders of such Bonds. The Trustees shall ensure disclosure of all material events on an ongoing basis and shall supervise the implementation of the conditions regarding creation of security for the Bonds and Debenture/ Bond Redemption Reserve. The Issuer shall, till the redemption of Bonds, submit its latest audited/ limited review half yearly consolidated (wherever available) and standalone financial information such as Statement of Profit & Loss, Balance Sheet and Cash Flow Statement and auditor qualifications, if any, to the Trustees within the timelines as mentioned in Simplified Listing Agreement issued by SEBI vide circular No. SEBI/IMD/BOND/1/2009/11/05 dated May 11, 2009 as amended. Besides, the Issuer shall within 180 days from the end of the financial year, submit a copy of the latest annual report to the Trustees and the Trustees shall be obliged to share the details so submitted with all 'Qualified Institutional Buyers' (QIBs) and other existing Bondholder(s) within two working days of their specific request.
Governing Law and Jurisdiction	The Bonds are governed by and shall be construed in accordance with the existing laws of India. Any dispute arising thereof shall be subject to the jurisdiction of district courts of Delhi.
Additional Covenants	Security Creation: In the event of delay in execution of Debenture Trust Deed and/or other security document(s), the Issuer shall refund the subscription at the Coupon Rate or shall pay penal interest of 2.00% per annum over the

	Coupon Rate till such conditions are complied with, at the option of the Bondholder(s). Default in Payment: In the event of delay in the payment of interest amount and/ or principal amount on the due date(s), the Issuer shall pay additional interest of 2.00% per annum in addition to the Coupon Rate payable on the Bonds, on such amounts due, for the defaulting period i.e. the period commencing from and including the date on which such amount becomes due and up to but excluding the date on which such amount is actually paid. Delay in Listing: The Issuer shall complete all the formalities and seek listing permission within 20 days from the Deemed Date of Allotment. In the event of delay in listing of Bonds beyond 20 days from the Deemed Date of Allotment, the Issuer shall pay penal interest of 1.00% per annum over the Coupon Rate from the expiry of 30 days from the Deemed Date of Allotment till the listing of Bonds to the Bondholder(s). The interest rates mentioned in above three covenants shall be independent of each other.

2 (ii) Term Sheet for W2 Series

Security Name	NHPC 7.35 % p.a. W2 Series Bonds 2027
Issuer	NHPC LIMITED
Type of Instrument	Secured Redeemable, Non Convertible, Non Cumulative, Taxable Bonds (W2 Series) in the nature of Debentures
Nature of Instrument	Secured
Seniority	Senior and Unsubordinated
Mode of Issue	Private Placement
Eligible Investors	**Qualified Institutional Buyers ("QIBs"):** k. Mutual Funds registered with SEBI, l. Public Financial Institutions specified in Section 2(72) of the Companies Act 2013; m. Alternative Investment Funds; n. Scheduled Commercial Banks; o. State Industrial Development Corporations; p. Insurance Companies registered with the Insurance Regulatory and Development

	Authority; q. Provident Funds and Pension Funds with minimum corpus of Rs. 25.00 crore; r. National Investment Funds set up by resolution no. F. No. 2/3/2005-DD-II dated November 23, 2005 of the Government of India published in the Gazette of India; s. Insurance funds set up and managed by army, navy or air force of the Union of India. t. Insurance funds set up and managed by the Department of Posts, India. Any other investor authorised to invest in these bonds, subject to confirmation from the issuer. **Non QIBs:** k. Companies and Bodies Corporate authorized to invest in bonds/ debentures; l. Co-operative Banks and Regional Rural Banks authorized to invest in bonds/ debentures; m. Gratuity Funds and Superannuation Funds; n. Provident Funds and Pension Funds with corpus of less than Rs. 25.00 crore; o. Societies authorized to invest in bonds/ debentures; p. Trusts authorized to invest in bonds/ debentures; q. Statutory Corporations/ Undertakings established by Central/ State legislature authorized to invest in bonds/ debentures; r. Resident Individual Investors; s. Hindu Undivided Families through Karta; t. Partnership firms formed under applicable laws in India in the name of the partners. Any other investor authorised to invest in these bonds, subject to confirmation from the issuer.
Listing (including name of Stock Exchange(s) where it will be listed and timeline for listing)	On the Wholesale Debt Market (WDM) Segment of Bombay Stock Exchange (BSE).
Rating of the Instrument	“ICRA AAA” by ICRA Ltd. and “CARE AAA” [Triple A] BY CARE LTD.
Issue Size	Rs 500.00 Crore
Option to retain oversubscription	Rs 250.00 Crore

(Amount)	
Objects of the Issue	To refinance existing loans and to partly meet the debt requirement of ongoing construction projects including recoupment of expenditure already incurred.
Details of the utilization of the Proceeds	To refinance existing loans and to partly meet the debt requirement of ongoing construction projects including recoupment of expenditure already incurred.
Coupon Rate	7.35% p.a.
Step Up / Step Down Coupon Rate	None
Coupon Payment Frequency	Annual
Coupon payment dates	Each Anniversary date of the allotment
Coupon Type	Fixed
Coupon Reset Process (including rates, spread, effective date, interest rate cap and floor etc.)	None
Day Count Basis	Actual/ Actual Interest shall be computed on an "actual/actual basis". Where the interest period (start date to end date) includes February 29, interest shall be computed on 366 days-a-year basis
Interest on Application Money	Interest at the coupon rate (subject to deduction of income tax under the provisions of the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof, as applicable) will be paid to the applicants on the application money for the Bonds for the period starting from and including the date of realization of application money in Issuer's Bank Account up to one day prior to the Deemed Date of Allotment
Default Interest Rate	In the event of delay in the payment of interest amount and/ or principal amount on the due date(s), the Issuer shall pay additional interest of 2.00% per annum in addition to the Coupon Rate payable on the Bonds, on such amounts due, for the defaulting period i.e. the period commencing from and including the date on which such amount becomes due and up to but excluding the date on which such amount is actually paid.
Tenor	10 years
Redemption Date	Bonds are redeemable at par in 5 equal annual installments starting at the end of 6th year of

	date of allotment. Each bond will comprise of 5 Detachable, Separately Transferable Redeemable Principal Parts (STRPPs) redeemable at par at the end of 6^{th} , 7^{th}, 8^{th}, 9^{th} & 10^{th} year respectively of date of allotment.
Redemption Amount	At Par at Rs 50.00 lakh each.
Redemption Premium / Discount	Nil
Issue Price	At Par at Rs 50.00 lakh each.
Discount at which security is issued and the effective yield as a result of such discount.	None
Put Option Date	None
Put Option Price	None
Call Option Date	None
Call Option Price	None
Put Notification Time	None
Call Notification Time	None
Face Value	Rs 50.00 Lac each Each bond will comprise of 5 Detachable, Separately Transferable Redeemable Principal Parts (STRPPs) redeemable at par at the end of 6^{th} , 7^{th}, 8^{th}, 9^{th} & 10^{th} year respectively of date of allotment.
Minimum Application	Rs 5.00 Crores thereafter in multiples of Rs 50.00 lakh
Issue Timing Issue Opening Date	0900 hrs on 15-09-2017
Issue Closing Date	1700 hrs on 15-09-2017
Pay-in Date	15-09-2017
Deemed Date of Allotment	15-09-2017
Issuance mode of the instrument	Demat
Trading mode of the instrument	Demat
Settlement mode of the instrument	Payment of Interest and repayment of Principal shall be made by way of ECS / Direct Credit / RTGS / NEFT/ Cheque (s) / Warrant (s) / Demand Draft (s).
Depository	National Securities Depository Ltd. (NSDL) & Central Depository Services Ltd. (CDSL)
Business Day Convention	Business Day' shall be a day on which commercial banks are open for business in the city of Mumbai. (Kindly see "Effect of Holidays" on page no. 90).

Record Date	15 calendar days prior to each Coupon Payment Date and redemption date (both dates exclusive).
Security (where applicable) (Including description, type of security, type of charge, likely date of creation of security, minimum security cover, revaluation, replacement of security)	The Bonds will be secured by way of first pari-passu charge on the selective movable and immovable assets of the Company, i.e., The charge will be created in favor of Debenture Trustee on behalf of the Bondholders in such form and manner in one or more tranches and through one or more security documents as considered appropriate by the Company of value not less than 1.00 times the value of the Bonds outstanding.
Transaction Documents	The Issuer has executed/ shall execute the documents including but not limited to the following in connection with the Issue: 10. Letter appointing Trustees to the Bondholders; 11. Debenture Trusteeship Agreement; 12. Debenture Trust Deed; 13. Rating Agreement with Rating Agency; 14. Tripartite Agreement between the Issuer; Registrar and NSDL for issue of Bonds in dematerialized form; 15. Tripartite Agreement between the Issuer, Registrar and CDSL for issue of Bonds in dematerialized form; 16. Letter appointing Registrar and MoU entered into between the Issuer and the Registrar; 17. Application made to BSEfor seeking its in-principle approval for listing of Bonds; 18. Listing Agreement with BSE;
Conditions Precedent to Disbursement	The subscription from investors shall be accepted for allocation and allotment by the Issuer subject to the following: iv. Rating letter(s) from the aforesaid rating agency(ies) not being more than one month old from the issue opening date; v. Letter from the Trustees conveying their consent to act as Trustees for the Bondholder(s); vi. Letter from BSE conveying its in-principle approval for listing of Bonds.

Conditions Subsequent to Disbursement	The Issuer shall ensure that the following documents are executed/ activities are completed as per time frame mentioned elsewhere in this Offer Letter: 4. Credit of demat account(s) of the allottee(s) by number of Bonds allotted within 2 working days from the Deemed Date of Allotment; 5. 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. 6. Execution of Debenture Trust Deed for creation of security within 3 months of closure of issue or offer of bonds as per Rule 18 sub rule 5 of Companies (Share Capital and Debentures) Rules, 2014. Besides, the Issuer shall perform all activities, whether mandatory or otherwise, as mentioned elsewhere in this Offer Letter.
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. Besides, it would also constitute an "Event of Default" by the Issuer, if the Issuer does not perform or does not comply with one or more of its material obligations in relation to the Bonds issued in pursuance of terms and conditions stated in this Offer Letter, Debenture Trusteeship Agreement and Debenture Trust Deed, which in opinion of the Trustees is incapable of remedy.
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 Trustees shall perform its duties and obligations and exercise its rights and discretions, in keeping with the trust reposed in the Trustees by the holder(s) of the Bonds and shall further conduct itself, and comply with the provisions of all applicable laws, provided that, the provisions of Section 20 of the Indian Trusts Act, 1882, shall not be applicable to the Trustees. The Trustees shall carry out its duties and perform its functions as required to discharge its obligations under the terms of SEBI Debt Regulations, the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, the Debenture Trusteeship Agreement, the Trust Deed, Disclosure Document and all other related transaction documents, with due care, diligence and loyalty. The Trustees shall be vested with the requisite powers for protecting the interest of holder(s) of the Bonds including but not limited to the right to appoint a nominee director on the Board of the Issuer in consultation with institutional holders of such Bonds. The Trustees shall ensure disclosure of all material events on an ongoing basis and shall supervise the implementation of the conditions regarding creation of security for the Bonds and Debenture/ Bond Redemption Reserve. The Issuer shall, till the redemption of Bonds, submit its latest audited/ limited review half yearly consolidated (wherever available) and standalone financial information such as Statement of Profit & Loss, Balance Sheet and Cash Flow Statement and auditor qualifications, if any, to the Trustees within the timelines as mentioned in Simplified Listing Agreement issued by SEBI vide circular No. SEBI/IMD/BOND/1/2009/11/05 dated May 11, 2009 as amended. Besides, the Issuer shall within 180 days from the end of the financial year, submit a copy of the latest annual report to the Trustees and the Trustees shall be obliged to share the details so submitted with all 'Qualified

	Institutional Buyers' (QIBs) and other existing Bondholder(s) within two working days of their specific request.
Governing Law and Jurisdiction	The Bonds are governed by and shall be construed in accordance with the existing laws of India. Any dispute arising thereof shall be subject to the jurisdiction of district courts of Delhi.
Additional Covenants	Security Creation: In the event of delay in execution of Debenture Trust Deed and/or other security document(s), the Issuer shall refund the subscription at the Coupon Rate or shall pay penal interest of 2.00% per annum over the Coupon Rate till such conditions are complied with, at the option of the Bondholder(s). Default in Payment: In the event of delay in the payment of interest amount and/ or principal amount on the due date(s), the Issuer shall pay additional interest of 2.00% per annum in addition to the Coupon Rate payable on the Bonds, on such amounts due, for the defaulting period i.e. the period commencing from and including the date on which such amount becomes due and up to but excluding the date on which such amount is actually paid. Delay in Listing: The Issuer shall complete all the formalities and seek listing permission within 20 days from the Deemed Date of Allotment. In the event of delay in listing of Bonds beyond 20 days from the Deemed Date of Allotment, the Issuer shall pay penal interest of 1.00% per annum over the Coupon Rate from the expiry of 30 days from the Deemed Date of Allotment till the listing of Bonds to the Bondholder(s). The interest rates mentioned in above three covenants shall be independent of each other.

2.iii OTHER PARTICULARS RELATED TO OFFER

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

NIL

II Details of Commercial Paper

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

Maturity Date	Amount Outstanding
NIL	**NIL**

III Details of Rest of the borrowing (if any including hybrid debt like FCCB, Optionally Convertible Debentures / Preference Shares) as on 31.03.2017.

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

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

NIL

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

NIL

VI Details of Promoters of the Company

i. Details of Promoter Holding in the Company as on 30.06.2017.

Sl. No.	Name of Shareholders	Total No. of Equity Shares	No. of shares in demat form	Total Shareholding as % of total no. of equity shares	No. of Shares Pledged	% of Shares pledged with respect to shares owned
1	President of India through MoP, GoI.	7,64,34,06,901	7,64,34,06,901	74.50	Nil	-

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

VII Contribution made by Promoters or Directors

NIL

VIII Abridged version of Audited Standalone Financial Information (like Profit & Loss Statement, Balance Sheet and Cash Flow Statement) for at least last 3 years and auditor qualifications, if any. –details incorporated at page- 87-126.

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

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

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

XI The detailed rating rationale(s) adopted (not older than one year on the date of opening of the issue) / credit rating letter issued (not older than one month on the date of opening of the issue) by the rating agencies shall be disclosed.
i) "ICRA AAA" by ICRA Ltd.
ii) "CARE AAA" [Triple A] BY CARE LTD.

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

XIII Copy of consent letter from the Debenture Trustee shall be disclosed. (Enclosed)

XIV Names of all the recognized stock exchanges where the debt securities are proposed to be listed clearly indicating the designated stock exchange:-**Bombay Stock Exchange in WDM Segment.**

XV **Other details**

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

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

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

Further, The amount deposited or invested, as the case may be, above shall not be utilized for any purpose other than for the repayment of debentures maturing during the year referred to above, provided that the amount remaining deposited or invested, as the case may be, shall not at any time fall below 15 per cent of the amount of debentures maturing during the 3lst day of March of that year'.

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

iii. **Application process :-**

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

Qualified Institutional Buyers ("QIBs"):

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

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

Non QIBs:

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

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

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

Non-Eligible classes of Investors

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

Procedure for applications by Mutual Funds

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

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

Documents to be provided by investors

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

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

Signatures

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

Submission of Completed Application Forms and Mode of Payment

The amount of the application money may be deposited by way of remittance through RTGS only to NHPC LIMITED C.A. No. 37120832734 on account of Application Money for NHPC W Series Bonds.

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

Right to accept / reject applications

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

Payment on Application

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

Minimum Lot Size

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

Minimum Subscription:

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

Basis of Allocation / Allotment

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

Denomination of Bonds

W1 Series of Tenor of 5 years of Face value of Rs. 50.00 lakh each. Each bond will comprise of 5 Detachable, Separately Transferable Redeemable Principal Parts (STRPPs) redeemable at par at the end of 1^{st} , 2^{nd} , 3^{rd} , 4^{th} & 5^{th} year respectively of date of allotment.

W2 Series of Tenor of 10 years of Face value of Rs. 50.00 lakh each. Each bond will comprise of 5 Detachable, Separately Transferable Redeemable Principal Parts (STRPPs) redeemable at par at the end of 6^{th}, 7^{th}, 8^{th}, 9^{th} & 10^{th} year respectively of date of allotment.

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

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

Depository Arrangement

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

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

- Two tripartite agreements have been signed

  - Tripartite Agreement dated 24.12.2001 between NHPC, NSDL and RCMC Share Registry Ltd.
  - Tripartite Agreement dated 01.01.2002 between NHPC, CDSL and RCMC Share Registry Ltd.

- An applicant applying for Bonds in the electronic form must have at least one beneficiary account with any of the Depository Participants (DPs) of NSDL or CDSL prior to making the application.

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

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

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

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

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

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

Issue of Bond(s)

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

Record Date

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

List of Beneficial Owners /Register of Beneficial Owners

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

Payment of Interest

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

- The interest shall be computed on the basis of actual number of days elapsed in a year, for this purpose a year to comprise of a period of 365 days except in case of a leap year where the year will comprise of 366 days.

- In case of a leap year, if February 29 falls during the tenor of a security, then the number of days shall be reckoned as 366 days (Actual/Actual day count convention) for a whole one year period, irrespective of whether the interest is payable annually, half yearly, quarterly or monthly etc.
- Therefore, for a half yearly interest payment, 366 days would be reckoned twice as the denominator; for quarterly interest, four times and for monthly interest payment, twelve times.

This is illustrated with the help of the following example:

Refer illustration given below FOR W1 Series:-

FACE VALUE	***Rs. 50,00,000***
COUPON RATE	***6.91%***
DATE OF ALLOTMENT	15.09.2017
REDEMPTION	*in 5 equal annual installments (STRPP wise redemption in alphabetical order) starting from the end of 1st year of date of allotment*

CALCULATION OF INTEREST FOR 1 BOND OF W1 SERIES

AMOUNT (IN RS.)

CASH FLOWS	DATE	Day	NO. OF DAYS IN COUPON PERIOD	Interest	Redemption
1st Year	15.09.2018	Saturday	365	345500	1000000
2nd Year	13.09.2019	Friday	363	68721	1000000
2nd Year	16.09.2019	Monday	365	207300	-
3rd Year	15.09.2020	Tuesday	366	207300	1000000
4th Year	15.09.2021	Wednesday	365	138200	1000000
5th Year	15.09.2022	Thursday	365	69100	1000000

Refer illustration given below FOR W2 Series:-

FACE VALUE	***Rs. 50,00,000***
COUPON RATE	***7.35%***
DATE OF ALLOTMENT	15.09.2017
REDEMPTION	*in 5 equal annual installments (STRPP wise redemption in alphabetical order) starting from the end of 6th year from date of allotment*

CALCULATION OF INTEREST FOR 1 BOND OF W2 SERIES

AMOUNT (IN RS.)

CASH FLOWS	DATE	Day	NO. OF DAYS IN COUPON PERIOD	Interest	Redemption
1st Year	15.09.2018	Saturday	365	367500	-
2nd Year	16.09.2019	Monday	365	367500	-
3rd Year	15.09.2020	Tuesday	366	367500	-
4th Year	15.09.2021	Wednesday	365	367500	-
5th Year	15.09.2022	Thursday	365	367500	-
6th Year	15.09.2023	Friday	365	367500	1000000
7th Year	13.09.2024	Friday	364	73100	1000000
7th Year	16.09.2024	Monday	366	220500	-
8th Year	15.09.2025	Monday	365	220500	1000000
9th Year	15.09.2026	Tuesday	365	147000	1000000
10th Year	15.09.2027	Wednesday	365	73500	1000000

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

Payment on Redemption

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

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

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

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

Effect of Holidays

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

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

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

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

Tax Deduction at Source

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

Payments Procedure

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

Dispatch of Documents

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

Loss of Interest Warrants

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

Purchase and Sale of Bonds

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

Re-issue of Bonds

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

Transfer of Bonds

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

Mode of Transfer

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

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

Succession

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

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

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

Security

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

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

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

Servicing behavior on existing debentures

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

Rights of Bondholders

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

Modification of Rights

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

Future Borrowings

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

Bondholder not a Shareholder

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

Governing Law

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

Trustees for the Bondholders

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

The Company hereby undertakes that a Trust Deed shall be executed by it in favor of the Trustees within 3 months from the closure of the issue. The Trust Deed shall contain such clauses as may be prescribed under section 71 of the Companies Act, 2013 and those mentioned in Schedule IV of the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993. Further the Trust Deed shall not contain any clause which has the effect of (i) limiting or extinguishing the obligations and liabilities of the Trustees or the Company in relation to any rights or interests of the holder(s) of the Bonds, (ii) limiting or restricting or waiving the provisions of the Securities and Exchange Board of India Act, 1992 (15 of 1992); Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 and circulars or guidelines issued by SEBI, (iii) indemnifying the Trustees or the Company for loss or damage caused by their act of negligence or commission or omission.

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

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

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

Force Majeure

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

Notices

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

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

Undertaking by the Issuer

The Issuer Company undertakes that:

- the complaints received in respect of the Issue shall be attended to by the issuer company expeditiously and satisfactorily;

- that all the steps for completion of the necessary formalities for listing and commencement of trading at Stock Exchange where the securities are to be listed shall be taken immediately after finalization of basis of allotment

- Necessary co-operation to the credit rating agency (ies) shall be extended in providing true and adequate information till the debt obligations in respect of the instrument are outstanding.

- That the company shall disclose the complete name and address of the debenture trustee in the annual report

- That the company shall provide a compliance certificate to the Bond holders through trustee (on yearly basis) in respect of compliance with the terms and conditions of issue of Bonds as contained in the document, duly certified by the debenture trustee.

- That the company shall furnish a confirmation certificate to the debenture trustee (on yearly basis) that the security created by the company in favor of the Bond holders is properly maintained and is adequate enough to meet the payment obligations towards the Bond holders in the event of default.

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

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

NIL

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

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

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

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

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

Financial Year 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.

Financial Year 2015-16:

(Amount in Rs.)

Name	Designation	Salary / Allowances	Benefits*	Performance Related Pay (PRP) including arrears**	Total
Mr.K.M.Singh	Chairman & Managing Director	1250492	340241	-	1590733
Mr. D. P. Bhargava	Director (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	79241	1307981	437310	1824532

	(Project)				
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.

Financial Year 2014-15:

(Amount in Rs.)

Name	Designation	Salary / Allowances	Benefits*	Performance Related Pay (PRP) including arrears**	Total
Mr. A. B. L. Srivastava	Director (Finance)	1323700	1653769	473434	3450903
Mr. D. P. Bhargava	Director (Technical)	2548147	1518090	437841	4504078
Mr. J. K. Sharma	Director (Projects)	2324712	3061277	566095	5952084
Mr. R. S. Mina	Director (Personnel)	2751935	868818	578296	4199049
Grand Total		8948494	7101954	2055666	18106114

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

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

Financial Year 2016-17:

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

Financial Year 2015-16:

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

Financial Year 2014-15:

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

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

3(iv) NHPC: RELATED PARTY TRANSACTIONS

FY2016-17

(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:

a) Lists of Related Parties

(1) Joint Venture Companies

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

(2) Key Management Personnel

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

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

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

FY 2014-15

RELATED PARTY DISCLOSURES:

a) Lists of Related Parties

(1) Joint Venture Companies

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

(2) Key Management Personnel

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

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

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

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

M/s S. N. Dhawan & Co LLP	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, Sector V
New Delhi -110 001	Jammu & Kashmir	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.

(b) 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 Act	Sales Tax/ VAT	256.19	1994-95	Sales Tax Appellate Tribunal, Srinagar
		5.78	2005-06 to 2009-10	Chairman, HP VAT Tribunal, Shimla
		0.14	2006-07	Sr. Joint Commissioner, Siliguri Circle
		0.76	2007-08	Sr. Joint Commissioner, Siliguri Circle
		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

Place: New Delhi
Date: May 28, 2016

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 31st March, 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For S. N. Dhawan & Co.	**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 and Protection Fund by the Company.

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	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	No Action Required	NIL

	and land) and Liabilities (including Committed & General Reserves) may be examined including the mode and present stage of disinvestment process.	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.		
2	Please report whether there are any cases of waiver/write off of debts/loans/interest etc., if yes, the reasons there for and the amount involved.	There are 2 cases where claims amounting to Rs. 51,572/- being irrecoverable, have been written off.	Amount debited to Profit & Loss A/c	Profit reduced by Rs. 51,572/-.
3	Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities.	The company is maintaining proper records for inventories.	No Action Taken	NIL
		As informed, the company has not received any assets from Govt. or other authorities.	No Action Required	NIL
4	A report on age-wise analysis of pending legal/arbitration cases including the reasons of pendency and existence/effective	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	The cases where company is expecting probable outflow, necessary provision has been created in the books as per AS-29. For remaining	By virtue of provision, consequential effect has been given to respective heads of accounts. (Refer to Note No. 29, Para 1 to Financial

	ness of a monitoring mechanism for expenditure on all legal cases (foreign and local) may be given.	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.	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.	Statements)

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 Gourav 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

3.vi

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

*** A fine of Rs. 50000/-was imposed by BSE Limited on NHPC Limited for non compliance of the requirement of Clause 49(II)(A)(1) of Listing Agreement regarding appointment of Women Director on 10.04.2015. The company 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.**

3.vii

Sl. No.	Particulars	2016-2017	2015-2016	2014-15
3.vii.0	Details of acts of material frauds committed against the company	Nil	Nil	Nil

FINANCIAL POSITION OF THE COMPANY

4. (a) Capital Structure of NHPC Limited

Details of Share Capital as on last quarter end (as on 31.03.2017)

(Rs. In Crores)

Particulars	Amount
4.(a).(i)(a) : Share Capital	
Authorised:15000000000 Equity Shares of Rs 10/- each	15000.00
Issued, Subscribed and Paid up: 11070668496 10259320519 Equity Shares of Rs 10 each fully paid up (Out of above 62952960 Shares of Rs 10/- each have been allotted for consideration other than cash pursuant to agreement with Government of India)	10259.32
4.(a).(i)(b) 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

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

4.(a).(ii) <u>Share Capital History of our Company:</u>

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 (Rs.)	Issue price (Rs.)	Consideration in Cash/ other than cash	Cumulative Share Premium	Cumulative No. of Equity Shares	Equity Share Capital (Rs.)	Cumulative Equity Share Capital (Rs. in crore)
August 13, 1976	3,283	1,000	1,000	Cash	Nil	3,283	32,83,000	0.33
December 29, 1976	1,950	1,000	1,000	Cash	Nil	5,233	19,50,000	0.52
April 28, 1977	2	1,000	1,000	Cash	Nil	5, 235	2,000	0.52
September 3,1977	40,000	1,000	1,000	Cash	Nil	45,235	4,00,00,000	4.52
February 28,1978	6,29,529	1,000	1,000	Other than cash	Nil	6,74,764	62,95,29,000	67.48
February 28,1978	60,700	1,000	1,000	Cash	Nil	7,35,464	6,07,00,000	73.55
September 18, 1978	73,298	1,000	1,000	Cash	Nil	8,08,762	7,32,98,000	80.88
February 2, 1979	25,000	1,000	1,000	Cash	Nil	8,33,762	2,50,00,000	83.38
August 6,1980	1	1,000	1,000	Cash (Rs. 400) Other than cash (Rs. 600)	Nil	8,33,763	1,000	83.38
March 31,1981	1,46,150	1,000	1,000	Cash	Nil	9,79,913	14,61,50,000	97.99
December 21,1981	15,000	1,000	1,000	Cash	Nil	9,94,913	1,50,00,000	99.49
March 27,1982	33,300	1,000	1,000	Cash	Nil	10,28,213	3,33,00,000	102.82
June 14,1982	35,000	1,000	1,000	Cash	Nil	10,63,213	3,50,00,000	106.32
September 02,1982	36,000	1,000	1,000	Cash	Nil	10,99,213	3,60,00,000	109.92
December 14,1982	1,24,000	1,000	1,000	Cash	Nil	12,23,213	12,40,00,000	122.32
February	15,000	1,000	1,000	Cash	Nil	12,38,213	1,50,00,000	123.82

Date of Issue/ Allotment	No. of Equity Shares	Face Value (Rs.)	Issue price (Rs.)	Consideration in Cash/ other than cash	Cumulative Share Premium	Cumulative No. of Equity Shares	Equity Share Capital (Rs.)	Cumulative Equity Share Capital (Rs. in crore)
23,1983								
March 26, 1983	60,000	1,000	1,000	Cash	Nil	12,98,213	6,00,00,000	129.82
June 6,1983	32,900	1,000	1,000	Cash	Nil	13,31,113	3,29,00,000	133.11
September 5, 1983	61,859	1,000	1,000	Cash	Nil	13,92,972	6,18,59,000	139.30
December 16, 1983	48,550	1,000	1,000	Cash	Nil	14,41,522	4,85,50,000	144.15
March 5,1984	2,14,541	1,000	1,000	Cash	Nil	16,56,063	21,45,41,000	165.61
May 14, 1984	1,39,579	1,000	1,000	Cash	Nil	17,95,642	13,95,79,000	179.56
January 8,1985	4,27,459	1,000	1,000	Cash	Nil	22,23,101	42,74,59,000	222.31
June 21,1985	11,75,665	1,000	1,000	Cash	Nil	33,98,766	1,17,56,65,000	339.88
November 18,1985	4,72,500	1,000	1,000	Cash	Nil	38,71,266	47,25,00,000	387.12
February 24,1986	4,20,000	1,000	1,000	Cash	Nil	42,91,266	42,00,00,000	429.13
June 6,1986	8,03,546	1,000	1,000	Cash	Nil	50,94,812	80,35,46,000	509.48
December 26,1986	3,05,000	1,000	1,000	Cash	Nil	53,99,812	30,50,00,000	539.98
March 31, 1987	10,000	1,000	1,000	Cash	Nil	54,09,812	1,00,00,000	540.98
April 29, 1987	3,31,200	1,000	1,000	Cash	Nil	57,41,012	33,12,00,000	574.10
November 25, 1987	11,26,681	1,000	1,000	Cash	Nil	68,67,693	1,12,66,81,000	686.77
March 9, 1988	1,57,700	1,000	1,000	Cash	Nil	70,25,393	15,77,00,000	702.54
May 4, 1988	1,62,258	1,000	1,000	Cash	Nil	71,87,651	16,22,58,000	718.77
August17, 1988	4,75,000	1,000	1,000	Cash	Nil	76,62,651	47,50,00,000	766.27
December 28, 1988	2,49,500	1,000	1,000	Cash	Nil	79,12,151	24,95,00,000	791.22
March 27, 1989	65,789	1,000	1,000	Cash	Nil	79,77,940	6,57,89,000	797.80
December 28, 1989	5,09,700	1,000	1,000	Cash	Nil	84,87,640	50,97,00,000	848.76

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

Date of Issue/ Allotment	No. of Equity Shares	Face Value (Rs.)	Issue price (Rs.)	Consideration in Cash/ other than cash	Cumulative Share Premium	Cumulative No. of Equity Shares	Equity Share Capital (Rs.)	Cumulative Equity Share Capital (Rs. in crore)
July 25,1997	(2,38,832)*1	1,000	1,000	-	Nil	2,47,54,147	-23,88,32,000	2,475.41
July 25,1997	13,91,800	1,000	1,000	Cash	Nil	2,61,45,947	1,39,18,00,000	2,614.59
September 23,1997	5,11,000	1,000	1,000	Cash	Nil	2,66,56,947	51,10,00,000	2,665.69
November 1,1997	15,70,000	1,000	1,000	Cash	Nil	2,82,26,947	1,57,00,00,000	2,822.69
December 5,1997	5,00,000	1,000	1,000	Cash	Nil	2,87,26,947	50,00,00,000	2,872.69
February 21,1998	9,60,000	1,000	1,000	Cash	Nil	2,96,86,947	96,00,00,000	2,968.69
July 22,1998	10,65,000	1,000	1,000	Cash	Nil	3,07,51,947	1,06,50,00,000	3,075.19
September 18,1998	6,40,000	1,000	1,000	Cash	Nil	3,13,91,947	64,00,00,000	3,139.19
October 17,1998	3,30,000	1,000	1,000	Cash	Nil	3,17,21,947	33,00,00,000	3,172.19
November 13/19, 1998	50,000	1,000	1,000	Cash	Nil	3,17,71,947	5,00,00,000	3,177.19
January 4, 1999	5,44,200	1,000	1,000	Cash	Nil	3,23,16,147	54,42,00,000	3,231.61
January 29, 1999	50,000	1,000	1,000	Cash	Nil	3,23,66,147	5,00,00,000	3,236.61
March 19, 1999	10,09,800	1,000	1,000	Cash	Nil	3,33,75,947	1,00,98,00,000	3,337.59
April 28, 1999	6,06,400	1,000	1,000	Cash	Nil	3,39,82,347	60,64,00,000	3,398.23
July 31, 1999	8,42,600	1,000	1,000	Cash	Nil	3,48,24,947	84,26,00,000	3,482.49
July 31, 1999	6,30,000	1,000	1,000	Cash	Nil	3,54,54,947	63,00,00,000	3,545.49
August 27, 1999	13,14,600	1,000	1,000	Cash	Nil	3,67,69,547	1,31,46,00,000	3,676.95
September 24,1999	60,000	1,000	1,000	Cash	Nil	3,68,29,547	6,00,00,000	3,682.95
October 25,1999	20,000	1,000	1,000	Cash	Nil	3,68,49,547	2,00,00,000	3,684.95
November 30,1999	5,20,000	1,000	1,000	Cash	Nil	3,73,69,547	52,00,00,000	3,736.95
January 18,2000	4,70,000	1,000	1,000	Cash	Nil	3,78,39,547	47,00,00,000	3,783.95

Date of Issue/ Allotment	No. of Equity Shares	Face Value (Rs.)	Issue price (Rs.)	Consideration in Cash/ other than cash	Cumulative Share Premium	Cumulative No. of Equity Shares	Equity Share Capital (Rs.)	Cumulative Equity Share Capital (Rs. in crore)
February 3,2000	9,22,100	1,000	1,000	Cash	Nil	3,87,61,647	92,21,00,000	3,876.16
March 10,2000	8,90,000	1,000	1,000	Cash	Nil	3,96,51,647	89,00,00,000	3,965.16
March 30,2000	3,20,800	1,000	1,000	Cash	Nil	3,99,72,447	32,08,00,000	3,997.24
April 26,2000	2,32,500	1,000	1,000	Cash	Nil	4,02,04,947	23,25,00,000	4,020.49
July 20,2000	11,78,300	1,000	1,000	Cash	Nil	4,13,83,247	1,17,83,00,000	4,138.32
August 25, 2000	14,00,000	1,000	1,000	Cash	Nil	4,27,83,247	1,40,00,00,000	4,278.32
September 27, 2000	6,91,800	1,000	1,000	Cash	Nil	4,34,75,047	69,18,00,000	4,347.50
October 24, 2000	12,39,100	1,000	1,000	Cash	Nil	4,47,14,147	1,23,91,00,000	4,471.41
March 8, 2001	14,30,800	1,000	1,000	Cash	Nil	4,61,44,947	1,43,08,00,000	4,614.49
April 30, 2001	14,80,000	1,000	1,000	Cash	Nil	4,76,24,947	1,48,00,00,000	4,762.49
June 20, 2001	29,11,500	1,000	1,000	Cash	Nil	5,05,36,447	2,91,15,00,000	5,053.64
September 7, 2001	9,46,400	1,000	1,000	Cash	Nil	5,14,82,847	94,64,00,000	5,148.28
November 26, 2001	14,47,700	1,000	1,000	Cash	Nil	5,29,30,547	1,44,77,00,000	5,293.05
April 30, 2002	62,67,700	1,000	1,000	Cash	Nil	5,91,98,247	6,26,77,00,000	5,919.82
July 24, 2002	6,35,100	1,000	1,000	Cash	Nil	5,98,33,347	63,51,00,000	5,983.33
August 22, 2002	10,18,400	1,000	1,000	Cash	Nil	6,08,51,747	1,01,84,00,000	6,085.17
October 21, 2002	18,57,500	1,000	1,000	Cash	Nil	6,27,09,247	1,85,75,00,000	6,270.92
December 23, 2002	21,69,300	1,000	1,000	Cash	Nil	6,48,78,547	2,16,93,00,000	6,487.85
February 26, 2003	20,55,350	1,000	1,000	Cash	Nil	6,69,33,897	2,05,53,50,000	6,693.39
April 28, 2003	12,13,700	1,000	1,000	Cash	Nil	6,81,47,597	1,21,37,00,000	6,814.76
June 11, 2003	10,66,200	1,000	1,000	Cash	Nil	6,92,13,797	1,06,62,00,000	6,921.38

Date of Issue/ Allotment	No. of Equity Shares	Face Value (Rs.)	Issue price (Rs.)	Consideration in Cash/ other than cash	Cumulative Share Premium	Cumulative No. of Equity Shares	Equity Share Capital (Rs.)	Cumulative Equity Share Capital (Rs. in crore)
July 28, 2003	14,40,000	1,000	1,000	Cash	Nil	7,06,53,797	1,44,00,00,000	7,065.38
September 30, 2003	21,22,100	1,000	1,000	Cash	Nil	7,27,75,897	2,12,21,00,000	7,277.59
December 18, 2003	22,38,500	1,000	1,000	Cash	Nil	7,50,14,397	2,23,85,00,000	7,501.44
January 27, 2004	27,41,900	1,000	1,000	Cash	Nil	7,77,56,297	2,74,19,00,000	7,775.63
April 28,2004	42,75,500	1,000	1,000	Cash	Nil	8,20,31,797	4,27,55,00,000	8,203.18
July 30, 2004	23,69,400	1,000	1,000	Cash	Nil	8,44,01,197	2,36,94,00,000	8,440.12
September 15, 2004	30,58,700	1,000	1,000	Cash	Nil	8,74,59,897	3,05,87,00,000	8,745.99
October 30, 2004	23,54,200	1,000	1,000	Cash	Nil	8,98,14,097	2,35,42,00,000	8,981.41
December 30, 2004	18,71,200	1,000	1,000	Cash	Nil	9,16,85,297	1,87,12,00,000	9,168.53
March 24, 2005	25,70,900	1,000	1,000	Cash	Nil	9,42,56,197	2,57,09,00,000	9,425.62
April 21, 2005	15,88,900	1,000	1,000	Cash	Nil	9,58,45,097	1,58,89,00,000	9,584.51
July 22, 2005	9,94,300	1,000	1,000	Cash	Nil	9,68,39,397	99,43,00,000	9,683.94
September 30, 2005	18,59,300	1,000	1,000	Cash	Nil	9,86,98,697	1,85,93,00,000	9,869.87
September 30, 2005	83,323	1,000	1,000	Cash	Nil	9,87,82,020	8,33,23,000	9,878.20
November 23, 2005	10,46,900	1,000	1,000	Cash	Nil	9,98,28,920	1,04,69,00,000	9,982.89
December 29, 2005	17,57,100	1,000	1,000	Cash	Nil	10,15,86,020	1,75,71,00,000	10,158.60
March 24, 2006	5,66,800	1,000	1,000	Cash	Nil	10,21,52,820	56,68,00,000	10,215.28
April 20, 2006	2,03,800	1,000	1,000	Cash	Nil	10,23,56,620	20,38,00,000	10,235.67
July 21, 2006	11,36,800	1,000	1,000	Cash	Nil	10,34,93,420	1,13,68,00,000	10,349.34
September 6,2006	15,11,200	1,000	1,000	Cash	Nil	10,50,04,620	1,51,12,00,000	10,500.46
February 7, 2007	24,56,200	1,000	1,000	Cash	Nil	10,74,60,820	2,45,62,00,000	10,746.08

Date of Issue/ Allotment	No. of Equity Shares	Face Value (Rs.)	Issue price (Rs.)	Consideration in Cash/ other than cash	Cumulative Share Premium	Cumulative No. of Equity Shares	Equity Share Capital (Rs.)	Cumulative Equity Share Capital (Rs. in crore)
March 13, 2007	13,54,600	1,000	1,000	Cash	Nil	10,88,15,420	1,35,46,00,000	10,881.54
March 13, 2007	The equity shares of Rs. 1,000 each were split into Equity Shares of the face value of Rs. 10 each.							
March 26, 2007	31,66,70,500	10	10	Cash	Nil	11,19,82,12,500	3,16,67,05,000	11,198.21
May 26, 2007	(2,45,50,000)[*2]	10	10	-	-	11,17,36,62,500	(24,55,00,000)	11,173.66
March 13, 2008	88,30,930	10	10	Cash	Nil	11,18,24,93,430	8,83,09,300	11,182.49
August 26,2009	1,11,82,49,343 [*3]	10	36	Cash	2868.74[#]	12,30,07,42,773	11,18,24,93,430	12300.74
December 27, 2013	(1,23,00,74,277) [*4]	10	19.25	Cash	2868.74[#]	11,07,06,68,496	(12,30,07,42,770)	11,070.67
March 31, 2017	(81,13,47,977) [*5]	10	32.25	Cash	Audit Under Process	10,25,93,20,519	(811,34,79,770)	10259.32

*1 Reduction of share capital on account of transfer of transmission assets to Power Grid Corporation of India Limited.
*2 Reduction of share capital on account of closure of KoelKaro hydroelectric project in the state of Jharkhand.
*3 Initial Public Offer
*4 Reduction of share capital on account of Buy Back of Shares
[#] Adjustment of Share issue expenses of Rs 38.71 crores as per the provisions of Section 78 of the Companies Act, 1956.
*5 Share Capital has been reduced to Rs. 10259.32 crs (i.e. 10259320519 equity shares of face value of Rs. 10) as on 31.03.2017 on account of Buy Back of Shares held in March 17.

4.a.ii.1. *Equity Shares issued for consideration other than cash:*
Except as detailed above, no Equity Shares of our Company have been issued for consideration other than cash.

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

Shareholding pattern of the Company as on 30.06.2017:

Sl. No.	Particulars	Total No. of Equity Shares	No. of shares in demat form	Total Shareholding as % of total no. of equity shares
1	PRESIDENT OF INDIA*	7,64,34,06,901	7,64,34,06,901	74.50
2	INSURANCE COMPANIES	94,16,39,728	94,16,39,728	9.18
3	FOREIGN INSTITUTIONAL INVESTORS	89,75,480	89,75,480	0.08
4	FOREIGN PORTFOLIO INVESTORS	37,99,49,126	37,99,49,126	3.70
5	MUTUAL FUNDS	11,77,13,615	11,77,13,615	1.15
6	BANKS	6,49,14,990	6,49,14,990	0.63
7	INDIAN FINANCIAL INSTITUTIONS	1,41,38,467	1,41,38,467	0.14
8	NBFC	3,75,767	3,75,767	0.01
9	H U F	2,88,06,412	2,88,06,412	0.28
10	RESIDENT INDIVIDUALS	54,22,50,653	54,21,09,811	5.29
11	BODIES CORPORATES	49,86,67,161	49,86,67,161	4.86
12	CLEARING MEMBERS	36,00,595	36,00,595	0.03
13	TRUSTS	26,75,320	26,75,320	0.03
14	OVERSEAS CORPORATE BODIES	175	175	0.00
15	NON RESIDENT INDIANS	92,90,344	92,82,769	0.09
16	NON RESIDENT INDIAN NON REPATRIABLE	29,14,285	29,14,285	0.03
17	FOREIGN NATIONALS	1,500	1,500	0.00
	Total	**10,25,93,20,519**	**10,25,91,72,102**	100

*Recent Buy Back by company made in Mar-17 has reduced promoter holding to 74.50%.

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

List of top 10 holders of equity shares of the Company as on 30.06.2017:

Sl. No.	Name of the Shareholders	Total No. of Equity Shares	No. of shares in demat form	Total Shareholding as % of total no. of equity shares
1	PRESIDENT OF INDIA	7,64,34,06,901	7,64,34,06,901	74.50
2	LIFE INSURANCE CORPORATION OF INDIA	89,72,51,062	89,72,51,062	8.75
3	POWER FINANCE CORPORATION LTD	26,05,42,051	26,05,42,051	2.54
4	RURAL ELECTRIFICATION CORPORATION LTD	18,40,11,865	18,40,11,865	1.79
5	HDFC TRUSTEE COMPANY LIMITED - HDFC TAX SAVERFUND	4,18,08,989	4,18,08,989	0.41
6	VANGUARD EMERGING MARKETS STOCK INDEX FUND, ASERIES OF VANGUARD INTERNATIONAL EQUITY INDE X FUND	3,57,97,123	3,57,97,123	0.35
7	HDFC TRUSTEE CO LTD, HDFC PRUDENCE FUND	3,50,07,776	3,50,07,776	0.34

8	UCO BANK	3,31,54,836	3,31,54,836	0.32
9	VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND	2,64,95,193	2,64,95,193	0.26
10	PICTED GLOBAL SELECTION FUND-GLOBAL HIGH YIELD EMERGING EQ FUND	2,04,20,574	2,04,20,574	0.20

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

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

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

4.b& 4.c

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

(Rs. in Crore)

Sl. No.	Parameters	FY2016-17*	FY2015-16	FY 2014-15
4.b.0	Profit Before Tax	3474.6	3180.5	2826.17
4.b.1	Profit After Tax	2795.59	2429.89	2124.47
4.c.0	Dividend amounts	2524.13	1461.33	664.27
4.c.1	Interest Coverage Ratio	**8.19**	**8.00**	**4.70**

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

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

A)	**The Capital Structure of the Company**	**FY2016-17**	**2015-16**	**2014-15**
	- Authorised Share Capital (Rs. in Crore)	15000	15000	15000
	- No. of Shares (in aggregate)	10259320519	11070668496	11070668496
	- Issued, Subscribed & Paid Up Equity Capital (face value Rs. 10) (Rs. in Crore)	10259.32	11070.67	11070.67
	- Share Premium Account (Rs. in Crore)	242.81	2868.74	2868.74
B)	**Profits of the Company**			
	- Profit Before Tax	3474.6	3180.5	2826.17
	- Profit After Tax	2795.59	2429.89	2124.47
C)	**Dividend declared by the Company (Rs. in Crore)**	**2524.13**	**1461.33**	**664.27**
D)	**Financial Position (Standalone Basis)**			
	Net Worth	26942.13	29761.15	28286.39
	Total Debt	18924.23	19938.22	19836.34
	- Non current maturities of Long Term Borrowings	17245.64	18181.08	18171.03
	- Short Term Borrowings	302.5	-	-
	- Current maturities of Long Term Borrowings	1678.59	1757.14	1665.31
	Net Fixed Assets & CWIP	38327.34	37882.61	38749.88
	Non Current Assets	8428.85	7509.59	44262.30
	Cash and Cash Equivalents	1533.14	5876.75	5422.11
	Current Investments	0	1.13	257.57
	Current Assets	5550.91	10004.52	11176.82
	Current Liabilities	5195.81	4762.61	5947.14
	Net Sales	7139.46	7265.71	6736.64
	EBITDA*	5936.22	5611.67	5431.81
	EBIT*	4547.82	4252.6	4005.94
	Interest	1073.22	1072.1	1179.77
	PAT	2795.59	2429.89	2124.47
	Dividend Amounts	2524.13	1461.33	664.27
	Current Ratio	1.07	2.10	1.88
	Interest Coverage Ratio	8.19	8.00	4.70
	Debt/ equity ratio	0.70	0.67	0.64
	Debt Service Coverage Ratios	2.38	3.47	2.69

*EBIT & EBITDA for the FY 2016-17 includes Rate Regulated Income of Rs. 713.99 crore.

Note 1:- Figures of FY 2016-17 are as per IND AS. Figures for the FY 2015-16 has been recasted as per IND AS.

Note 2:- Dividend at S.No-"4.c.1" is actual dividend paid during the year.

Note 3:- PBT and PAT do not include other comprehensive income.

4.e

STATEMENT OF CASH FLOW

S.No	Particulars	Year Ended as on 31.03.2017	Year Ended as on 31.03.2016	Year Ended as on 31.03.2015
	Net Profit before tax and extraordinary items	3474.6	3180.5	2826.17
	Less: Rate Regulated Income/Expenditure	713.99	550.9	521.95
	ADD :			
	Depreciation (including Prior Period)	1388.4	1359.07	1429.77
	Finance Cost (net of EDC)	1073.22	1072.1	1179.76
	(Proflt)/ Loss on sale of assets/ Debt/ Claim written off	2.16	2.2	2.36
	Provisions (Net loss)	119.68	390.94	112.78
	(Profit)/Loss on Sale of Projects		-	
	Expenditure incurred to create Rate Regulatory Assets (net of finance and depreciation)	341.71	147.04	
	Tariff Adjustment	94.83	109.78	105.82
	Exchange rate variation	51.81	64.65	(20.50)
		5832.42	**5775.38**	**5114.21**
	LESS :			
	Advance against Depreciation written back(including Prior Period)	60.68	50.17	50.17
	Provisions (Net gain)	44.92	41.53	75.96
	Deferred ERV	4.05	-1.14	
	Profit on sale of Assets & Investment \Realization of loss	7.00	13.68	1.11
	Dividend Income	207.49	120.93	61.56
	Interest Income	512.72	603.77	661.05
	Other Adjustments	1.69	-3.14	**849.85**
	Cash flow from operating activities before working capital adjustments	**4993.87**	**4949.58**	**4264.36**
	Working Capital Changes			
	(Increase)/Decrease in Inventories	-8.05	-1.35	(8.51)
	(Increase)/Decrease in Trade Receivables	54.85	381.88	(633.33)
	(Increase)/Decrease in Other Assets, Loans & Advances	3352.49	511.71	622.76
	Increase/(Decrease) in Other	512.25	-272.43	(586.08)

	Liabilities & Provisions			
	Cash flow from operating activities before taxes	**8905.41**	**5569.39**	**3659.20**
	Less : Taxes	760.07	669.37	603.84
	NET CASH FLOW FROM OPERATING ACTIVITIES (A)	**8145.34**	**4900.02**	**3055.36**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Purchase of Fixed Assets & expenditure on construction projects (including expenditure during construction)	-1496.41	-2061.4	(1632.33)
	Creation of Rate Regulatory Assets	-341.71	-147.04	(123.30)
	Loss/(Profit) on sale/transfer of Assets			
	Realisation from Investment/Bonds	-365.72	651.01	243.56
	Interest Income	566.25	637.15	661.05
	Dividend Received	207.49	120.93	61.56
	NET CASH FLOW FROM INVESTING ACTIVITIES (B)	**-1430.1**	**-799.35**	**(789.46)**
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	-2996.35	-1734.74	(772.03)
	Proceeds on Borrowings	2502	1774.92	1461.98
	Repayments of Borrowings	-3338.37	-1671.09	(1276.19)
	Interest & Financial Charges	-1391.09	-1461.06	(1561.38)
	NET CASH FLOW FROM FINANCING ACTIVITIES (C)	**-7849.74**	**-3091.97**	**(2147.62)**
	NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	**-1134.5**	**1008.7**	**118.28**
	Cash & Cash Equivalents at the beginning of the year	**1194.39**	**185.69**	**5303.83**
	Cash & Cash Equivalents at the close of the year	**59.89**	**1194.39**	**5422.11**

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

4.f. Change in Accounting Policies

2014-15 **(Rs. in Crore)**

Policy No.	Description	Impact on Profit for the year	Impact on Profit of Consolidated accounts
2.5	Policy deleted due to presentation of Fixed Assets declared surplus/awaiting disposal action in “Other current assets” instead of presenting them as Fixed Assets.	No impact	No impact
5.2.3	Policy on charging of depreciation in respect of items for which the Company assessed rates are used. The policy has been changed to adopt the useful life and residual value as per Schedule-II of the Companies Act, 2013 with effect from 01.04.2014.	(0.69)	(0.64)
5.3	Policy on charging of depreciation in respect of items (excluding immovable assets) with written down value of Rs.5000/- or less at the beginning of the year are fully depreciated during the year with Rs.1/- as WDV.	0.58	0.64
7.3	Policy on writing off loose tools in use having value of Rs. 5000/- or more have been deleted.	(0.10)	(0.18)
9.3	Policy on expenses on Ex-gratia payments & Notice Pay under Voluntary Retirement Scheme has	No impact as the policy was redundant.	No impact as the policy was redundant.

	been deleted.		

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 Preliminary expenses on account of new projects incurred prior to approval of feasibility report/techno economic clearances are charged to revenue.	No impact, since 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.

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

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

3.0 Investment Property

Upto March 31, 2015, Investment Property were carried in the Balance Sheet in accordance with Indian GAAP. The Company has elected to avail the exemption granted by IND AS 101, "First time adoption of IND ASs" to regard those amounts as deemed cost at the date of the transition to IND AS (i.e. as on April1, 2015).

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

a) Upto March 31, 2015, Intangible assets were carried in the Balance Sheet in accordance with Indian GAAP. The Company has 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).

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 fixed assets/capital work-in-progress arising out of transaction entered into prior to April 1, 2004 are adjusted to the carrying cost of respective fixed asset/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 Company determines that transaction price does not represent the fair value, it uses inter-alia valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

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

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

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

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

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

8.0 Investments in subsidiaries and joint ventures

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

9.0 Financial assets other than investment in subsidiaries and joint ventures

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

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

a) Classification

The Company classifies its financial assets in the following categories:

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

The classification depends on the following:

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

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

For assets measured at fair value, gains and losses will either be recorded in the Statement of Profit and Loss or Other Comprehensive Income. For investments in debt instruments, this will depend on the business model in which the investment is held. For investments in equity instruments, this will depend on whether the 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 except 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.

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 inthe 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 SPPI.

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

Equity investments:

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

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

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

d) Derecognition

A financial asset is derecognised only when:

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

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

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

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

e) Impairment of financial assets

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

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

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

iii) Contract Assets under Ind AS 11, Construction Contracts

iv) Lease Receivables under Ind AS 17, Leases.

v) Trade Receivables under Ind AS 18, Revenue.

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

10.0 Inventories

Inventories mainly comprise stores and spare parts to be used for maintenance of Property, Plant and 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. 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.

11.0 Dividends

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

12.0 Financial liabilities

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

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

a) Classification, initial recognition and measurement

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

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

b) Subsequent measurement

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

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

14.0 Provisions, Contingent Liabilities and Contingent Assets

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

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

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

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

15.0 Revenue Recognition and Other Income

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 Company based on the parameters and method adopted by the appropriate authority. Customers are billed on a periodic and regular basis. As at each reporting date, revenue from sale of power includes an accrual for sales delivered to customers but not yet billed (unbilled revenue). 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 Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. 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 Company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

ii) Defined contribution plans

A defined contribution plan is a post-employment benefit plan under which an entity pays fixed contributions into separate trusts and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution plans are recognised as an employee benefit expense in the Statement of Profit and Loss or included in the carrying amount of an asset if another standard permits such inclusion in the periods during which services are rendered by employees. 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 Company's Gratuity Scheme, Retired Employees Health Scheme (REHS), Provident Fund Scheme, Allowance on Retirement/Death and Memento on Superannuation to employees are in the nature of defined benefit plans.

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

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

v) Termination benefits

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

17.0 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying tangible 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 & 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 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

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

f) Tangible 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) Tangible Assets 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 determined by technical assessment.

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

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

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

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

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

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

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

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

21.0 Compensation from third parties

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

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

22.0 Segment Reporting

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

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

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

23.0 Leases

a) Company as a Lessee:

i. Leases of property, plant and equipment (mainly land acquired through lump sum upfront payments), where the Company, 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 Company 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) Company 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 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'.

25.0 Current versus non-current classification

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

a) An asset is current when it is:

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

All other assets are classified as non-current.

b) A liability is current when:

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

26.0 Miscellaneous

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

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

(iv) (**Recent accounting pronouncements**

(a) **Standards issued but not yet effective**

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows'. These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7 'Statement of cash flows'. The amendments are applicable to the company from April 1, 2017.

(b) **Amendment to Ind AS 7:**

The amendment to Ind AS 7 introduce and additional disclosures that will enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The company is evaluating the requirements of the amendment and its effect on the financial statements.

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

(Rs. in Crore)

Parameters	FY 2016-17	FY 2015-16	FY 2014-15
For Non-Financial Entities (Standalone Basis)			
Net Worth	26942.13	29761.15	28286.39
Total Debt	18924.23	19938.22	19836.34
- Non current maturities of Long Term Borrowings	17245.64	18181.08	18171.03
- Short Term Borrowings	302.5	-	-
- Current maturities of Long Term Borrowings	1678.59	1757.14	1665.31
Net Fixed Assets & CWIP	38327.34	37882.61	38749.88
Non Current Assets	8428.85	7509.59	44262.30
Cash and Cash Equivalents	1533.14	5876.75	5422.11
Current Investments	0	1.13	257.57
Current Assets	5550.91	10004.52	11176.82
Current Liabilities	5195.81	4762.61	5947.14
Net Sales	7139.46	7265.71	6736.64
EBITDA*	5936.22	5611.67	5431.81
EBIT*	4547.82	4252.6	4005.94
Interest	1073.22	1072.1	1179.77
PAT	2795.59	2429.89	2124.47
Dividend Amounts	2524.13	1461.33	664.27
Current Ratio	1.07	2.10	1.88
Interest Coverage Ratio	8.19	8.00	4.70
Debt/ equity ratio	0.70	0.67	0.64
Debt Service Coverage Ratios	2.38	3.47	2.69

* EBIT & EBITDA for the FY 2016-17 includes Rate Regulated Income of Rs. 713.99 crore.

Note 1:- Figures of FY 2016-17 are as per IND AS. Figures for the FY 2015-16 has been re-casted as per IND AS.

Note 2:- Dividend is actual dividend paid during the year.

Note 3:- PBT and PAT do not include other comprehensive income.

4.h. Gross Debt: Equity Ratio: 30.06.2017

Before the issue of debt securities	0.68
After the issue of debt securities	0.68

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

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

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

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

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

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

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

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

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

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

***Statutory Auditors 2016-17**

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

***Statutory Auditors 2015-16**

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

***Statutory Auditors 2014-15**

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

*Statutory Auditors are appointed by CAG normally for a period of 4 years and they retired by rotation.

4.k. Details of borrowings of the Company, as on 30.06.2017:

4.k. i. Details of Secured Loan Facilities

(Amount Rs. in Crores)

Lender's Name	Type of Facility	Amt Sanctioned	Principal Amt O/s	Repayment Date / Schedule	Security
Oriental Bank of Commerce	Term Loan	100.00	40.00	4 equal yearly installments of Rs. 10 crores each up to 27.12.2020	Pari-passu charge against Immovable / Movable assets of Uri-I Power Station situated in Jammu & Kashmir except for book debts and stores
Life Insurance Corporation of India	Line of Credit	2500.00	729.16	7 equal half yearly installments of Rs. 104.17 crores each up to 15.10.2020	Pari-passu charge against immovable & movable assets of Parbati-II HE Project situated in Himachal Pradesh and pari-passu charge against all immovable & movable assets of Dhauliganga Power Station situated in Uttarakhand except for book debts and stores.
Life Insurance Corporation of India	Line of Credit	1896.00	1027.00	13 equal half yearly installments of Rs. 79 crores each up to 30.10.2023	Pari-passu charge against immovable / movable assets of TLDP-III HE Project situated in West Bengal and Teesta-V Power Station situated in Sikkim.
Power Finance Corporation	Term Loan	186.00	23.25	5 equal quarterly installments of Rs. 4.65 crores each up to 15.07.2018	First charge on Pari-passu basis on movable assets, both present & future, FofDulhasti Power Station situated in Jammu & Kashmir except for book debts & stores
Power Finance Corporation	Term Loan	70.00	29.75	17 equal quarterly installments of Rs. 1.75 crores	First charge on Pari-passu basis on movable assets, both present & future, FofDulhasti Power Station situated in

				each up to 15.07.2021	Jammu & Kashmir except for book debts & stores
Power Finance Corporation	Term Loan	1457.00	582.80	16 equal quarterly installments of Rs. 36.425 crores each up to 15.04.2021	Pari-passu charge against Immovable / Movable assets of Uri-I Power Station situated in Jammu & Kashmir and Chamera-II Power Station situated in Himachal Pradesh except for book debts and stores.
Power Finance Corporation	Term Loan	413.00	82.60	8 equal quarterly installments of Rs. 10.325 crores each up to 15.04.2019	Pari-passu charge against Immovable / Movable assets of Chamera-I Power Station situated in Himachal Pradesh except for book debts & stores
Power Finance Corporation	Term Loan	500.00	125	10 equal quarterly installments of Rs. 12.50 crores each up to 15.10.2019	Pari-passu charge against Immovable / Movable assets of Chamera-I Power Station situated in Himachal Pradesh except for book debts & stores
State Bank of India	Term Loan	1000.00	895.83	43 Equal quarterly installments of Rs. 20.83 crores each up to 27/03/28	Pari-passu charge against Immovable / Movable assets of TLDP-III situated in West Bengal and Chamera-II Power Station situated in Himachal Pradesh except for book debts and stores)
State Bank of India	Term Loan	460.00	447.89	36 Equal quarterly installments of Rs. 12.11crores each up to 30/04/26 and 37^{th} installment of Rs.11.93 Crore on 31.07.26.	Pari-passu charge against Immovable / Movable assets of Chamera-III situated in Himachal Pradesh except for book debts and stores.

4.k.ii. Details of Unsecured Loan Facilities

(Amount Rs. in Crores)

Lender's Name	Type of Facility	Amount Sanctioned	Principal Amount Outstanding	Repayment Date / Schedule
Domestic				
Government of India	Subordinate Debt for NimooBazgo HE Project	490.65	490.65	18 Equal Annualy inst.w.e.f. 10/10/2025 to 10/10/2042.
Government of India	Subordinate Debt for Chutak HE Project	529.71	529.71	24 Equal Annualy inst.w.e.f. 01/02/2019 to 01/02/2042.
Government of India	Subordinate Debt for Kishanganga HE Project	2380.44	2380.44	10 equal annual installments from 11th year after commissioning of the project.
Foreign				
Japan Bank of International Cooperation	Term Loan Tranche-I	JPY 566.50	127.65	18 half yearly equal installments of Rs. 7.16 Crs up to 20.01.2026
Japan Bank of International Cooperation	Term Loan Tranche-II	JPY 1631.60	488.57	21 half yearly equal installments of Rs. 22.49 Crsupto 20.12.2027
Japan Bank of International Cooperation	Term Loan Tranche-III	JPY 1389	584.26	34 half yearly equal installments of Rs. 17.37 Crsupto 20.03.2034
DB-NEXI untied facility	Term Loan	JPY 1824	160.00	3 half yearly equal installments of Rs. 53.90 Crsupto 18.10.2018

4.k. iii. Details of NCDs

(Amount Rs. in Crores)

Debenture Series	Tenor / Period of Maturity	Coupon	Amount	Date of Allotment	Redemption Date / Schedule	Credit Rating	Secured / Unsecured	Security
O-Series	15 Years with 5 years moratorium	7.70% (Fixed)	570.00	31.03.03	10% every year commencing from 31.03.09 to 31.03.18	IND AAA/ Stable from India Ratings, CARE AAAfrom CARE Ratings, AAA/Stable from CRISIL	Secured	
P-Series	15 Years with 5 years moratorium	9.00% (Fixed)	2000.00	01.02.10	10% every year commencing from 01.02.16 to 01.02.25	IND AAA/ Stablefrom India Ratings	Secured	1. Dhauliganga Power Station situated in Uttarakhand 2. Parbati-II Power Project & 3. Chamera-III Power Station both situated in Himachal Pradesh
Q-Series	15 Years with 3 years moratorium	9.25% (Fixed)	1266.00	12.03.12	1/12th every year commencing from 12.03.16 to 12.03.27	IND AAA/ Stable from India Ratings, CARE AAAfrom CARE Ratings, [ICRA]AAA from ICRA Ratings	Secured	1. TLDP-III HE Project situated in West Bengal 2. Teesta-V Power Station situated in Sikkim
R1 SERIES BONDS	13 Years with 1 years moratorium	8.70%(Fixed)	82.20	11.02.13	1/12th every year commencing from 11.02.15 to 11.02.26	IND AAA/ Stable from India Ratings,[ICRA]AAA from ICRA Ratings	Secured	Parbati-II Power Projec situated in Himachal Pradesh
R2 SERIES BONDS	14 Years with 2 years moratorium	8.85% (Fixed)	382.08	11.02.13	1/12th every year commencing from 11.02.16 to 11.02.27	IND AAA/ Stable from India Ratings,[ICRA]AAA from ICRA Ratings	Secured	Parbati-II Power Projec situated in Himachal Pradesh
R3 SERIES BONDS	15 Years with 5 years	8.78% (Fixed)	892.00	11.02.13	1/10th every year	IND AAA/ Stable from	Secured	Parbati-II Power Projec situated in

	moratorium				commencing from 11.02.19 to 11.02.28	India Ratings,[ICRA]AAA from ICRA Ratings		Himachal Pradesh
TAX FREE BOND 1A SERIES	10years with 9 years moratorium	8.18%	50.81	02.11.13	On maturity i.e. 2.11.2023	IND AAA/ Stable from India Ratings, CARE AAAfrom CARE Ratings, [ICRA]AAA from ICRA Ratings	Secured	Parbati-II Power Project & Chamera-III Power Station both situated in Himachal Pradesh
TAX FREE BOND 1B	10years with 9 years moratorium	8.43%	60.77	02.11.13	On maturity i.e. 2.11.2023	IND AAA/ Stable from India Ratings, CARE AAAfrom CARE Ratings, [ICRA]AAA from ICRA Ratings	Secured	Parbati-II Power Project & Chamera-III Power Station both situated in Himachal Pradesh
TAX FREE BOND 2A SERIES	15years with 14 years moratorium	8.54%	213.12	02.11.13	On Maturity i.e. 2.11.2028	IND AAA/ Stable from India Ratings, CARE AAAfrom CARE Ratings, [ICRA]AAA from ICRA Ratings	Secured	Parbati-II Power Project & Chamera-III Power Station both situated in Himachal Pradesh
TAX FREE BOND 2B SERIES	15years with 14 years moratorium	8.79%	85.61	02.11.13	On Maturity i.e. 2.11.2028	IND AAA/ Stable from India Ratings, CARE AAAfrom CARE Ratings, [ICRA]AAA from ICRA Ratings	Secured	Parbati-II Power Project & Chamera-III Power Station both situated in Himachal Pradesh
TAX FREE BOND 3A	20years with 19 years	8.67%	336.07	02.11.13	On maturity i.e.	IND AAA/ Stable from	Secured	Parbati-II Power Project &

SERIES	moratorium				2.11.2033	India Ratings, CARE AAAfrom CARE Ratings, [ICRA]AAA from ICRA Ratings		Chamera-III Power Station both situated in Himachal Pradesh
TAX FREE BOND 3B SERIES	20years with 19 years moratorium	8.92%	253.62	02.11.13	On maturity i.e. 2.11.2033	IND AAA/ Stable from India Ratings, CARE AAAfrom CARE Ratings, [ICRA]AAA from ICRA Ratings	Secure d	Parbati-II Power Project & Chamera-III Power Station both situated in Himachal Pradesh
S1 Series	10 yrs	8.49%	365.00	26.11.14	In 10 equal installment from 26.11.15 to 26.11.24.	IND AAA/ Stable from India Ratings, CARE AAAfrom CARE Ratings	Secure d	Parbati-III Power Project situated in Himachal Pradesh
S2 Series	15 yrs with 3yrs moratorium	8.54%	660.00	26.11.14	In 12 equal installment from 26.11.18 to 26.11.29.	IND AAA/ Stable from India Ratings, CARE AAAfrom CARE Ratings	Secure d	Parbati-III Power Project situated in Himachal Pradesh
T Series	15 yrs with 4 yrs moratorium	8.50%	1474.92	14-Jul-15	In 12 equal instalment from 14.07.19 to 14.07.30	IND AAA/ Stable from India Ratings, CARE AAAfrom CARE Ratings	Secure d	Chamera-I &Parbati-III Power Station both situated in Himachal Pradesh and Uri-I Power Station situated in J&K.
U Series	15 yrs (Bullet Redemption)	8.24%	540	27-Jun-2016	27-Jun-2031	IND AAA/ Stable from India Ratings, CARE AAAfrom CARE Ratings	Secure d	Parbati-III Power Station situated in Himachal Pradesh and Uri-I Power Station situated in J&K.

U 1 Series	14 years 355 Days (Bullet Redemption)	8.17%	360	07-Jul-2016	27-Jun-2031	IND AAA/ Stable from India Ratings, CARE AAAfrom CARE Ratings	Secured	Parbati-III Power Station situated in Himachal Pradesh and Uri-I Power Station situated in J&K.
V 1 Series	05 years	6.84%	775	24-Jan-2017	24-Jan-2022	AAA from CARE/ IND AAA/Stable from INDIA RATING	Secured	Chamera-III, Chutak, Nimmo Bazgo, KishanGanga, Parbati-III, TLDP-III & Uri-II
V2 SERIES	10 Years	7.52%	1475	06-June-2017	06-June-2027	AAA from CARE/ IND AAA/Stable from INDIA RATING	Secured	Chamera-III, Chutak, Nimmo Bazgo, KishanGanga, Parbati-II, Parbati-III, Subansiri Lower, TLDP-III & Uri-II

4.k. iv. List of Top 10 Debenture Holders (as on 30.06.2017):-

NHPC Ltd.		
TOP 10 BONDS HOLDERS AS ON 30.06.2017		
Sr. N.	Name of Bond Holder	Amount in INR
1	LIFE INSURANCE CORPORATION OF INDIA, INVESTMENT DEPARTMENT, 6TH FLOOR, WEST WING, CENTRAL OFFICE, YOGAKSHEMA, JEEVAN BIMA MAG, MUMBAI-400021.	16000000000
2	NPS TRUST- A/C SBI PENSION FUND SCHEME - STATE GOVTC/O SBI PENSION FUNDS PVT. LTD.NO 32, 3RD FLOOR, MAKER CHAMBERS - III, NARIMAN POINT MUMBAI 400021.	14700600000
3	CBT EPF-05-D-DM, Standard Chartered Bank, CRESCENZO, SECURITY SERVICES, 3RD FLOOR,C-38/39 G-Block, BKC Bandra (East)Mumbai India400051.	12895000000
4	PUNJAB NATIONAL BANK, TREASURY DIVISION,PNB PRAGATI TOWER,6TH FLOOR, C-9, G BLOCK, BANDRA KURLA COMPLEX MUMBAI400051.	8850000000
5	STATE BANK OF INDIA, SBI SG Global Secu. Serv. P. L., Jeevan Seva Extension Bldg.Gr. Floor, S.V. Road, Santacruz W, MUMBAI, 400054, 26105910.	4000000000
6	BIRLA SUN LIFE INSURANCE COMPANY LIMITED DEUTSCHE BANK AG, HAZAIMAL SOMANI MARG, POST BOX NO. 1142,FORT MUMBAI 400001	3500000000
7	AXIS BANK LIMITED TREASURY OPS NON SLR DESK CORP OF FINTERNATIONAL CENTRE P B MARG WORLI MUMBAI 400025.	2892214000
8	ICICI PRUDENTIAL, CAPITAL PROTECTION ORIENTED FUND SERIES X 1375 DAYS PLAN B, HDFC BANCK LTD CUSTODY SERVICES, LODHA I TINK TECHNO CAMPUS OFF, FLR 8 NEXT TO KANJURMARG RLY STN, KANJURMARG,E-MUMBAI, 400063	2505000000
9	ORIENTAL BANK OF COMMERCE, PLOT NO.5, INSTITUTIONAL AREA, SECTOR - 32, GURGAON, HARYANA, 122001, 0124-4126259/68.	2500000000
10	MAX LIFE INSURANCE CO LTD, HSBC SECUITIES SERVICES, 11TH FLOOR, BUILDING NO-3, NESCO-IT PARK, NESCO COMPLEX, W.E HIGHWAYGOREGAON EAST, MUMBAI 400063	2400000000

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

Declaration under Form PAS-4 (Pt.5)
For NHPC Limited W-Series Bonds Issue 2017-18

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

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

I am authorized by the Board of Directors of the Company vide Resolution III of its 405th and 408th meeting held on 30th May, 2017 and 09th August 2017 respectively to sign this form and declare that all the requirements of Companies Act, 2013 and the rules made there under in respect of the subject matter of this form and matters incidental thereto have been complied with. Whatever is stated in this form and in the attachments thereto is true, correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the promoters subscribing to the Memorandum of Association and Articles of Association.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this form.

For NHPC Limited

NHPC LIMITED FARIDABAD

(Dipankar Chakraborty)
G.M. (Finance)

Date: 15.09.2017
Place: Faridabad

Ref: D/RAT/2017-18/N1/1

Date: September 08, 2017

Mr. Mahesh Kumar Mittal

Director (Finance)
NHPC Limited
NHPC office complex, Sector-33
Faridabad, Haryana-121003

Dear Sir,

Re: ICRA Credit Rating for the Rs.2,250 crore Bond Programme of NHPC Limited

Please refer to the Rating Agreement dated September 06, 2017 for carrying out the rating of the aforesaid Bond Programme. The Rating Committee of ICRA, after due consideration, has assigned a **[ICRA] AAA** (pronounced as ICRA triple A) rating to the captioned Bond Programme. Instruments with this rating indicate highest degree of safety regarding timely servicing of financial obligations. Such instruments carry the lowest risk. The Outlook on the long-term rating is stable.

In any of your publicity material or other document wherever you are using our above rating, it should be stated as **[ICRA] AAA (stable).** We would request if you can sign the acknowledgement and send it to us latest by September 15, 2017 as acceptance on the assigned rating. In case you do not communicate your acceptance/non acceptance of the assigned credit rating, or do not appeal against the assigned credit rating by the aforesaid date, the credit rating will be treated by us as non accepted and shall be disclosed on ICRA's website accordingly. This is in accordance with requirements prescribed in the circular dated June 30, 2017 on ***'Monitoring and Review of Ratings by Credit Rating Agencies(CRAs)'*** issued by the Securities and Exchange Board of India.

Any intimation by you about the above rating to any Banker/Lending Agency/Government Authorities/Stock Exchange would constitute use of this rating by you and shall be deemed acceptance of the rating.

This rating is specific to the terms and conditions of the proposed issue as was indicated to us by you and any change in the terms or size of the issue would require the rating to be reviewed by us. If there is any change in the terms and conditions or size of the instrument rated, as above, the same must be brought to our notice before the issue of the instrument. If there is any such change after the rating is assigned by us and accepted by you, it would be subject to our review and may result in change in the rating assigned. ICRA reserves the right to review and/or, revise the above at any time on the basis of new information or unavailability of information or such other circumstances, which ICRA believes, may have an impact on the rating assigned to you.

Sabyasachi Majumdar

Shailendra

ICRA

The rating, as aforesaid, however, should not be treated as a recommendation to buy, sell or hold the bonds, debentures and/ or other instruments of like nature to be issued by you.

As mentioned above and in accordance with the aforesaid circular issued by SEBI, you are requested to furnish a monthly *'No Default Statement (NDS)'* (in the format enclosed) on the first working day of every month, confirming the timeliness of payment of all obligations against the rated debt programme.

You are also requested to forthwith inform us about any default or delay in repayment of interest or principal amount of the instrument rated, as above, or any other debt instruments/ borrowing and keep us informed of any other developments which may have a direct or indirect impact on the debt servicing capability of the company including any proposal for re-schedulement or postponement of the repayment programmes of the dues/ debts of the company with any lender(s) / investor(s). Further, you are requested to inform us immediately as and when the borrowing limit for the instrument rated, as above, or as prescribed by the regulatory authority(ies) is exceeded.

We thank you for your kind cooperation extended during the course of the rating exercise. Should you require any clarification, please do not hesitate to get in touch with us.

We look forward to your communication and assure you of our best services.

With kind regards,

For ICRA Limited

Sabyasachi Majumdar

Senior Vice President

sabyasachi@icraindia.com

Shailendra Singh Baghel

Senior Analyst

shailendra.baghel@icraindia.com

CARE Ratings
Professional Risk Opinion

CARE/DRO/RL/2017-18/1898

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

September 08, 2017

Confidential

Dear Sir,

Credit rating for proposed Long term bonds issue

Please refer to your request for rating of proposed long-term bond issue ((W-series) aggregating to Rs. 2,250 crore of your company. The proposed bond issue would have tenure of 5 to 10 years.

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

Instrument	Amount (Rs. crore)	Rating[1]	Rating Action
Proposed Long –term Bonds (W-Series)	2,250 (Rs. Two Thousand Two Hundred and Fifty crore 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 September 07, 2017).

4. In case there is any change in the size or terms of the proposed issue, please get the rating revalidated.

5. Please inform us the below-mentioned details of issue immediately, but not later than 7 days from the date of placing the instrument:

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

Instrument type	ISIN	Issue Size (Rs cr)	Coupon Rate	Coupon Payment Dates	Terms of Redemption	Redemption date	Name and contact details of Debenture Trustee	Details of top 10 investors

6. Kindly arrange to submit to us a copy of each of the documents pertaining to the bonds issue, including the offer document and the trust deed.

7. The rationale for the rating will be communicated to you separately. A write-up (press release) on the above rating is proposed to be issued to the press shortly, a draft of which is enclosed for your perusal as Annexure. 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 September 11, 2017, 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.

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11. CARE ratings are **not** recommendations to buy, sell or hold any securities.

If you need any clarification, you are welcome to approach us in this regard. We are indeed, grateful to you for entrusting this assignment to CARE.

Thanking you,

Yours faithfully,

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

[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.

Annexure-I

Press release

NHPC Limited

Ratings

Facilities	Amount (Rs. crore)	Rating[2]	Rating Action
Proposed Long –term Bonds (W Series)	2,250 (Rupees Two Thousand Two hundred and Fifty crore only)	CARE AAA; Stable (Triple A; Outlook: Stable)	Assigned

Details of instruments/facilities in Annexure-1

Detailed Rationale & Key Rating Drivers

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

Going forward, timely completion of the ongoing capex plans within the estimated cost and timely receipt of dues from its off-takers shall be the key rating sensitivities.

Detailed description of the key rating drivers

Key Rating Strengths

Government support and majority ownership by GoI: The GoI holds 74.50% stake as on March 31, 2017. The GoI has consistently supported the company which is evident from share capital of Rs. 10,259 crore as on March 31, 2017.

Strong operational efficiency of power stations: NHPC's total power generation (standalone) stood at 23,275 Million Units (MUs) (including 18 MUs from wind power station) as against the very good target of 23,000 MUs during FY17 (refers to the period April 1 to March 31). The Plant Availability Factor (PAF) for operating hydro power stations continued to remain healthy and stood at 82.70% in FY17 (PY: 81.60%). Out of the total 19 hydro power stations, 16 power stations registered higher PAF than the Normative PAF (NAPAF) prescribed by Central Electricity Regulatory Commission (CERC). Auxiliary consumption has declined from 1.13% in FY16 to 1.01% in FY17. The improved performance continued in Q1FY18 and company achieved total operational revenue of Rs. 2,327.51 cr. (Q1FY17: Rs. 2,196.79 cr.).

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[2] *Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications*

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Healthy collection efficiency: Total debtors has reduced to Rs. 1,459 crore as on 31[st] March, 2017 from Rs. 1,956 crore as on 31[st] March, 2017 thus showing improvement in collection. The improvement was largely attributable to improving performance of DISCOMs on account of financial support provided by Govt. of India by way of schemes like UDAY.

Comfortable financial risk profile with healthy liquidity position: The overall financial risk profile of NHPC continued to remain comfortable characterized by an overall gearing of 0.74x as on March 31, 2017. The total debt to GCA improved from 5.19x in FY16 to 4.48x in FY17. The company's interest coverage ratio improved from 4.65x in FY16 to 4.84x during FY17 on account of increase in operating profit. The liquidity position of the company continued to remain comfortable as reflected by free cash balances of Rs. 1,182 crore as on March 31, 2017.

Key Rating Weaknesses

Counterparty credit risk: The poor financial health of many of the state distribution utilities continues to remain a cause of concern for the power generating companies including NHPC thereby affecting timely realization of revenue. However, the performance is now likely to improve attributing to financial support provided by Govt. of India by way of schemes like UDAY.

Risks related to projects under implementation: NHPC is currently implementing 3 hydro projects with an aggregate installed capacity of 3,130 MW in the states of J&K, Himachal Pradesh, Arunachal Pradesh and Assam. The work on Subansiri lower project (2000 MW) on border of Arunachal Pradesh and Assam is also suspended on account of agitation launched by various activists (petitioners) in the area w.r.t. the concerns on safety of dam and downstream impacts of dam. The matter has now been heard under NGT and resolution is likely to come shortly. Further, the expansion plans of NHPC exposes the company to the project execution (delays in land acquisition and obtaining clearances) and funding related risks. However, the company's favorable capital structure and consistent cash flows from operations with high levels of cash balance and company's ability to raise funds in efficient and quick manner provides reasonable comfort in terms of availability of funds for meeting the capex requirements.

Analytical approach: Standalone

Applicable Criteria
CARE's criteria on assigning outlook to credit ratings
CARE's policy on default recognition
Rating Methodology - Infrastructure Sector Ratings
CARE's methodology for private power producers
CARE's rating methodology on financial ratios – Non-financial sector

About the Company

NHPC Limited, a 'Miniratna' and Govt of India (GoI) enterprise, was incorporated in 1975 with an objective to plan, promote and organize an integrated and efficient development of hydroelectric power in the country.

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The company is the largest hydro power generating company in the country with an aggregate installed hydropower capacity (including JVs) of 6,667 MW (FY16: 6,507 MW) as on 31st March, 2017 which is around 15% of total Hydro Power Production in India. NHPC currently operates 21 hydropower stations (including 2 JVs) and 1 wind power station in country. Standalone capacity of NHPC from its 19 hydro power stations is 5,121 MW and 1 wind power station is 50 MW as on March 31, 2017. The company has consistently been rated 'Excellent'/'Very Good' as per MOU with Ministry of Power for achieving the power generation targets.

Key performance highlight of the company is as under:

Brief Financials (Rs. crore)	**FY16 (A)**	**FY17 (A)**
Income from Operations	8,313	8,693
PBILDT	4,987	5,194
PAT	2,433	2,803
Overall Gearing	0.69	0.74
Interest Coverage	4.65	4.84

A: Audited

Status of non-cooperation with previous CRA: Not Applicable

Any other information: Not Applicable

Rating History for last three years: Please refer Annexure-2

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

Analyst Contact:
Name: Mr. Sudhir Kumar
Tel: 011-45333232
Mobile: 09899946762
Email: sudhir.kumar@careratings.com

****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

About CARE Ratings:

CARE Ratings commenced operations in April 1993 and over two decades, it has established itself as one of the leading credit rating agencies in India. CARE is registered with the Securities and Exchange Board of India (SEBI) and also recognized as an External Credit Assessment Institution (ECAI) by the Reserve Bank of India (RBI). CARE Ratings is proud of its rightful place in the Indian capital market built around investor confidence. CARE Ratings provides the entire spectrum of credit rating that helps the corporates to raise capital for their various requirements and assists the investors to form an informed investment decision based on the credit risk and their own risk-return expectations. Our rating and grading service offerings leverage our domain and analytical expertise backed by the methodologies congruent with the international best practices.

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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Annexure-1: Details of Instruments/Facilities

Name of the Instrument	Date of Issuance	Coupon Rate	Maturity Date	Size of the Issue (Rs. crore)	Rating assigned along with Rating Outlook
Bonds	-	-	-	2250.00	CARE AAA; Stable

Annexure-2: Rating History of last three years

Sr. No.	Name of the Instrument/Bank Facilities	Current Ratings			Rating history			
		Type	Amount Outstanding (Rs. crore)	Rating	Date(s) & Rating(s) assigned in 2017-2018	Date(s) & Rating(s) assigned in 2016-2017	Date(s) & Rating(s) assigned in 2015-2016	Date(s) & Rating(s) assigned in 2014-2015
1.	Bonds	LT	1055.00	CARE AAA; Stable	1)CARE AAA; Stable (17-Jul-17)	1)CARE AAA; Stable (02-Feb-17) 2)CARE AAA (28-Jun-16)	1)CARE AAA (15-Jul-15)	1)CARE AAA (15-Oct-14)
2.	Bonds	LT	1000.00	CARE AAA; Stable	1)CARE AAA; Stable (17-Jul-17)	1)CARE AAA; Stable (02-Feb-17) 2)CARE AAA (28-Jun-16)	1)CARE AAA (15-Jul-15)	1)CARE AAA (15-Oct-14)
3.	Bonds	LT	952.00	CARE AAA; Stable	1)CARE AAA; Stable (17-Jul-17)	1)CARE AAA; Stable (02-Feb-17) 2)CARE AAA (28-Jun-16)	1)CARE AAA (15-Jul-15)	1)CARE AAA (27-Nov-14)
4.	Bonds	LT	1474.92	CARE AAA; Stable	1)CARE AAA; Stable (17-Jul-17)	1)CARE AAA; Stable (02-Feb-17) 2)CARE AAA (28-Jun-16)	1)CARE AAA (15-Jul-15)	-
5.	Bonds	LT	57.00	CARE AAA; Stable	1)CARE AAA; Stable (17-Jul-17)	1)CARE AAA; Stable (02-Feb-17) 2)CARE AAA (28-Jun-16)	1)CARE AAA (31-Aug-15)	-
6.	Bonds	LT	900.00	CARE AAA; Stable	1)CARE AAA; Stable (17-Jul-17)	1)CARE AAA; Stable (02-Feb-17) 2)CARE AAA (28-Jun-16)	-	-
7.	Bonds-Redeemable Non Convertible Unsecured Taxable Bonds	LT	2250.00	CARE AAA; Stable	1)CARE AAA; Stable (17-Jul-17)	1)CARE AAA; Stable (02-Feb-17)	-	-

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

EXTRACTS OF THE MINUTES OF THE 405TH MEETING OF THE BOARD OF DIRECTORS OF NHPC LIMITED. HELD ON 30.05.2017.

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ITEM NO. 405.2.6: **PRE-PAYMENT OF HIGH COST DEBTS BY RAISING FRESH BONDS OF RS. 2250 CRORE THROUGH PRIVATE PLACEMENT ('W' SERIES):**

1. The Board was informed that existing loans taken by the Company are deployed on O&M and construction projects. A detailed cost benefit analysis regarding replacement of high cost debts by raising bonds of equivalent amount was carried out in finance division. It had been identified that LIC loans can be pre-paid by raising equivalent amount of "W" series bonds on private placement basis.

2. The Board was informed that as per CERC tariff regulations benefits of refinancing of the Term loans with bonds carrying lower rate of interest shall be shared between beneficiaries and NHPC in the ratio of 2:1. Director (Finance) further informed that acceptance of pre-payment of loans from LIC is being pursued.

3. Thereafter, the Board discussed the proposal in detail. After discussion, board approved the proposal and passed the following resolutions:

   1. **RESOLVED THAT** Chairman & Managing Director and/or Director (Finance) be and are hereby authorized jointly and severally to raise debt up to Rs.1756 crore through issuance of 'W' Series Secured Redeemable Non-cumulative Non-convertible Taxable Bonds in the nature of debenture in one or more tranches on private placement basis. Chairman and Managing Director and

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/or Director (Finance) be and are hereby further authorized jointly and severally to decide all terms and conditions including coupon rate, tenor etc. for W series bonds and ongoing V series bonds.

2. **RESOLVED FURTHER THAT** Chairman & Managing Director and/or Director (Finance) be and are hereby authorized jointly and severally to prepay LIC line of credit amounting to Rs. 1756 crore and/or loans from SBI, PFC & OBC etc as may be found financially viable for pre-payment and to do all such deed and acts to complete the prepayment.

3. **RESOLVED FURTHER THAT** Director (Finance) and/or GM (Finance) be and are hereby authorized jointly and severally to sign Declaration under form PAS-4 required pursuant to Rule 14 of Companies (Prospectus and Allotment of Securities) Rule, 2014 for W series bonds and ongoing V series bonds issue and approve offer letter in connection thereof.

4. **RESOLVED FURTHER THAT**Director (Finance) and/or GM (Finance)be and are hereby authorized jointly and severally to appoint any intermediaries / agencies / persons as may be required for the purposes of the issue(s) including without limiting to Arrangers, Registrar, Credit Rating Agency (ies), Trustee, Legal Firm, Consultant for Debenture Trust Deed, Custodian for Memorandum of Entry and any other agency required and to decide, settle the remuneration for all such intermediaries / agencies / persons, including by

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way of payment of commission, brokerage, fee, charges, etc;

5. **RESOLVED FURTHER THAT**Director (Finance) and/or GM (Finance) be and are hereby authorized jointly and severally to appoint Banker to the issue(s) and open Bank Account and settle the terms of appointment.

6. **RESOLVED FURTHER THAT**Director (Finance) and/or GM(Finance) be and are hereby authorized jointly and severally to provide assets of the corporation as security by way of hypothecation and/or mortgage on pari-passu basis, wherever required for raising 'W' Series Corporate Bonds.

7. **RESOLVED FURTHER THAT**General Manager (Finance) and/or Chief (Finance) be and are hereby authorized jointly and severally to execute Trust Deed / agreements for issuance of 'W' Series Bonds and pay stamp duty, court fee any other related charges.

8. **RESOLVED FURTHER THAT** General Manager (Fin) and/or Company Secretary and/or Chief (Fin) be and are hereby authorized to sign the Disclosure Document and to make an application along with necessary documents required for the listing of the bonds in one or more Stock Exchange(s)/, obtain ISIN/Filing corporate action with NSDL/CDSL and make necessary fees to Stock Exchanges and NSDL/CDSL.

9. **RESOLVED FURTHER THAT**Company Secretary be and is hereby authorized to file with the Registrar of the Companies requisite form PAS3, PAS5 etc and

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particulars of charges in connection with the said hypothecation and mortgage in favour of trustees by filling statutory return within the time limit as laid down in the Companies Act, 2013.

10. **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.

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EXTRACTS OF THE MINUTES OF THE 408TH MEETING OF THE BOARD OF DIRECTORS OF NHPC LIMITED. HELD ON 09.08.2017.

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ITEM NO.:

408.2.2 **APPROVAL FOR ISSUE OF DEBENTURES/BONDS OF RS. 494 CRORE IN ADDITION TO ALREADY APPROVED BY BOARD OF RS.1756 CRORE ON PRIVATE PLACEMENT BASIS ('W' SERIES BONDS)**

1. The Board noted that decision on the proposal was deferred in its 407th meeting held on 27.07.2017, with the directions to explore the possibility for raising funds by issue of Masala, Green Bonds or bonds to pension funds etc.

2. Director (Finance) informed the Board that some of the CPSEs have adopted the route of raising funds through issue of Green bond and Masala bonds. As per SEBI (Issue and Listing of Green Debt Securities) Regulations, 2008, funds raised through issuance of Green Debt Securities are required to be utilized for projects and /or assets under certain categories which includes renewable and sustainable energy, clean transportation, sustainable waste management etc. Accordingly, these bonds will not meet the requirement of the Company as large Hydro Projects above 25 MW are not covered under the Green Bond Financing.

3. Director (Finance) further informed the Board that the effective cost of funds raised through the issue of masala bonds in the present market scenario is on higher side, as compared to funds raised in domestic markets. The details of cost of funds raised in the recent

past by the other PSUs through Masala Bonds have been brought out extensively in the Board Agenda Note, which clearly shows that the domestic bonds are cheaper at present than the Masala Bonds. Accordingly, the same may not be better option at present to raise funds for the financing requirements of the Company.

4. On a specific query, it was informed that the funds proposed to be raised along with the already approved issue of Rs.1756 crore shall be utilized for replacement of high cost loans of LIC/SBI/PFC except balance available amount of Rs. 140.64 crore, which shall be used against plan outlay for Financial Year 2017-18.

5. Thereafter, Board considered the proposal to approve the issue of Debentures/Bonds of Rs. 494 crore through issuance of 'W' series Bonds on Private Placement Basis.

6. Board discussed the matter in detail. After detailed discussion, Board approved the proposal and passed the following resolutions:

   I. **RESOLVED THAT** Chairman& Managing Director and/or Director (Finance) be and are hereby authorized jointly and severally to raise additional debt up to **Rs.494crore** through 'W' Series Secured Redeemable Non-cumulative Non-convertible Taxable Bonds in the nature of debenture in one or more tranches on private placement basis. Chairman& Managing Director and/or Director (Finance) be and are hereby further authorized jointly and severally to decide all terms and conditions including coupon rate, tenor etc. for W series Bonds.

II. **RESOLVED FURTHER THAT** Chairman& Managing Director and/or Director (Finance) be and are hereby authorized jointly and severally to prepay LIC/SBI/PFC etc loans amounting to additional **Rs. 494crore** as may be found financially viable for pre-payment and to do all such deed and acts to complete the prepayment.

III. **RESOLVED FURTHER THAT** Chairman& Managing Director/ Director (Finance) be and is hereby authorized to make allotment of the Debentures/Bonds amounting to additional **Rs. 494 crore**to be raised under 'W' Series Bonds.

IV. **RESOLVED FURTHER THAT** Director (Finance) and/or GM (Finance) be and are hereby authorized jointly and severally to sign Declaration under Form PAS-4 required pursuant to Rule 14 of Companies (Prospectus and Allotment of Securities) Rule, 2014 for W series Bonds and approve offer letter in connection thereof.

V. **RESOLVED FURTHER THAT** Director (Finance) and/or GM (Finance) be and are hereby authorized jointly and severally to appoint any intermediaries / agencies / persons as may be required for the purposes of the issue(s) including without limiting to Arrangers, Registrar, Credit Rating Agency (ies), Trustee, Legal Firm, Consultant for Debenture Trust Deed, Custodian for Memorandum of Entry and any other agency required and to decide, settle the remuneration forall such intermediaries / agencies / persons, including by way of payment of commission, brokerage, fee, charges, etc;

VI. **RESOLVED FURTHER THAT** Director (Finance) and/or GM (Finance) be and are hereby authorized jointly and severally to appoint Banker to the issue(s) and open Bank Account and settle the terms of appointment.

VII. **RESOLVED FURTHER THAT** Director (Finance) and/or GM(Finance) be and are hereby authorized jointly and severally to provide assets of the corporation as security by way of hypothecation and/or mortgage on pari-passu basis, wherever required for raising 'W' Series Corporate Bonds.

VIII. **RESOLVED FURTHER THAT** General Manager (Finance) and/or Chief (Finance) be and are hereby authorized jointly and severally to execute Trust Deed / agreements for issuance of 'W' Series Bonds and pay stamp duty, court fee any other related charges.

IX. **RESOLVED FURTHER THAT** General Manager (Fin) and/or Company Secretary and/or Chief (Fin) be and are hereby authorized to sign the Disclosure Document and to make an application along with necessary documents required for the listing of the Bonds in one or more Stock Exchange(s)/, obtain ISIN/Filing corporate action with NSDL/CDSL and make necessary fees to Stock Exchanges and NSDL/CDSL.

X. **RESOLVED FURTHER THAT** Company Secretary be and is hereby authorized to file with the Registrar of the Companies requisite form PAS3, PAS5 etc and particulars of charges in connection with the said hypothecation and mortgage in favour of trustees by filing statutory return within the time limit as laid down in the Companies Act, 2013.

XI. **RESOLVED FURTHER THAT** the Common seal as per the rules of the Corporation be affixed on all such documents /deeds as are required to be executed under the Common Seal of the corporation, in terms of provisions of Articles of Association of the corporation.

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IDBI Trusteeship Services Ltd
CIN : U65991MH2001GOI131154

IDBI trustee

No. 4379-A/ITSL/OPR/CL/17-18/DEB/472

Date: 30th August, 2017

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

Kind Attn: Mr. Manish Dhawan

Dear Sir,

Consent to act as Debenture Trustee for the proposed Private Placement issue of secured redeemable non-convertible "W" Series Debentures by NHPC Limited aggregating upto Rs. 2250 Crores in the financial year 2017-18

This is with reference to your e-mail dated 29th August, 2017 regarding appointment of IDBI Trusteeship Services Ltd. as Debenture Trustee for the proposed Private Placement of secured redeemable non-convertible "W" Series Debentures aggregating upto Rs. 2250 Crores. In this connection, we confirm our acceptance of the assignment.

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

1) We the Company hereby agree and undertake to execute, the Debenture Trust Deed / Debenture Trustee Agreement and other necessary documents on such terms and conditions as agreed by the Debenture holders and disclose in the Information Memorandum or Disclosure Document as approved by the Debenture Trustee, within a period as agreed by us in the Information Memorandum or Disclosure Document.

2) We the Company hereby agree & undertake to pay to the Debenture Trustees so long as they hold the office of the Debenture Trustee, remuneration as mutually agreed for their services as Debenture Trustee in addition to all legal, traveling and other costs, charges and expenses which the Debenture Trustee or their officers, employees or agents may incur in relation to execution of the Debenture Trust Deed and all other Documents affecting the Security till the monies in respect of the Debentures have been fully paid-off and the requisite formalities for satisfaction of charge in all respects, have been complied with.

3) We the Company hereby agree & undertake to comply with the provisions of SEBI (Debenture Trustees) Regulations, 1993, SEBI (Issue and Listing of Debt Securities) Regulations, 2008, SEBI Circular No. SEBI/IMD/DOF-1/Bond/2009/11/05 dated 11/05/2009 on Simplified Listing Agreement for Debt Securities read with the SEBI Circular No. SEBI/IMD/DOF-1/BOND/Cir-5/2009 dated the 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