



PART I - STATEMENT OF STANDALONE AND CONSOLIDATED AUDITED FINANCIAL RESULTS FOR THE YEAR ENDED 31ST MARCH 2015

		STANDALONE				CONSOLIDATED			
						(₹ in lacs)			
PARTICULARS		Quarter ended	Quarter ended	Quarter ended	Year ended	Year ended	Year ended	Year ended	
		31.03.2015	31.12.2014	31.03.2014	31.03.2015	31.03.2014	31.03.2015	31.03.2014	
		Unaudited				Audited			
1	<b>Income from operations</b>								
	(a) Net Sales/ Income from operations *	144,984	116,691	99,601	673,664	533,511	810,325	712,297	
	(b) Other operating income	2,173	1,013	12,678	6,561	20,193	14,082	29,297	
	<b>Total Income from operations (net)</b>	<b>147,157</b>	<b>117,704</b>	<b>112,279</b>	<b>680,225</b>	<b>553,704</b>	<b>824,407</b>	<b>741,594</b>	
2	<b>Expenses</b>								
	(a) Employee benefits expense	27,766	28,397	36,487	114,923	105,867	122,468	113,259	
	(b) Depreciation & amortization expense	35,946	35,373	33,665	142,587	121,076	171,528	149,937	
	(c) Water Usage Charges	9,659	11,980	11,529	74,851	62,051	74,851	62,051	
	(d) Other expenses	22,524	20,213	101,712	85,598	149,859	99,962	177,680	
	<b>Total expenses</b>	<b>95,895</b>	<b>95,963</b>	<b>183,393</b>	<b>417,959</b>	<b>438,853</b>	<b>468,809</b>	<b>502,927</b>	
3	<b>Profit from operations before other income, finance costs, exceptional items and rate regulated income(1-2)</b>	<b>51,262</b>	<b>21,741</b>	<b>(71,114)</b>	<b>262,266</b>	<b>114,851</b>	<b>355,598</b>	<b>238,667</b>	
4	Other Income	18,182	29,052	65,581	86,133	145,695	91,320	132,209	
5	<b>Profit from ordinary activities before finance costs, exceptional items and rate regulated income (3+4)</b>	<b>69,444</b>	<b>50,793</b>	<b>(5,533)</b>	<b>348,399</b>	<b>260,546</b>	<b>446,918</b>	<b>370,876</b>	
6	Finance costs	27,829	29,102	63,488	117,977	102,240	127,278	118,021	
7	<b>Profit from ordinary activities after finance costs but before exceptional items and rate regulated income(5-6)</b>	<b>41,615</b>	<b>21,691</b>	<b>(69,021)</b>	<b>230,422</b>	<b>158,306</b>	<b>319,640</b>	<b>252,855</b>	
8	Exceptional items	-	-	-	-	-	-	-	
9	<b>Profit from ordinary activities before rate regulated income and tax (7-8)</b>	<b>41,615</b>	<b>21,691</b>	<b>(69,021)</b>	<b>230,422</b>	<b>158,306</b>	<b>319,640</b>	<b>252,855</b>	
10	Rate Regulated Income/ (Expenditure)	52,195	-	-	52,195	-	52,195	-	
11	<b>Profit from ordinary activities before tax (9+10)</b>	<b>93,810</b>	<b>21,691</b>	<b>(69,021)</b>	<b>282,617</b>	<b>158,306</b>	<b>371,835</b>	<b>252,855</b>	
12	Tax expense	-	-	-	-	-	-	-	
	a) Current Tax	19,244	4,777	(21,079)	58,342	25,162	79,158	53,842	
	b) Adjustments relating to earlier years	8,910	(1,523)	4,665	7,451	4,668	7,451	4,668	
	c) Deferred Tax	1,205	454	18,133	4,377	30,597	5,421	31,030	
	<b>Total Tax expense (a+b+c)</b>	<b>29,359</b>	<b>3,708</b>	<b>1,719</b>	<b>70,170</b>	<b>60,427</b>	<b>92,030</b>	<b>89,540</b>	
13	<b>Net Profit from ordinary activities after tax (11-12)</b>	<b>64,451</b>	<b>17,983</b>	<b>(70,740)</b>	<b>212,447</b>	<b>97,879</b>	<b>279,805</b>	<b>163,315</b>	
14	Extraordinary items (net of tax expense)	-	-	-	-	-	-	-	
15	<b>Net Profit (13-14)</b>	<b>64,451</b>	<b>17,983</b>	<b>(70,740)</b>	<b>212,447</b>	<b>97,879</b>	<b>279,805</b>	<b>163,315</b>	
16	Share of profit/(loss) of associates	-	-	-	-	-	30,669	41,440	
17	Minority Interest	-	-	-	-	-	-	-	
18	<b>Net Profit after taxes, Minority Interest and Share of profit/(loss) of associates (15-16-17)</b>	<b>64,451</b>	<b>17,983</b>	<b>(70,740)</b>	<b>212,447</b>	<b>97,879</b>	<b>249,136</b>	<b>121,875</b>	
19	Paid-up equity share capital (of Face Value ₹ 10/- per share)	1,107,067	1,107,067	1,107,067	1,107,067	1,107,067	1,107,067	1,107,067	
20	Paid-up debt capital	-	-	-	1,817,103	1,858,052	1,872,448	1,930,904	
21	Reserves excluding Revaluation Reserves as per balance sheet	-	-	-	1,721,572	1,499,698	1,968,680	1,717,530	
22	Debtenture Redemption Reserve	-	-	-	124,789	88,475	124,789	88,475	
23	<b>Earning per share (of ₹ 10/- each) (not annualized):</b>								
	(a) Basic & Diluted EPS (before Extraordinary items)	0.58	0.16	(0.59)	1.92	0.82	2.25	1.02	
	(b) Basic & Diluted EPS (after Extraordinary items)	0.58	0.16	(0.59)	1.92	0.82	2.25	1.02	
24	Debt equity ratio	-	-	-	0.64	0.71	0.61	0.68	
25	Debt service coverage ratio(DSCR)	-	-	-	2.69	2.07	2.88	2.28	
26	Interest service coverage ratio(ISCR)	-	-	-	4.70	3.82	5.37	4.50	

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

PART II-SELECT INFORMATION

A. PARTICULARS OF SHAREHOLDING									
1. Public shareholding									
	- Number of shares	1554458774	1554458774	1554458774	1554458774	1554458774	1554458774	1554458774	1554458774
	- Percentage of shareholding	14.04	14.04	14.04	14.04	14.04	14.04	14.04	14.04
2. Promoters and Promoter Group Shareholding									
a) Pledged/ Encumbered									
	- Number of shares	-	-	-	-	-	-	-	-
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	-	-	-	-	-	-	-	-
	- Percentage of shares (as a % of the total share capital of the company)	-	-	-	-	-	-	-	-
b) Non-encumbered									
	- Number of shares	9516209722	9516209722	9516209722	9516209722	9516209722	9516209722	9516209722	9516209722
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100	100	100	100	100	100	100	100
	- Percentage of shares (as a % of the total share capital of the company)	85.96	85.96	85.96	85.96	85.96	85.96	85.96	85.96

B. INVESTOR COMPLAINTS		Equity Shares	Debt Securities
Pending at the beginning of the quarter		2	Nil
Received during the quarter		1,301	59
Disposed off during the quarter		1,301	56
Remaining unresolved at the end of the quarter		2	3

(₹ in lacs)

STATEMENT OF ASSETS AND LIABILITIES				
PARTICULARS	STANDALONE		CONSOLIDATED	
	As at 31st March, 2015	As at 31st March, 2014	As at 31st March, 2015	As at 31st March, 2014
<b>EQUITY AND LIABILITIES</b>				
<b>SHAREHOLDERS' FUNDS</b>				
Share Capital	1,107,067	1,107,067	1,107,067	1,107,067
Reserves and Surplus	1,721,572	1,499,698	1,968,680	1,717,530
<b>Shareholders' funds Sub-total</b>	<b>2,828,639</b>	<b>2,606,765</b>	<b>3,075,747</b>	<b>2,824,597</b>
<b>Minority Interest</b>			332,571	306,568
<b>NON-CURRENT LIABILITIES</b>				
Long Term Borrowings	1,817,103	1,858,052	1,872,448	1,930,904
Deferred Tax Liabilities (net)	81,044	76,667	98,860	93,439
Other Long Term Liabilities	133,717	160,581	145,933	172,818
Long Term Provisions	88,695	81,470	90,014	82,510
<b>Non-Current Liabilities - Sub Total</b>	<b>2,120,559</b>	<b>2,176,770</b>	<b>2,207,255</b>	<b>2,279,671</b>
<b>CURRENT LIABILITIES</b>				
Trade Payables	15,301	20,071	16,443	22,341
Other Current Liabilities	301,315	293,821	329,330	326,370
Short Term Provisions	278,098	300,200	365,444	380,566
<b>Current Liabilities-Sub Total</b>	<b>594,714</b>	<b>614,092</b>	<b>711,217</b>	<b>729,277</b>
<b>TOTAL - EQUITY AND LIABILITIES</b>	<b>5,543,912</b>	<b>5,397,627</b>	<b>6,326,790</b>	<b>6,140,113</b>
<b>ASSETS</b>				
<b>NON-CURRENT ASSETS</b>				
Fixed Assets (includes Capital Work In Progress)	3,874,988	3,873,427	4,429,364	4,451,080
Non Current Investments	197,775	222,702	76,334	102,263
Long Term Loans and Advances	110,847	108,969	116,262	113,585
Other Non-Current Assets	79,581	89,637	113,175	132,432
Other Non-Current Assets - Regulatory Assets	163,039	-	163,039	-
<b>Non-Current Assets-Sub Total</b>	<b>4,426,230</b>	<b>4,294,735</b>	<b>4,898,174</b>	<b>4,799,360</b>
<b>CURRENT ASSETS</b>				
Current Investments	25,757	25,187	25,644	25,074
Inventories	8,273	7,229	9,064	7,984
Trade Receivables	249,710	186,377	290,518	242,243
Cash & Bank Balances	542,211	530,383	694,102	614,278
Short Term Loans and Advances	140,719	209,355	208,301	273,255
Other Current Assets	151,012	144,361	200,987	177,919
<b>Current Assets-Sub Total</b>	<b>1,117,682</b>	<b>1,102,892</b>	<b>1,428,616</b>	<b>1,340,753</b>
<b>TOTAL - ASSETS</b>	<b>5,543,912</b>	<b>5,397,627</b>	<b>6,326,790</b>	<b>6,140,113</b>

1 The above results have been reviewed by Audit Committee of the Board of Directors and approved by the Board of Directors of the Company in the respective meetings held on 29.05.2015.

2 The Subsidiary and Joint Venture Companies considered in the Consolidated Financial Results are as follows:-

	Ownership (%)
<b>a) Subsidiary Companies:-</b>	
(i) NHDC Limited	51.08
(ii) Loktak Downstream Hydroelectric Corporation Limited *	74
(iii) Bundelkhand Saur Urja Ltd.	99.99
<b>b) Joint Venture Companies:-</b>	
(i) Chenab Valley Power Projects Pvt. Limited	49.98
(ii) National Power Exchange Limited (under liquidation)	16.67
(ii) National High Power Test Laboratory Private Limited	21.63

\* The financial statements are unaudited and certified by the management of Loktak Downstream Hydroelectric Corporation Limited(LDHCL) and have been considered for Consolidated Financial Statements of the Group. The figures appearing in the financial statements of LDHCL may change upon completion of the audit.

3 Electricity generation is the principal business activity of the Company. Other operations viz., Contract, Project Management and Consultancy Works do not form a reportable segment as per Accounting Standard - 17 on Segment Reporting specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. The operations of the company are mainly carried out within the country and therefore Geographical Segments are not applicable.

4 In view of the seasonal nature of business, the financial results of the current quarter may not be comparable with other quarters of the current financial year.

5 During the year ended 31st March, 2015, balance one unit(130 MW) of 520 MW Parbati - III HE Project has been put on commercial operation on 06.06.2014.

6 On 20th November 2014, accidental fire broke out in the transformer cavern of Uri-II Power Station (240 MW) causing major damages to Electro & Mechanical Equipments and Civil Structures in power house area, resulting in stoppage of generation. Assets of the power station and business interruption loss are covered under mega insurance policy. However, losses upto excess clause as well as beyond the provisions of the insurance policy amounting to ₹ 2,826 Lacs have been accounted for on estimated basis. Further losses, if any, to be borne by the company shall be determined after receipt of the final survey report and impact thereof shall be accounted for accordingly. Restoration work for resumption of generation by the Power Station are underway.

7 Pursuant to issuance of Guidance Note on Rate Regulated Activities issued by the Institute of Chartered Accountants of India, Regulatory Assets amounting to ₹52,195 Lacs for the FY 2014-15 and ₹ 1,10,844 Lacs upto the period ended 31.03.2014, in respect of Subansiri Lower Project, where construction activities are interrupted since 16.12.2011 due to protest of anti dam activists, have been recognized through Statement of Profit & Loss and General Reserve(net of tax) respectively.

8 Active construction work at Teesta Low Dam-IV project, which was interrupted due to stoppage of work by one of the contractors w.e.f. 20.03.2013, has been resumed on 01.11.2014. Accordingly, borrowing cost and administrative & other cost amounting to ₹ 4,373 Lacs for the period from 01.04.2014 to 31.10.2014 (previous financial year ₹ 15,679 Lacs) has been charged to the Statement of Profit & Loss

9 a) Pending approval of tariff for the period 2014-19 by Central Electricity Regulatory Commission (CERC) as per notification no No.L-1/144/2013/CERC dt 21st February 2014, sales have been recognized provisionally based on the tariff approved for the year 2013-14. However, pending triuing up of the capital cost for the Tariff Period 2009-14, sales have been reduced by ₹ 14,303 Lacs (Previous year ₹ 113 Lacs) during the year as an abundant precaution which also includes consequential likely impact for the FY 2014-15.

b) Sales include ₹ 1,876 lacs for the current year (previous year ₹ 6,050 Lacs) on account of earlier year sales arising mainly out of finalisation of tariff pertaining to the period upto 31.03.2014.

c) Deferred tax liabilities for the period upto 31st March 2009 whenever it materializes is recoverable directly from the beneficiaries and are accounted for on yearly basis. Accordingly current year sale includes ₹ 14,611 Lacs (Previous year ₹ 11,405 Lacs) on account of deferred tax materialised relating to the tariff period upto 31st March,2009 in terms of Regulation 49 of Tariff Regulation issued vide CERC Notification No. L-1/144/2013-CERC dated 21.02.2014.

- 10 CERC Regulations for tariff period 2014-19 provides for recovery of income tax from the beneficiaries by way of grossing up of return on equity with effective tax rate of the respective financial year i.e. actual tax paid during the year on the generating income. Deferred tax liability provided for the year on generating income amounting to ₹ 7,550 Lacs is accordingly accounted for as deferred tax adjustment against deferred tax liability as the same would get adjusted in effective tax rate in future period and the same is presented as a deduction from the deferred tax liability.
- 11 Out of the Initial Public Offering (IPO) proceeds of ₹ 6,03,855 Lacs made during financial year 2009-10, sale proceeds of ₹ 2,01,285 Lacs was paid to Ministry of Power, Govt. of India and ₹ 4,02,570 Lacs was retained by the company. The IPO proceeds has been fully utilised upto 31.03.2015.
- 12 Statutory Auditors have included the following matters in Audit Report on the accounts for the year ended 31.03.2015 under "Emphasis of Matter Paragraph", without any modified opinion in respect of these matters;
- (i) Implementation of stoppage of Personal Pay Adjustment(fitment benefits) recovery from below Board level Executives giving effect to the approval of Competent Authority that the pay scales shall be fitted w.e.f. 01.01.2007 after correcting the aberrations in pay scales fixed w.e.f. 01.01.1997. Confirmation of the action of recovery w.e.f 01.02.2014 being pending with Ministry of Power.
- (ii) carry forward of expenditure incurred on survey & investigation of projects;
- (iii) uncertainty related to the outcome of the claims/ arbitration proceedings and lawsuit filed by/ against the Company on/ by contractors and others;
- (iv) balances which are subject subject to reconciliation/confirmation and respective consequential adjustments;
- (v) Kotlibhel-IA project the fate of which is pending adjudication before the Hon'ble Supreme Court of India ;
- (vi) earlier adoption (duly permitted) of Guidance Note on Accounting for Rate Regulated Activities issued by the Institute of Chartered Accountants of India(ICAI)
- Matters referred under para (i), (ii) & (iii) were included by the Statutory Auditors under " Emphasis of Matter Paragraph" in the Audit Report for the year ended 31.03.2014 as well.
- The above points on which attention has been drawn by the auditors have been addressed as under:-
- (i)The confirmation of action of having implemented the directions of Competent Authority effecting recoveries w.e.f. 01.02.2014 has been sought from Ministry of Power (MoP), Govt. of India. In the meanwhile, NHPC Officers Association has got a stay from Hon'ble High Court of Delhi against the implementation of stoppage of Personal Pay Adjustment(PA) recovery. In view of the directions of the Hon'ble High Court, PA to the employees is continued to be paid along with the Salary;
- (ii) In the opinion of the management, the projects on which survey & investigation expenditure is incurred are still active and accordingly, the expenditure incurred is being carried forward. However, provision wherever considered necessary has been made in the books;
- (iii) Company is required to disclose the uncertainty relating to any outflow in respect of Contingent Liability in terms of Para 68 of the Accounting Standard 29, as such the same has been disclosed.
- (iv) In the opinion of the management, unconfirmed balances will not have any material impact.
- (v) & (vi) are statements of fact.
- 13 The audited accounts are subject to review by Comptroller and Auditor General of India under section 143(6)& (7) of the Companies Act, 2013.
- 14 Formula used for computation of 'Debt Service Coverage Ratio' (DSCR) = [Profit before Interest, Depreciation and Tax/(Principal repayment, excluding payment under put option+Interest)] and for 'Interest Service Coverage Ratio' (ISCR) = [Profit before Interest, Depreciation and Tax/ Interest]. Interest has been considered net of transferred to expenditure during construction and the principal repayment pertains to loan taken for operational projects.
- 15 The Board of Directors in its meeting held on 29.05.2015 has recommended final dividend of ₹ 0.60 per equity share (face value of ₹ 10/- each) for the Financial Year 2014-15(including interim dividend of ₹ 0.20 per equity share(face value of ₹ 10/- each) for the Financial Year 2014-15 declared in the 380th meting held on 16.01.2015).
- 16 Figures for the previous period/year have been re-grouped/re-arranged/re-cast wherever necessary.
- 17 Figures of the quarter ended 31.03.2015 are the balancing figures between audited figures in respect of the full financial year and the published year to date figures upto the third quarter of the current financial year.

For and on behalf of the Board of Directors of  
NHPC Limited

  
(JAYANT KUMARY)  
DIRECTOR(FINANCE)  
DIN -03010235

Place : New Delhi  
Date : 29.05.2015

# 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, 2015, the Statement of Profit and Loss, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

## Management's Responsibility for the Standalone Financial Statements

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

## Auditor's Responsibility

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

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

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



the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Financial Statements.

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

## Opinion

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

## Emphasis of Matters

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

- a) Para to Note No. 7 to Financial Statements, which describes about the stay from Hon'ble High Court of Delhi against the implementation of stoppage of Personal Pay Adjustment (fitment benefits) recovery from below Board Level Executives and also about the confirmation of directions of Competent Authority effecting such recoveries w.e.f. 01.02.2014 which is still pending with the Ministry of Power (MoP).
- b) Note No. 11 para 2 to Financial Statements read with Note No. 29 para 9, which describes uncertainty about the outcome of the projects under survey and investigation stage. Expenditure incurred for conducting Survey & Investigation on such projects are being carried forward as these projects are under investigation/ pending clearance/or financial assistance with various authorities.
- c) Note No. 29 para 1 to the Financial Statements, which describes the uncertainty related to the outcome of the claims/ arbitration proceedings and lawsuit filed by/ against the Company on/ by contractors and others. In some of the cases the arbitration award has been decided against the company/ lost in lower courts and the company is pursuing the matter in higher courts. Management does not envisage any possible outflow in respect of decisions against the company other than those already provided for in the books of account.
- d) Note No. 29 para 4(a) to the Financial Statements about the various balances which are subject to reconciliation / confirmation and respective consequential adjustments.
- e) Note No. 29 para 8 to the Financial Statements about the Kottlibhel-1A project, the fate of which is pending adjudication before the Hon'ble Supreme Court of India.
- f) Note No. 29, para 23 read with Significant Accounting Policy No. 4 to the Financial Statements regarding earlier adoption (duly permitted) of Guidance Note on Accounting for Rate Regulated Activities issued by The Institute of Chartered Accountants of India.

Our opinion is not modified in respect of these matters.



## Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure-I, a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. The Comptroller and Auditor-General of India has issued directions indicating the areas to be examined in terms of sub-section (5) of section 143 of the Companies Act, 2013, the compliance of which is set out in Annexure II.
3. As required by Section 143 (3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - (d) In our opinion, the aforesaid standalone Financial Statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
  - (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act; and
  - (f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - (i) The Company has disclosed the impact of pending litigations on its financial position in its Financial Statements – Refer Note 29 Para 1 to the Financial Statements;
    - (ii) The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
    - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.



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

(CA Gaurav Nanda)  
Partner  
M. No. 500417



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

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

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



(CA Suresh Seth)  
Partner  
M. No. 10577

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



(CA Barun Kr. Ghosh)  
Partner  
M. No. 051028

Place: New Delhi

Date: 29<sup>th</sup> day of May 2015

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

**1. In respect of fixed assets:**

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

**2. In respect of its inventories:**

- a) The inventory has been physically verified during the year by the management / outside agencies. In our opinion, the frequency of such verification is reasonable.
  - b) In our opinion and according to the information and explanation given to us, the procedures of physical verification followed by the management are reasonable and adequate in relation to the size of the company and nature of its business.
  - c) The company is maintaining proper records of inventories. The discrepancies noticed on physical verification, which were not material, have been properly dealt with in the books of account.
3. The company has not granted any loans, secured or unsecured to the companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. In view of this, sub-clauses (a) and (b) of clause (iii) of the order are not applicable.
4. In our opinion and according to the information and explanations given to us, there is an adequate internal control system commensurate with the size of the company and the nature of its business for the purchase of inventory and fixed assets and for the sale of power and services. There is no continuing failure to correct major weaknesses in internal control system.
5. The company has not accepted any deposit from public within the meaning of sections 73 to 76 or any other provisions of the Companies Act, 2013 and rules framed there under.
6. The Company has made and maintained cost accounts and records specified by the Central Government under section 148(1) of the Companies Act, 2013. However, we have not made a detailed examination of these accounts and records with a view to determine whether they are accurate or complete.

**7. In respect of statutory dues:**

- a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of accounts in respect of, undisputed statutory dues including provident fund, income tax, sales tax, wealth tax, service tax, duty of custom, duty of excise, value added tax, cess and any other material statutory dues have generally been regularly deposited with the appropriate authorities. We are informed that the Employees' State Insurance Scheme is not applicable to the Company. According to the information and explanations given to us, no undisputed demand payable in respect of aforesaid statutory dues was in arrears, as at 31<sup>st</sup> 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, Dehradun
		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 provisions of section 205C of the Companies Act, 1956 read with the IEPF (Awareness and Protection of Investors) Rules, 2001.
8. The Company does not have any accumulated losses at the end of the financial year and has not incurred cash losses in the financial year covered by our audit and in the immediately preceding financial year.
9. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the company has not defaulted in repayment of dues to financial institutions, banks or debenture holders.
10. In our opinion and according to the information and the explanations given to us, the Company has not given any guarantee for loans taken by others from banks or financial institutions.

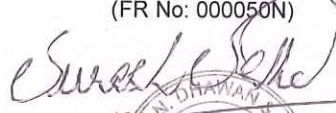



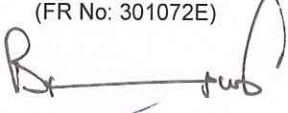



11. In our opinion and according to the information and the explanations given to us, and on overall examination of the Balance Sheet of the Company, we report that term loans have been applied for the purpose for which they were obtained.
12. In course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India we have not come across any instance of fraud on or by the Company, and according to the information and explanations given to us, no fraud was noticed or reported during the year by the management.

  
**For S. N. Nanda & Co.**  
**Chartered Accountants**  
(FR No: 000685N)  
  
(CA Gaurav Nanda)  
Partner  
M. No. 500417

**For Gupta Gupta & Associates**  
**Chartered Accountants**  
(FR No: 001728N)  
  
  
(CA R. K. Gupta)  
Partner  
M. No. 085074

**For S.N. Dhawan & Co.**  
**Chartered Accountants**  
(FR No: 000050N)  
  
(CA Suresh Sethi)  
Partner  
M. No. 105771  


**For Ray and Ray**  
**Chartered Accountants**  
(FR No: 301072E)  
  
(CA Barun K. Ghosh)  
Partner  
M. No. 051028  


**Place:** New Delhi

**Date:** 29<sup>th</sup> day of May 2015

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

S.No.	Direction	Our Report	Action taken thereon	Impact on Accounts & Financial Statements of the Company
1	If the Company has been selected for disinvestment, a complete status report in terms of valuation of Assets (including intangible assets and land) and Liabilities (including Committed & General Reserves) may be examined including the mode and present stage of disinvestment process.	NHPC have received a letter No. 11/11/2013-NHPC dated 03-07-2014 from Ministry of Power, Government of India referring to Ministry of Finance's letter No. 4(4)/2014-DD11 dated 01.07.2014 seeking comments of NHPC on draft Cabinet Committee on Economic Affairs (CCEA) for disinvestment of 11.36% paid-up capital of NHPC Ltd. out of Government of India shareholding of 85.96%. However, this disinvestment process was advised by Ministry of Power vide its letter dated 13.11.2014 to be kept on hold till at least some projects go on stream.	No Action Required	NIL
2	Please report whether there are any cases of waiver/write off of debts/loans/interest etc., if yes, the reasons there for and the amount involved.	There are 2 cases where claims amounting to Rs. 51,572/- being irrecoverable, have been written off.	Amount debited to Profit & Loss A/c	Profit reduced by Rs. 51,572/-.
3	Whether proper records are maintained for inventories lying with third parties & assets received as gift from Govt. or other authorities.	The company is maintaining proper records for inventories. As informed, the company has not received any assets from Govt. or other authorities.	No Action Required	NIL
4	A report on age-wise analysis of pending legal/arbitration cases including the reasons of pendency and existence/effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign and local) may be given.	Age-wise analysis of legal/arbitration cases are as follows: 0-1 year : 51 cases 1-2 year : 67 cases 2-3year : 90 cases 3-4year : 78 cases 4-5 year : 98 cases 5-year & above : 283 cases Total : 667 cases  The reason for pendency of such cases under arbitration/courts is that hearings not yet completed, calling for further details and additional documents by the arbitrators/ courts, non-fixation of dates for hearing, granting of stay by court etc. There is no laid down procedure for large legal expenses (Foreign or local). However, the expenditure on all legal cases is proposed for approval of the competent authority every year and the same is incurred within the budget sanctioned by the competent authority.	The cases where company is expecting probable outflow, necessary provision has been created in the books as per AS-29. For remaining cases where either there is no probable outflow or a reliable estimate of amount of the obligation cannot be made, amount involved has been shown under contingent liability in Note no. 29, Para 1 to Financial Statements.	By virtue of provision, consequential effect has been given to respective heads of accounts. (Refer to Note No. 29, Para 1 to Financial Statements)

For S. N. Nanda & Co.  
Chartered Accountants  
(FR No: 000666N)  
*S. N. Nanda*  
(CA Gourav Nanda )  
Partner  
M. No. 500417

For Gupta Gupta & Associates  
Chartered Accountants  
(FR No: 001728N)  
*Gupta*  
(CA R. K Gupta)  
Partner  
M. No. 085074

For S.N. Dhawan & Co.  
Chartered Accountants  
(FR No-000050N)  
*S. N. Dhawan*  
(CA Suresh Singh)  
Partner  
M. No-10577

For Ray and Ray  
Chartered Accountants  
(FR No: 301072E)  
*Ray*  
(CA Upendra Choudhary)  
Partner  
M. No-051028

Place: New Delhi  
Date: 29<sup>th</sup> day of May 2015

# INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NHPC LIMITED

## Report on the Consolidated Financial Statements

We have audited the accompanying Consolidated Financial Statements of NHPC LIMITED (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") its associates and jointly controlled entities, comprising of the Consolidated Balance Sheet as at 31st March, 2015, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the Consolidated Financial Statements").

## Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these Consolidated Financial Statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the Consolidated financial position, Consolidated financial performance and Consolidated cash flows of the Group and Jointly controlled entities 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. The respective Board of Directors of the companies included in the Group and its jointly controlled entities are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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, which have been used for the purpose of preparation of the Consolidated Financial Statements by the Directors of the Holding Company, as aforesaid.

## Auditor's Responsibility

Our responsibility is to express an opinion on these Consolidated Financial Statements based on our audit. While conducting the 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 Consolidated Financial Statements are free from material misstatement.



An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Consolidated Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the Consolidated 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 Holding Company has an adequate internal financial controls system over financial reporting in place 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 Holding Company's Board of Directors, as well as evaluating the overall presentation of the Consolidated Financial Statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Financial Statements.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Consolidated 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 Consolidated state of affairs of the Group and jointly controlled entities as at 31st March, 2015, and their Consolidated profit and their Consolidated cash flows for the year ended on that date.

## Emphasis of Matter

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

- a) Explanatory Note of Note No. 7 to Consolidated Financial Statements, which describes about the stay from Hon'ble High Court of Delhi against the implementation of stoppage of Personal Pay Adjustment (fitment benefits) recovery from below Board Level Executives and also about the confirmation of directions of Competent Authority effecting such recoveries w.e.f. 01.02.2014 which is still pending with the Ministry of Power (MoP).
- b) Note No. 11 para 2 to Consolidated Financial Statements read with Note No. 29 para 12, which describes uncertainty about the outcome of the projects under survey and investigation stage. Expenditure incurred for conducting Survey & Investigation on such projects are being carried forward as these projects are under investigation/ pending clearance/or financial assistance with various authorities.
- c) Note No. 29 para 4 to the Consolidated 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 7(a) to the Consolidated Financial Statements about the various balances which are subject to reconciliation / confirmation and respective consequential adjustments.
- e) Note No. 29 para 11 to the Consolidated Financial Statements about the Kotlibhel-1A project, the fate of which is pending adjudication before the Hon'ble Supreme Court of India.
- f) Note No. 29 para 26 read with Significant Accounting Policy No. 4 to the Consolidated Financial Statements regarding earlier adoption (duly permitted) of Guidance Note on Accounting for Rate Regulated Activities issued by The Institute of Chartered Accountants of India.

Our opinion is not modified in respect of these matters.

### Other Matters

- a) We did not audit the Financial Statements / Financial Information of the following subsidiaries and jointly controlled entities whose Financial Statements / Financial Information reflect the details given below of total assets as at 31<sup>st</sup> March 2015, total revenues and net cash flows for the year ended on that date to the extent to which they are reflected in the Consolidated Financial Statements:

(Rs. in crores)

Name of the Companies	Total Assets	Total Revenues	Net Cash Flows
<b>Subsidiaries:</b>			
NHDC Ltd.	8117.77	1548.85	711.75
Bundelkhand Saur Urja Ltd.	1.14	0.00	1.00
<b>Joint Venture:</b>			
Chenab Valley Power Projects (P) Ltd.	502.92	0.00	-11.47
National Power Exchange Ltd.	6.89	0.55	6.74
National High Power Test Laboratory (P) Ltd.	234.42	0.00	15.37
<b>Total</b>	<b>8863.14</b>	<b>1549.40</b>	<b>723.39</b>

These Financial Statements / Financial Information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and jointly controlled entities, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, insofar as it relates to the aforesaid subsidiaries and jointly controlled entities is based solely on the reports of the other auditors.



- b) We did not audit the Financial Statements / Financial Information of the following subsidiary whose Financial Statements / Financial Information reflect the details given below of assets as at 31st March 2015, total revenues and net cash flows for the year ended on that date to the extent to which they are reflected in the Consolidated Financial Statements:

(Rs. in crores)

Name of the Companies	Total Assets	Total Revenues	Net Cash Flows
<b>Subsidiary:</b>			
Loktak Downstream Hydroelectric Corporation Ltd.	136.38	4.03	-11.47
<b>Total</b>	<b>136.38</b>	<b>4.03</b>	<b>-11.47</b>

These Financial Statements / Financial Information are unaudited and have been furnished to us by the Management and our opinion on the Consolidated Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these jointly controlled entities, and our report in terms of sub-section (3) of Section 143 of the Act in so far as it relates to the aforesaid jointly controlled entities, is based solely on such unaudited Financial Statements / Financial Information. In our opinion and according to the information and explanations given to us by the Management, these Financial Statements / Financial Information are not material to the Group.

Our opinion on the Consolidated Financial Statements, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the Financial Statements / Financial Information certified by the Management.

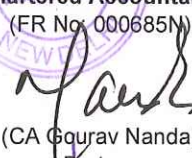
### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure-I, a statement on the matters specified in the paragraph 3 and 4 of the Order, to the extent applicable.
2. The Comptroller and Auditor-General of India has issued directions indicating the areas to be examined in terms of sub-section (5) of section 143 of the Companies Act, 2013, the compliance of which is set out in Annexure II.
3. As required by Section 143(3) of the Act, we report, to the extent applicable, 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 of the aforesaid Consolidated Financial Statements.



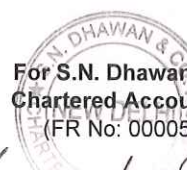
- b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
- c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Financial Statements.
- d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- e) On the basis of the written representations received from the directors of the Holding Company as on 31st March, 2015 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and jointly controlled companies incorporated in India, none of the directors of the Group companies and jointly controlled companies incorporated in India is disqualified as on 31<sup>st</sup> March, 2015 from being appointed as a director in terms of Section 164 (2) of the Act;
- f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i) The consolidated financial statements disclose the impact of pending litigations on the Consolidated Financial position of the Group and jointly controlled entities– Refer Note 29, para 4 to the Consolidated Financial Statements.
  - ii) The Group, its associates and jointly controlled entities did not have any material foreseeable losses on long-term contracts including derivative contracts.
  - iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies and jointly controlled companies incorporated in India.

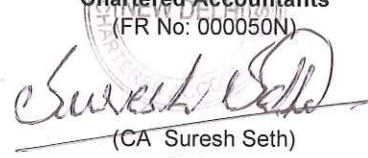
  
**For S. N. Nanda & Co.**  
**Chartered Accountants**  
 (FR No. 000685N)

  
 (CA Gourav Nanda)  
 Partner  
 M. No. 500417

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

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

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

  
 (CA Suresh Seth)  
 Partner  
 M. No. 10577

**For Ray and Ray**  
**Chartered Accountants**  
 (FR No. 301072E)

  
 (CA Barun Kr. Ghosh)  
 Partner  
 M. No. 051028

**Place:** New Delhi

**Date:** 29<sup>th</sup> day of May 2015

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

**1. In respect of Fixed Assets:**

- (a) The company, its subsidiary and jointly controlled companies have 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 of holding company*, have been verified by the management /outside agencies. In our opinion, the frequency of such verification is reasonable having regard to the size of the company and nature of assets. As per the information given to us by the management, no material discrepancies as compared to book records were noticed in respect of fixed assets physically verified during the year.

**2. In respect of Inventories:**

- a) The inventory has been physically verified by the respective Managements of the Holding Company, its subsidiary and jointly controlled companies during the year in respect of those companies which are holding inventory. In our opinion, the frequency of such verification is reasonable.
  - b) In our opinion, the procedures of physical verification of inventory followed by the respective Managements of the Holding Company, its subsidiary and jointly controlled companies are reasonable and adequate in relation to the size of the aforesaid Holding Company, its subsidiary and jointly controlled companies incorporated in India.
  - c) On the basis of our examination of the inventory records and the reports of the other auditors, in our opinion, the Holding Company, its subsidiary and jointly controlled companies are maintaining proper records of inventory. The discrepancies noticed on physical verification of inventory of the aforesaid Holding Company, its subsidiary and jointly controlled companies incorporated in India as compared to the respective book records were not material.
3. The company, its subsidiary and jointly controlled companies incorporated in India have not granted any loans, secured or unsecured to the companies, firms or other parties covered in the register maintained under section 189 of the Companies Act, 2013. In view of this, sub-clauses (a) and (b) of clause (iii) of the order are not applicable.
4. In our opinion, and according to the information and explanations given to us, and the reports of the other auditors on the subsidiary and jointly controlled companies as furnished to us, there is an adequate internal control system commensurate with the size of the Holding Company, its subsidiary and jointly controlled companies and the nature of its business for the purchase of inventory and fixed assets and for the sale of goods and services. Further, on the basis of our examination of the books and records of the aforesaid Holding Company and the reports of the other auditors on the subsidiary and jointly controlled companies as furnished to us, and according to the information and explanations given to us, we have neither come across, nor have been informed of, any continuing failure to correct major weaknesses in the aforesaid internal control system.





5. The company, its subsidiary and jointly controlled companies have not accepted any deposit from public within the meaning of sections 73 to 76 or any other provisions of the Companies Act, 2015 rules made there under.
6. The Company and its one subsidiary, NHDC Ltd. have made and maintained cost accounts and records specified by the Central Government under section 148(1) of the Companies Act, 2013. However, we have not made a detailed examination of these accounts and records with a view to determine whether they are accurate or complete.

**7. In respect of Statutory Dues:**

- a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, its subsidiary and jointly controlled companies, 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 31<sup>st</sup> 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, its subsidiary and jointly controlled companies, the following dues of income tax, sales tax, entry 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, Dehradun
		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	
M.P. Entry Tax Act	Entry tax on addition to Fixed Asset due to exchange rate variation and other additions.	0.05	2008-09	MPCT Appellate Board



- c) As per the records of the company, its subsidiary and jointly controlled companies 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 provisions of section 205C of the Companies Act, 1956 read with the IEPF (Awareness and Protection of Investors) Rules, 2001.
8. The Company, its subsidiary and jointly controlled companies do 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. However, one joint venture, National Power Exchange Ltd, as reported by its Auditor this company has total of Rs. 6,26,76,278.92 accumulated losses as on 31<sup>st</sup> March 2015 which is less than 50% of its total Net Worth of Rs. 13,12,73,300. This company has incurred Rs. NIL cash loss during this financial year, which in the immediately preceding financial year was Rs. 3,88,980.
9. Based on our audit procedures and according to the information and explanations given to us, we are of the opinion that the company, its subsidiary and jointly controlled companies have not defaulted in repayment of dues to financial institutions, banks or debenture holders.
10. In our opinion and according to the information and the explanations given to us, the Company, its subsidiary and jointly controlled companies have not given any guarantee for loans taken by others from bank or financial institutions.
11. In our opinion and according to the information and the explanations given to us, and on overall examination of the Balance Sheet of the Company, and based on the reports of the other auditors of the Holding company's subsidiaries and jointly controlled companies, in our opinion, we report that term loans have been applied for the purpose for which they were obtained.
12. In course of our examination of the books and records of the Company carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us and based on the reports of the other auditors, we have neither come across any instance of material fraud on or by the Holding Company, its subsidiaries and jointly controlled companies, noticed or reported during the year, nor we have been informed of any such case by the Management of the aforesaid Holding Company or reported in the audit reports of its subsidiaries and jointly controlled companies.

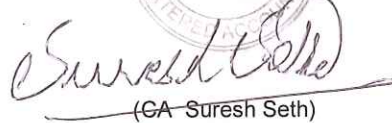
For S. N. Nanda & Co.  
Chartered Accountants  
(FR No: 000685N)

  
(CA Gourav Nanda)  
Partner  
M. No. 500417

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

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

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

  
(CA Suresh Seth)  
Partner  
M. No. 10577

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

  
(CA Barun Kr. Ghosh)  
Partner  
M. No. 051028

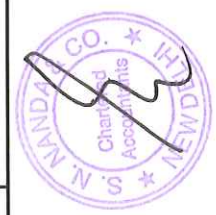
Place: New Delhi

Date: 29<sup>th</sup> 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**

It comprises data of Holding Company, its two subsidiaries NHDC Ltd. & Bundelkhand Saur Urja Ltd; its two joint ventures, Chenab Valley Power Projects (P) Ltd & National High Power Test Laboratory (P) Ltd. So far as subsidiary Loktak Downstream Hydroelectric Corporation Ltd. is concerned its accounts are unaudited and so far as National Power Exchange Ltd. is concerned we have been informed that its Auditors have not been appointed by Comptroller & Auditor General of India, hence there are no directions under sub-section (5) of section 143 of the Companies Act, 2013.

S.No.	Direction	Company	Our Report	Action taken thereon	Impact on Accounts & Financial Statements of the Company
1	If the Company has been selected for disinvestment, a complete status report in terms of valuation of Assets (including intangible assets and land) and Liabilities (including Committed & General Reserves) may be examined including the mode and present stage of disinvestment process.	Holding Company  Chenab Valley Power Projects (P) Ltd.  National High Power Test Laboratory (P) Ltd.  Bundelkhand Saur Urja Ltd.  NHDC Ltd.	NHPC have received a letter No. 11/11/2013-NHPC dated 03-07-2014 from Ministry of Power, Government of India referring to Ministry of Finance's letter No. 4(4)/2014-DD11 dated 01.07.2014 seeking comments of NHPC on draft Cabinet Committee on Economic Affairs (CCEA) for disinvestment of 11.36% paid-up capital of NHPC Ltd. out of Government of India shareholding of 85.96%. However, this disinvestment process was advised by Ministry of Power vide its letter dated 13.11.2014 to be kept on hold till at least some projects go on stream.  Not Applicable  Not Applicable  Not Applicable  Not Applicable	No Action Required  No Action Required  No Action Required  No Action Required	NIL  NIL  NIL  NIL
2	Please report whether there are any cases of waiver/write off of debts/loans/interest etc., if yes, the reasons there for and the amount involved.	Holding Company  Chenab Valley Power Projects (P) Ltd.  National High Power Test Laboratory (P) Ltd.  Bundelkhand Saur Urja Ltd.  NHDC Ltd.	There are 2 cases where claims amounting to Rs. 51,572/- being irrecoverable, have been written off.  NIL  NIL  NIL	Amount debited to Profit & Loss A/c  No Action Required  No Action Required  No Action Required	Profit reduced by Rs. 51,572/-  NIL  NIL  NIL



<p>3</p> <p>Whether proper records are maintained for inventories lying with third parties &amp; assets received as gift from Govt. or other authorities.</p>	<p>Holding Company</p> <p>Chenab Valley Power Projects (P) Ltd.</p> <p>National High Power Test Laboratory (P) Ltd.</p> <p>Buldelkhand Saur Urja Ltd.</p> <p>NHDC Ltd.</p>	<p>The company is maintaining proper records for inventories.</p> <p>As informed, the company has not received any assets from Govt. or other authorities.</p> <p>Not Applicable</p> <p>Not Applicable</p> <p>Not Applicable</p> <p>Not Applicable</p>	<p>No Action Required</p> <p>No Action Required</p> <p>No Action Required</p> <p>No Action Required</p> <p>No Action Required</p>	<p>NIL</p> <p>NIL</p> <p>NIL</p> <p>NIL</p> <p>NIL</p>
<p>4</p> <p>A report on age-wise analysis of pending legal/arbitration cases including the reasons of pendency and existence/effectiveness of a monitoring mechanism for expenditure on all legal cases (foreign and local) may be given.</p>	<p>Holding Company</p> <p>Chenab Valley Power Projects (P) Ltd.</p> <p>National High Power Test Laboratory (P) Ltd.</p> <p>Buldelkhand Saur Urja Ltd.</p> <p>NHDC Ltd.</p>	<p>Age-wise analysis of legal/arbitration cases are as follows:</p> <p>0-1 year : 51 cases</p> <p>1-2 year : 67 cases</p> <p>2-3 year : 90 cases</p> <p>3-4 year : 78 cases</p> <p>4-5 year : 98 cases</p> <p>5-year &amp; above : 283 cases</p> <p>Total : 667 cases</p> <p>The reason for pendency of such cases under arbitration/courts is that hearings not yet completed, calling for further details and additional documents by the arbitrators/ courts, non-fixation of dates for hearing, granting of stay by court etc. There is no laid down procedure for large legal expenses (Foreign or local). 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.</p> <p>An application under section 34 of the Arbitration and conciliation Act, 1996 has been filed in the matter of M/s Chenab Valley Power Projects (P) Ltd. Versus Sh. Jagdish Chand Gupta and Others on 26-09-2014 challenging the award of the arbitrator.</p>	<p>The cases where company is expecting probable outflow, necessary provision has been created in the books as per AS-29.</p> <p>For remaining cases where either there is no probable outflow or a reliable estimate of amount of the obligation cannot be made, amount involved has been shown under contingent liability in Note no. 29, Para 1 to Financial Statements.</p> <p>The application is pending for hearing</p> <p>No Action Required</p> <p>No Action Required</p>	<p>By virtue of provision, consequential effect has been given to respective heads of accounts. (Refer to Note No. 29, Para 1 to Financial Statements)</p> <p>NIL</p> <p>NIL</p> <p>NIL</p> <p>NIL</p> <p>NIL</p>

For S. N. Nanda & Co.  
Chartered Accountants  
(FR No. 00685N)

*S. N. Nanda*  
(CA Gurav Nanda)  
Partner  
M. No. 500417

For Gupta Gupta & Associates  
Chartered Accountants  
(FR No. 00728N)

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

For S.N. Dhawan & Co.  
Chartered Accountants  
(FR No. 00050N)

*S. N. Dhawan*  
(CA Surash Sethi)  
Partner  
M. No. 10577

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

*Ray*  
(CA Barun Kr. Ghosh)  
Partner  
M. No. 051028

Detail Annexed

NHDC LTD BHOPAL  
Pending Legal/ Arbitration Cases as on 31.03.2015

Pending With

Unit	Nature of Cases	Opening Balance as on 01.04.2014	No. of Cases Addition	Settled during the year	Closing Balance as on 31.03.2015	Remarks
ISP	R&R (Land Compensation Related)	1160	0	126	1034	
ISP	R&R (Contract related)	0	1	0	1	
OSP	R&R (Contract related)	1	0	0	1	
OSF	Contract related	5	0	0	5	
CO	Contract related	1	0	0	1	
ISP	Contract related	0	5	0	5	
ISP	R&R (Land Compensation Related)	345	500	208	638	
ISP	Contractor Claims	7	2	6	3	
OSP	R&R (Land Compensation Related)	369	0	359	10	More than one year
OSP	R&R (Contract related)	9	0	0	9	
CO	Contractor Claims	3	3	0	6	
CO	Appointment in corporation	3	1	0	4	
CO	Civil Suit	1	0	0	1	
CO	Employees Grievances	6	1	3	4	
OSP	R&R (Municipal Corporation)	1	0	0	1	
OSP	R&R (Misc)	0	0	0	0	
	<b>Total</b>	<b>3012</b>	<b>514</b>	<b>707</b>	<b>1729</b>	

Commercial Tax Department, Govt of  
Madhya Pradesh

