

**NHPC LTD.**  
(A Government of India Enterprise)  
SECTOR-33, FARIDABAD, HARYANA - 121 003

**PART I- STATEMENT OF STANDALONE AND CONSOLIDATED AUDITED FINANCIAL RESULTS (REVISED) FOR THE YEAR ENDED 31ST MARCH 2014**

(₹ in lacs)

	PARTICULARS	STANDALONE					CONSOLIDATED	
		Quarter ended 31.03.2014	Quarter ended 31.12.2013	Quarter ended 31.03.2013	Year ended 31.03.2014	Year ended 31.03.2013	Year ended 31.03.2014	Year ended 31.03.2013
		Unaudited			Audited		Audited	
1	<b>Income from operations</b>							
	(a) Net Sales/ Income from operations *	99,601	112,338	103,771	533,511	504,913	712,297	612,904
	(b) Other operating income	12,678	2,125	6,576	20,193	26,160	29,297	27,713
	<b>Total Income from operations (net)</b>	<b>112,279</b>	<b>114,463</b>	<b>110,347</b>	<b>553,704</b>	<b>531,073</b>	<b>741,594</b>	<b>640,617</b>
2	<b>Expenses</b>							
	(a) Employee benefit expense	36,487	24,714	23,600	105,867	88,741	113,259	95,152
	(b) Depreciation & amortization expense	33,665	31,556	25,464	121,076	96,929	149,937	124,107
	(c) Other expenses	113,241	25,250	26,244	211,910	109,931	239,731	117,761
	<b>Total expenses</b>	<b>183,393</b>	<b>81,520</b>	<b>75,308</b>	<b>438,853</b>	<b>295,601</b>	<b>502,927</b>	<b>337,020</b>
3	<b>Profit from operations before other income, finance costs and exceptional items (1-2)</b>	<b>(71,114)</b>	<b>32,943</b>	<b>35,039</b>	<b>114,851</b>	<b>235,472</b>	<b>238,667</b>	<b>303,597</b>
4	Other Income	65,581	25,238	31,564	145,695	99,278	132,209	121,515
5	<b>Profit from operations before finance costs and exceptional items (3+4)</b>	<b>(5,533)</b>	<b>58,181</b>	<b>66,603</b>	<b>260,546</b>	<b>334,750</b>	<b>370,876</b>	<b>425,112</b>
6	Finance cost	63,488	15,115	10,199	102,240	38,538	118,021	59,621
7	<b>Profit from operations after finance costs but before exceptional items (5-6)</b>	<b>(69,021)</b>	<b>43,066</b>	<b>56,404</b>	<b>158,306</b>	<b>296,212</b>	<b>252,855</b>	<b>365,491</b>
8	Exceptional items	-	-	(24,001)	-	(24,001)	-	(24,001)
9	<b>Profit from ordinary activities before tax (7-8)</b>	<b>(69,021)</b>	<b>43,066</b>	<b>80,405</b>	<b>158,306</b>	<b>320,213</b>	<b>252,855</b>	<b>389,492</b>
10	<b>Tax expense</b>							
	a) Current Tax	(21,079)	8,722	12,702	25,162	58,741	53,842	73,875
	b) Adjustments relating to earlier years	4,665	3	-	4,668	985	4,668	980
	c) Deferred Tax	18,133	8,406	9,377	30,597	25,665	31,030	27,373
	<b>Total Tax Expense(a+b+c)</b>	<b>1,719</b>	<b>17,131</b>	<b>22,079</b>	<b>60,427</b>	<b>85,391</b>	<b>89,540</b>	<b>102,228</b>
11	<b>Net Profit from ordinary activities after tax (9-10)</b>	<b>(70,740)</b>	<b>25,935</b>	<b>58,326</b>	<b>97,879</b>	<b>234,822</b>	<b>163,315</b>	<b>287,264</b>
12	Extraordinary items (net of tax expense)	-	-	-	-	-	-	-
13	<b>Net Profit (11-12)</b>	<b>(70,740)</b>	<b>25,935</b>	<b>58,326</b>	<b>97,879</b>	<b>234,822</b>	<b>163,315</b>	<b>287,264</b>
14	Share of profit/(loss) of associates	-	-	-	-	-	(41,440)	(25,523)
15	Minority Interest	-	-	-	-	-	-	-
16	<b>Net Profit after taxes, minority interest and share of profit/(loss) of associates (13+14+15)</b>	<b>(70,740)</b>	<b>25,935</b>	<b>58,326</b>	<b>97,879</b>	<b>234,822</b>	<b>121,875</b>	<b>261,741</b>
17	Paid-up equity share capital (of Face Value ₹ 10/- per share )	1,107,067	1,107,067	1,230,074	1,107,067	1,230,074	1,107,067	1,230,074
18	Paid-up Debt Capital	-	-	-	1,858,052	1,741,752	1,930,904	1,880,590
19	Reserves excluding Revaluation Reserves as per balance sheet	-	-	-	1,499,698	1,553,976	1,717,530	1,749,433
20	Debenture Redemption Reserve	-	-	-	88,475	64,955	88,475	64,955
21	<b>Earning per share (EPS) (in ₹) before extraordinary items)</b>							
	(a) Basic & Diluted EPS (before Extraordinary items)	(0.59)	0.21	0.47	0.82	1.91	1.02	2.13
	(b) Basic & Diluted EPS (after Extraordinary items)	(0.59)	0.21	0.47	0.82	1.91	1.02	2.13
22	Debt Equity Ratio	-	-	-	0.71	0.63	0.68	0.63
23	Debt service coverage ratio (DSCR)	-	-	-	2.07	4.31	2.28	3.88
24	Interest service coverage ratio (ISCR)	-	-	-	3.82	13.22	4.50	10.30

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

**PART II-SELECT INFORMATION**

A	PARTICULARS OF SHAREHOLDING						
	<b>1. Public shareholding</b>						
	- Number of shares	1554458774	1554458774	1677374015	1554458774	1677374015	1554458774
	- Percentage of shareholding	14.04	14.04	13.64	14.04	13.64	14.04
	<b>2. Promoters and Promoter Group Shareholding</b>						
	<b>a) Pledged/ Encumbered</b>						
	- 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>b) Non-encumbered</b>						
	- Number of shares	9516209722	9516209722	10623368758	9516209722	10623368758	9516209722
	- Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100	100	100	100	100	100
	- Percentage of shares (as a % of the total share capital of the company)	85.96	85.96	86.36	85.96	86.36	85.96

B	INVESTOR COMPLAINTS		
		Equity Shares	Debt Securities
	Pending at the beginning of the quarter	3	Nil
	Received during the quarter	723	62
	Disposed off during the quarter	722	62
	Remaining unresolved at the end of the quarter	4	Nil



STATEMENT OF STANDALONE AND CONSOLIDATED ASSETS AND LIABILITIES				
(₹ in lacs)				
PARTICULARS	STANDALONE		CONSOLIDATED	
	Year ended 31.03.2014	Year ended 31.03.2013	Year ended 31.03.2014	Year ended 31.03.2013
	Audited		Audited	
<b>A EQUITY AND LIABILITIES</b>				
<b>1 SHAREHOLDERS' FUNDS</b>				
(a) Share Capital	1,107,067	1,230,074	1,107,067	1,230,074
(b) Reserves and Surplus	1,499,698	1,553,976	1,717,530	1,749,433
<b>Sub-total - Shareholders's funds</b>	<b>2,606,765</b>	<b>2,784,050</b>	<b>2,824,597</b>	<b>2,979,507</b>
<b>2 Minority Interest</b>	-	-	306,568	289,012
<b>3 NON-CURRENT LIABILITIES</b>				
(a) Long Term Borrowings	1,858,052	1,741,752	1,930,904	1,880,590
(b) Deferred Tax Liabilities	76,667	46,069	93,439	62,409
(c) Other Long Term Liabilities	160,581	170,569	172,818	182,710
(d) Long Term Provisions	81,470	72,192	82,510	72,995
<b>Sub-total - Non-Current Liabilities</b>	<b>2,176,770</b>	<b>2,030,582</b>	<b>2,279,671</b>	<b>2,198,704</b>
<b>4 CURRENT LIABILITIES</b>				
(a) Trade Payables	20,071	17,941	22,341	18,914
(b) Other Current Liabilities	293,821	276,660	326,370	319,826
(c) Short Term Provisions	300,200	341,267	380,566	427,647
<b>Sub-total - Current Liabilities</b>	<b>614,092</b>	<b>635,868</b>	<b>729,277</b>	<b>766,387</b>
<b>TOTAL- EQUITY &amp; LIABILITIES</b>	<b>5,397,627</b>	<b>5,450,500</b>	<b>6,140,113</b>	<b>6,233,610</b>
<b>B ASSETS</b>				
<b>1 NON-CURRENT ASSETS</b>				
(a) Fixed Assets	3,873,667	3,774,900	4,451,321	4,349,915
(b) Non Current Investments	222,702	240,061	102,263	119,633
(c) Long-term loans and advances	108,969	123,874	113,585	127,622
(d) Other non-current assets	89,637	94,437	132,432	113,238
<b>Sub-total - Non-Current Assets</b>	<b>4,294,975</b>	<b>4,233,272</b>	<b>4,799,601</b>	<b>4,710,408</b>
<b>2 CURRENT ASSETS</b>				
(a) Current Investments	25,187	25,074	25,074	25,074
(b) Inventories	7,229	5,707	7,984	6,422
(c) Trade Receivables	186,377	204,905	242,243	224,005
(d) Cash & Bank equivalents	530,383	561,601	614,278	797,646
(e) Short-term Loans and Advances	209,355	209,956	273,255	245,284
(f) Other Current Assets	144,121	209,985	177,678	224,771
<b>Sub-total - Current Assets</b>	<b>1,102,652</b>	<b>1,217,228</b>	<b>1,340,512</b>	<b>1,523,202</b>
<b>TOTAL- ASSETS</b>	<b>5,397,627</b>	<b>5,450,500</b>	<b>6,140,113</b>	<b>6,233,610</b>

- 1 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	74
<b>b) Joint Venture Companies:-</b>	
(i) Chenab Valley Power Projects Pvt. Limited	49.98
(ii) National Power Exchange Limited	16.67
(ii) National High Power Test Laboratory Private	20


- 2 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 as notified under "The Companies Accounting Standard Rules 2006". The operations of the company are mainly carried out within the country and therefore Geographical Segments are not applicable.
- 3 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.
- 4 During the year ended 31.03.2014, the following projects have been put on commercial operation:  
 (i) All the four units of 132 MW (4x 33MW)Teesta Low Dam-III Power Station(TLDP-III) (2 units w.e.f 01.04.2013, 1 unit w.e.f 01.05.2013 and 1 unit w.e.f 19.05.2013);  
 (ii) All the three units of 45 MW (3X15 MW) Nimmo Bazgo HE Project w.e.f 10.10.2013;  
 (iii) All the four units of 240 MW (4X60MW) Uri-II HE Project (2 units w.e.f 11.10.2013, 1 unit w.e.f 01.12.2013 and 1 unit w.e.f 01.03.2014).  
 (iv) Three out of four units of 130 MW each totalling 390 MW of 520 MW Parbati - III HE Project (2 units w.e.f 24.03.2014 and 1 unit w.e.f 30.03.2014).
- 5 Due to cloud burst and unprecedented high flood in Uttarakhand in the early hours of June 17, 2013, water entered into Dhauliganga Power Station (280 MW) and submerged all the system resulting into stoppage of generation from the plant and damage to Generating Plant and Machinery and various ancillary structures of the power station. The Assets of the power station and Loss of Generation are covered under Mega Insurance Policy. However, loss beyond excess clause, 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. Further, Unit No. 4 & 3 of the power station has been test synchronised with the grid on 30.04.2014 and 01.05.2014 respectively. Northern Region Load Despatch Centre (NRLDC) has approved the Injection Schedule for Unit No. 4 & 3 w.e.f. 03.05.2014 & 06.05.2014 respectively. Pending final settlement, on-account payments of Rs.3,500 Lacs and Rs.9,999 Lacs have been received from the Insurance Company till date against claim for material damage and business interruption respectively.
- 6 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. Although construction activities at site are expected to be resumed shortly since the matter is being pursued at the level of Government of India, yet in line with the opinion of Expert Advisory Committee (EAC) of the Institute of Chartered Accountants of India (ICAI), the borrowing cost of Rs.₹ 76,690 Lacs (including previous year amount of ₹ 38,072 Lacs) and administration and other cost of ₹ 34,154 Lacs (including previous year figure of ₹ 12,736 Lacs) have been charged to the Statement of Profit & Loss during the year.
- 7 Construction activities at Teesta Low Dam-IV Project are progressing at a slow pace w.e.f. 20.03.2013 due to stoppage of work by one of the contractors to whom notice for recovery of the possession of site at risk & cost of contractor have been issued. Under such facts and circumstances, borrowing costs of ₹ 9,135 Lacs and administration and other cost of ₹ 6,791 Lacs have been charged to Statement of Profit & Loss during the year.
- 8 a) Sales have been recognized as per final tariff notified by Central Electricity Regulatory Commission (CERC), except for Chamera III, Chutak, TLDP-III, Nimoo-Bazgo, Uri-II & Parbati-III Power Stations. In respect of Chamera-III, Chutak, Uri-II & Nimoo-Bazgo Power Stations, sales have been recognised based on provisional tariff as notified by CERC, in respect of TLDP-III Power Station, sales have been recognised provisionally based on 85% of capital cost filed with CERC and in respect of Parbati-III Power Station, Sales have been recognised provisionally based on sanctioned capital cost.  
 b) For the purpose of recognizing sales for the current year, Return on Equity (ROE) (a component of tariff) has been grossed up using Minimum Alternate Tax (MAT) rate.  
 c) Sales include ₹ 50,280 Lacs for the current year (previous year ₹ 80,154 Lacs) which is yet to be billed.

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- d) Sales include ₹ 6,050 lacs for the current year (previous year ₹ 8,066 Lacs) on account of earlier year sales arising out of finalisation of tariff.
- e) In terms of regulation No. 39 of tariff regulation issued vide CERC notification No. L-7/145(160)/2008-CERC dated 19.01.2009, 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 sales for the current year include ₹ 11,405 Lacs (Previous Year ₹ 5,466 Lacs) on account of deferred tax which is materialized.
- f) Tariff regulation notified by CERC vide notification dated 19.01.2009 inter-alia provides that capital cost considered for fixation of tariff for current tariff period shall be subject to truing up at the end of the tariff period. To take care of any decrease in tariff, during the current year, an amount of ₹ 113 Lacs (corresponding previous year ₹ 5,660 Lacs) has been provided in the books as an abundant precaution.
- 9 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 company. Out of ₹ 4,02,570 lacs a sum of ₹ 3,47,790 lacs has been utilised up to 31.03.2014 for re-coupmnt of capital expenditure already incurred from internal accruals on the projects specified for utilisation, the unutilised amount of ₹ 50,909 lacs has been invested in bank deposits as per extant investment policy of the company and ₹ 3,871 lacs recouped for meeting IPO expenditure.
- 10 During the year, the company issued secured, redeemable, non-convertible Tax Free Bonds amounting to ₹ 1,00,000 Lacs, with varying tenors. The issue opened on 18.10.2013 and closed on 23.10.2013. The allotment was completed on 02.11.2013 and the security got listed on the stock exchanges on 07.11.2013. Issue proceeds have been utilized for the purpose mentioned in the offer document.
- 11 During the year, the company has bought back 123,00,74,277 number of fully paid up equity shares (being 10% of pre buy back equity share capital) of face value of ₹ 10 each at a price of ₹ 19.25 per equity share payable in cash for an amount aggregating to ₹ 2,36,789 Lacs. Consequently, equity share capital was reduced by ₹ 1,23,007 Lacs and Reserve & Surplus was utilised by ₹ 1,13,782 Lacs.
- 12 Statutory Auditors had given following qualification in their Audit Reports on the accounts for the year ended 31.03.2013, quarter ended 30.06.2013, half year ended 30.09.2013 and in their Limited Review Report for the nine months ended 31.12.2013:-  
Capitalisation of borrowing cost and administration & other general overheads in respect of Subansiri Lower H.E Project of the Company, where the work has been interrupted w.e.f. 16.12.2011 having net of tax impact of ₹ 42,122 Lacs, ₹ 9,667 Lacs, ₹ 19,809 Lacs and ₹ 28,789 Lacs for the year ended 31.03.2013, quarter ended 30.06.2013, half year ended 30.09.2013 and nine-months ended 31.12.2013 respectively, on the Profit of the Company.
- The above qualification has been addressed during the current year. Refer note no.6 above.
- 13 Statutory Auditors have included the following matters in Audit Reports on the accounts for the year ended 31.03.2013, quarter ended 30.06.2013, half year ended 30.09.2013 and year ended 31.03.2014 under "Emphasis of Matter Paragraph", without any qualified opinion in respect of these matters:
- (i) carry forward of cost incurred on survey & investigation of projects;
- (ii) uncertainty related to the outcome of the claims/ arbitration proceedings and lawsuit filed by/ against the Company on/ by contractors and others;
- (iii) treatment of expenditure incurred on creation of assets not within the control of the company (Enabling Assets) effects of which has not been made in the financial statements;
- (iv) damage in Dhauliganga Power Station due to floods, resulting in suspension of operations. Losses incurred including consequential losses and loss of profit is considered recoverable from the Insurers by the Management;
- (v) uncertainty about the outcome of Dibang and Bursar Projects, where expenditure incurred on Survey & Investigation is being carried over;
- (vi) reversal of excess pay drawn from the month of February and March 2014 to be recovered 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.
- The above points on which attention has been drawn by the auditors have been addressed as under:-
- (i) 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;
- (ii) 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;
- (iii) During the current year, Company has introduced a new accounting policy on the issue, by virtue of which capital expenditure incurred during construction of project 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 during construction'. However, there is no material impact on profitability of the company due to the changed accounting practice.
- (iv) Refer note no.5 above.
- (v) In respect of Dibang HE Project, the Forest Advisory Committee (FAC) of the Ministry of Environment & Forest (MoEF) in its meeting held on 29/30.04.2014 has reiterated and recommended rejection of proposal. MoEF has asked for additional information from the Company for re-consideration of the Project. Regarding Bursar Project, matter has been taken up with Ministry of Power for further taking-up the matter with Ministry of Water Resources for providing funds for preparation of DPR, considering it as a National Project.
- (vi) 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.
- 14 The audited accounts are subject to review by Comptroller and Auditor General of India under section 619(4) of the Companies Act, 1956.
- 15 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.
- 16 The original results were 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 30.05.2014.
- 17 Subsequent to the approval of accounts for the year ended 31st March 2014 by the Board of Directors on 30th May 2014, the Board of Directors in its meeting held on 07.07.2014 has recommended dividend @ ₹ 0.30 per share and accordingly the revised Results are published after giving effect to the recommendations of the Board regarding dividend.
- 18 Figures for the previous period/year have been re-grouped/re-arranged/re-cast wherever necessary.
- 19 Figures of the quarter ended 31.03.2014 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

  
(A. B. L. SRIVASTAVA)  
DIRECTOR(FINANCE)  
DIN - 01601682

Place : New Delhi  
Date : 07.07.2014



## INDEPENDENT AUDITORS' REPORT

**To the Members  
NHPC Limited**

### **Report on the Financial Statements**

We issued our audit report dated 30<sup>th</sup> May 2014 on the Financial Statements of NHPC LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information. These financial statements were revised by the Board of Directors on 7<sup>th</sup> July 2014 before circulation to members. We draw attention to note no. 29 para 28 to the financial statements which results in amendment of financial statements due to declaration of proposed dividend amounting to Rs.332.12 crore and dividend distribution tax thereon amounting to Rs.56.44 crore. Our audit procedure on subsequent events are restricted solely to the amendment of the financial statements as referred in note no. 29 para 28 to the financial statements. We report on revised Financial Statement of Accounts as under:

We have audited the accompanying financial statements of NHPC LIMITED ("the Company"), which comprise the Balance Sheet as at March 31, 2014, the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation of these 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 Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act") read with General Circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 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 control relevant to the





Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, 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.

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the Statement of Profit & Loss, of the profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

## Emphasis of Matter

We draw attention to:

- a) Note No. 7 para 1 to financial statements, which describes about the reversal of excess pay drawn from the month of February and March 2014 to be recovered 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. The confirmation of action of having implemented the directions of Competent Authority effecting recoveries w.e.f. 01.02.2014 is pending with the Ministry of Power (MoP).
- b) Note No. 11 para 2 to financial statements read with Note No. 29 paras 9 and 14, 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/ 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.





Our opinion is not qualified in respect of these matters.

### Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended by the Companies (Auditor's Report) (Amendment) Order, 2004 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required under provisions of section 227(3) of the Companies Act, 1956, we report that:
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
  - b. In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;
  - c. The Balance Sheet, Statement of Profit and Loss and Cash Flow Statement dealt with by this Report are in agreement with the books of account;
  - d. In our opinion the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 read with General Circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013;
  - e. The Department of Company Affairs, Ministry of Finance vides Notification No. F.No.8/5/2001-CL.V dated 21<sup>st</sup> October, 2003 has notified that the provisions of clause (g) of sub-section (1) of section 274 of Companies Act, 1956, shall not apply to a Government Company.
  - f. Since the Central Government has not issued any notification as to the rate at which the cess is to be paid under section 441A of the Companies Act, 1956 nor has it issued any Rules under the said section, prescribing the manner in which such cess is to be paid, no cess is due and payable by the Company.

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



(CA Bhavna Nanda)  
Partner  
M. No. 095275

Place: New Delhi  
Date: 7<sup>th</sup> day of July, 2014

For Singhi & Co.  
Chartered Accountants  
(FR No:302049E)

(CA B. L. Choraria)  
Partner  
M. No. 0022973



Page 3 of 8

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

(CA Ram Kumar Gupta)  
Partner  
M. No. 097382



For Tiwari & Associates  
Chartered Accountants  
(FR No: 002870N)

(CA Devender Magoo)  
Partner  
M. No. 085739





**Annexure 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 its fixed assets:
  - a) The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
  - b) All the fixed assets have been physically verified by the management/outside agencies during the year. In our opinion, the frequency of verification is reasonable having regard to the size of the company and nature of the 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) The Company has not disposed off substantial part of fixed assets 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 verification is reasonable.
  - b) In our opinion and according to the information and explanation given to us, the procedure of verification of stocks followed by the management are reasonable and adequate in relation to the size of the company and the nature of its business.
  - c) The company is maintaining proper records of inventories. The discrepancies noticed on physical verification of inventories have been properly dealt with in the books of account.
3. In respect of loans granted/taken to/from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956:
  - a) The company has not granted any loans, secured or unsecured, to/from companies, firms or other parties during the year covered in the register maintained under section 301 of the Companies Act, 1956. In view of this, sub clauses (b), (c) and (d) of clause (iii) are not applicable.
  - b) As per explanations & information, the Company has not taken any loans from the parties covered under the register maintained u/s 301 of the Companies Act, 1956. In view of this sub clause (e), (f) & (g) of clause (iii) are not applicable.





4. In our opinion, the internal control procedures commensurate with the size of the Company and the nature of its business with regard to the purchase of the inventory, fixed assets and sale of power & services. System audit has suggested improvements to further strengthen the system.
5. In respect of transactions with companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956:
  - a) According to the information and explanations given to us, during the year under audit there have been no contracts & arrangements entered by the company which needs to be entered in the register maintained under section 301 of the Companies Act.
  - b) In view of sub clause (a) above, the sub-clause (4) (iii) (b) is not applicable.
6. The Company has not accepted any deposits from the public within the meaning of Section 58A and 58AA of the Companies Act 1956 and the rules framed there under.
7. Company is having internal audit department/Outside agencies responsible for carrying out the Internal Audit of various sections at head office and at project offices at periodical intervals as per the approved audit plan. The internal audit system adopted by the internal audit department and the outside agency commensurate with the size and nature of the business of the company but frequency of internal audit needs to be improved.
8. The Company has maintained proper books of account relating to material, labour and items of cost incurred by it pursuant to the rule made by the Central Government for maintenance of cost records under section 209(1) (d) of the Companies Act, 1956. However, we have not made a detailed examination of these accounts with a view to determine whether they are accurate or complete.
9. In respect of statutory dues:
  - (a) According to the records of the company, undisputed statutory dues including Provident Fund, Investor Education & Protection Fund, Income Tax, Sales Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess & other material statutory dues, have generally been regularly deposited with the appropriate authorities. We are informed that the Employee's 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 the aforesaid statutory dues were in arrears, as at 31<sup>st</sup> March 2014 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 dues of Sales Tax, Income Tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, Cess which have not been deposited on account of disputes:-

(Rs. in Crores)

Name of the Statute	Nature of the Dues	Amount	Year to which it pertains	Forum
Income Tax Act, 1961	Income tax	0.07	A.Y. 2011-12	ITO(TDS),Srinagar
	Income tax	0.10	AY 2008-09 & 2009-10	Kotli Bhel 1-A
	<b>Total</b>	<b>0.17</b>		
Sales Tax Act of various states	Sales Tax	235.02	1994-95	Sales Tax Appellate Tribunal, Srinagar
	Sales Tax	48.76	1995-96	Sales Tax Appellate Tribunal, Srinagar
	Sales Tax	2.99	1996-97	Sales Tax Appellate Tribunal, Srinagar
	Sales tax	0.54	2008-09	AETC Kullu
		0.29	2009-10	
	Entry tax	0.91	2013-14	Assessing Officer, Lakhanpur
	Immovable Property tax	0.19	1991-92 to 2000-01	Dy. Commissioner, Commercial Taxes (Appeal)
VAT	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		
	<b>Total</b>	<b>290.25</b>		
Customs Act,1962	Custom Duty	0.06	1999-00	Custom Department, Mumbai
Finance Act,1994	Service tax	13.97	2010-11	Commercial Taxes Officer, Faridabad
	Service tax	0.04	2005-06 to 2008-09	Kolkata
	<b>Grand Total</b>	<b>304.49</b>		





10. The company has no accumulated losses as at the end of the financial year. The company has not incurred cash losses during the financial year covered by our audit or in the immediately preceding financial year.
11. Based on our audit procedures and according to the information and explanation given to us, we are of the opinion that the company has not defaulted in repayment of dues to financial institutions, bank or debenture holders.
12. In our opinion and according to the information and explanations given to us, no loans and advances have been granted by the company based on the security by way of pledge of shares, debentures and other securities.
13. The provisions of any special statute applicable to chit fund/ nidhi/ mutual benefit fund/ societies are not applicable to the Company.
14. In our opinion, the company is not dealing in or trading in shares, securities, debentures and other investments. Accordingly, the provisions of clause 4(xiv) of the Companies (Auditors' Report) Order, 2003 is not applicable to the company.
15. In our opinion and as per the information and explanation given to us, the company has not given guarantees for loans taken by the others from banks or financial institutions during the year.
16. As per information & explanations given to us by the management, the term loans have been applied for the purpose for which they were obtained.
17. According to the information and explanations given to us and on an overall examination of the balance sheet of the company, we are of the opinion that there are no funds raised on short-term basis that have been used for long-term investment.
18. The company has not made any preferential allotment of shares to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956 during the year.
19. Proper security has been created in respect of tax free bonds issued by the company during the year.
20. During the year the company has issued tax free, secured, redeemable, non-convertible bonds in the nature of debenture and has disclosed the end use of the same in the financial statement and the same has been utilised for the purpose stated.





21. During the 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 Bhavna Nanda)  
Partner  
M. No. 095275

For Singhi & Co.  
Chartered Accountants  
(FR No:302049E)

(CA B.L. Choraria)  
Partner  
M. No. 022973



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

(CA Ram Kumar Gupta)  
Partner  
M. No. 097382



For Tiwari & Associates  
Chartered Accountants  
(FR No: 002870N)

(CA Devender Magoo)  
Partner  
M. No. 085739



Place: New Delhi  
Date: 7<sup>th</sup> day of July, 2014



## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
NHPC Limited

### Report on the Consolidated Financial Statements

We issued our audit report dated 30<sup>th</sup> May 2014 on the Consolidated Financial Statements of NHPC Limited ("the Company") and its subsidiaries (The Group which comprise the consolidated Balance Sheet as at March 31, 2014, and the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information. These financial statements were revised by the Board of Directors on 7<sup>th</sup> July 2014 before circulation to members. We draw attention to note no. 29 para 31 to the financial statements which results in amendment of financial statements due to declaration of proposed dividend amounting to Rs.332.12 crore and dividend distribution tax thereon amounting to Rs.56.44 crore. Our audit procedure on subsequent events are restricted solely to the amendment of the financial statements as referred in note no. 29 para 31 to the financial statements. We report on revised consolidated financial statements as under: -

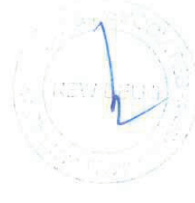
We have audited the accompanying consolidated financial statements of NHPC Limited ("the Company") and its subsidiaries (The Group), which comprise the consolidated Balance Sheet as at March 31, 2014, and the consolidated Statement of Profit and Loss and consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956 ("the Act") read with General Circular 15/2013 dated 13<sup>th</sup> September, 2013 of the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated 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 consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. 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 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 control relevant to the Company's preparation and presentation 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 the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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:

- (a) in the case of the consolidated Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- (b) in the case of the consolidated Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) In the case of the consolidated Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

## Emphasis of Matter

We draw attention to:

- a) Note No. 7 para 1 to financial statements, which describes about the reversal of excess pay drawn from the month of February and March 2014 to be recovered 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. The confirmation of action of having implemented the directions of Competent Authority effecting recoveries w.e.f. 01.02.2014 is pending with the Ministry of Power (MoP).
- b) Note No. 11 para 2 financial statements read with Note No. 29 paras 12 and 17, 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/ financial assistance with various authorities.





- c) Note No. 29 para 4 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.

Our opinion is not qualified in respect of these matters.

### Other Matter

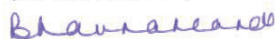
We did not audit the financial statements of the following Subsidiaries and Joint Ventures of the Company and the details of the assets, revenues and net cash flows in respect of these subsidiaries and Joint Ventures to the extent to which they are reflected in the consolidated financial statements are given below:

(Rs. in Crores)

Name	Total Assets	Total Revenue	Net Cash Flows
<b>Subsidiaries</b>			
NHDC Ltd.	7,762.53	2,115.43	(1,434.36)
Loktak Downstream Hydroelectric Power Corporation Limited	142.92	4.31	(56.81)
<b>Joint Ventures</b>			
National High Power Test Laboratory (P) Ltd.	107.17	0.00	(24.40)
National Power Exchange Ltd.	6.91	0.67	(0.86)
Chenab Valley Power Projects (P) Ltd.	512.09	11.25	42.25

These financial statements have been audited by other auditors whose reports have been furnished to us by the Management, *except for National Power Exchange Ltd. whose unaudited financial statements (as certified by the Management of NHPC Ltd.) have been consolidated.* Our opinion, in so far as it relates to the amounts included in respect of the Subsidiaries and Joint Ventures, is based solely on the reports of the other auditors and certification by Management in respect of *National Power Exchange Ltd.* Our opinion is not qualified in respect of this matter.

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



(CA Bhavna Nanda)  
Partner  
M. No. 095275

For Singhi & Co.  
Chartered Accountants  
(FR No:302049E)



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For Tiwari & Associates  
Chartered Accountants  
(FR No: 002870N)



(CA Devender Magoo)  
Partner  
M. No. 085739

Place: New Delhi  
Date: 7<sup>th</sup> day of July, 2014

