

40th Annual Report
2015-16

Annual General Meeting at 11:00 a.m. on Thursday, 22nd September, 2016
at MCF Auditorium, Faridabad, Haryana

CORPORATE VISION

To be a global leading organization for sustainable development of clean power through competent, responsible and innovative values.

CORPORATE MISSION

- * To achieve excellence in development of clean power at international standards.
- * To execute & operate projects through efficient and competent contract management and innovative R&D in environment friendly and socio-economically responsive manner.
- * To develop, nurture and empower the human capital to leverage its full potential.
- * To practice the best corporate governance and competent value based management for a strong corporate identity and showing concern for employees, customer, environment and society.
- * To adopt & innovate state-of-the-art technologies and optimize use of natural resources through effective management.



Shri K.M. Singh, Chairman and Managing Director, NHPC Limited (Centre), Shri R.S. Mina, Director (Personnel) (2nd from left), Shri Jayant Kumar, Director (Finance) (2nd from right), Shri Ratish Kumar, Director (Projects) (extreme left) and Shri Balraj Joshi, Director (Technical) (extreme right) during the Analyst Meet at Mumbai on 02.06.2016

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CONSOLIDATED

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NHPC Limited

(A Government of India Enterprise)

DIGEST OF IMPORTANT FINANCIAL DATA (STANDALONE ACCOUNTS)

(₹ in Crore)

FINANCIAL	2015-16	2014-15	2013-14	2012-13	2011-12
A SALE OF ENERGY	7,346.77	6,736.64	5,335.11	5,049.13	5,509.65
B OTHER OPERATING INCOME & REVENUE FROM CONTRACTS, PROJECT MANAGEMENT AND CONSULTANCY WORKS	87.29	65.61	201.93	257.51	409.83
C OTHER INCOME (INCLUDES EXCEPTIONAL ITEM)	919.76	861.33	1,456.95	1,232.79	871.26
D TOTAL INCOME (A)+(B)+(C)	8,353.82	7,663.58	6,993.99	6,539.43	6,790.74
E GENERATION & OTHER EXPENSES	3,187.57	2,753.72	3,177.77	1,982.63	2,038.72
F DEPRECIATION & AMORTIZATION EXPENSES	1,452.14	1,425.87	1,210.76	969.29	892.74
G FINANCE COST	1,067.37	1,179.77	1,022.40	385.38	342.24
H PROFIT BEFORE TAX AND RATE REGULATED INCOME (D-E-F-G)	2,646.74	2,304.22	1,583.06	3,202.13	3,517.04
I RATE REGULATED INCOME/EXPENDITURE	549.94	521.95	-	-	-
J PROFIT BEFORE TAX (H) + (I)	3,196.68	2,826.17	1,583.06	3,202.13	3,517.04
K TAX	756.54	701.70	604.27	853.91	745.27
L PROFIT AFTER TAX (J) - (K)	2,440.14	2,124.47	978.79	2,348.22	2,771.77
M AUTHORISED SHARE CAPITAL	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00
N PAID UP EQUITY SHARE CAPITAL	11,070.67	11,070.67	11,070.67	12,300.74	12,300.74
O RESERVE AND SURPLUS	17,681.28	17,215.72	14,996.98	15,539.76	14,052.79
P LONG TERM BORROWINGS	18,385.28	18,171.03	18,580.52	17,417.52	16,272.80
Q OTHER LONG TERM LIABILITY & LONG TERM PROVISIONS	1,644.81	2,224.12	2,420.51	2,427.61	3,139.25
R DEFERRED TAX LIABILITIES	845.68	810.44	766.67	460.69	204.04
S GROSS TANGIBLE & INTANGIBLE FIXED ASSETS	34,614.81	32,982.14	32,931.02	25,720.04	23,060.93
T DEPRECIATION (PROVISION)	11,730.96	10,286.98	8,851.48	7,680.08	6,692.61
U NET TANGIBLE & INTANGIBLE FIXED ASSETS (S) - (T)	22,883.85	22,695.16	24,079.54	18,039.96	16,368.32
V CAPITAL WORK-IN-PROGRESS	16,575.66	16,054.72	14,657.13	19,709.04	19,349.74
W INVESTMENTS (NON CURRENT)	1,596.36	1,977.75	2,227.02	2,400.61	2,499.14
X OTHER LONG TERM LOANS & ADVANCES AND OTHER NON-CURRENT ASSET INCLUDING RATE REGULATORY ASSETS	4,251.04	3,608.49	1,986.06	2,183.11	2,610.55
Y WORKING CAPITAL	4,320.81	5,155.86	4,885.60	5,813.60	5,141.87
Z GROSS CAPITAL EMPLOYED (U)+(V)+(W)+(X)+(Y)	49,627.72	49,491.98	47,835.35	48,146.32	45,969.62
AA NET WORTH (N)+(O)	28,751.95	28,286.39	26,067.65	27,840.50	26,353.53
AB DIVIDEND (INCLUDING INTERIM DIVIDEND)	1,660.60	664.27	332.12	738.04	861.05
RATIOS	2015-16	2014-15	2013-14	2012-13	2011-12
RETURN ON CAPITAL EMPLOYED [(J) + (G)]/(Z)	8.59%	8.09%	5.45%	7.45%	8.40%
RETURN ON NET WORTH (L)/(AA)	8.49%	7.51%	3.75%	8.43%	10.52%
NET PROFIT TO SALE OF ENERGY (L)/(A)	33.21%	31.54%	18.35%	46.51%	50.31%
BOOK VALUE PER SHARE (in ₹)	25.97	25.55	23.55	22.63	21.42
EARNING PER SHARE (in ₹)	2.20	1.92	0.82	1.91	2.25
DIVIDEND PER SHARE (including interim dividend) (in ₹)	1.50	0.60	0.30	0.60	0.70
DEBT EQUITY RATIO (P)/((N) + (O))	0.64	0.64	0.71	0.63	0.62
CURRENT RATIO	1.78	2.08	1.80	1.91	1.76
OPERATING PERFORMANCE	2015-16	2014-15	2013-14	2012-13	2011-12
GENERATION (M.U.)	23683	22038	18386	18923	18683
CAPACITY (IN MW)	5067	4987	4857	4050	3775
PLANT AVAILABILITY FACTOR (%)	81.6	77.3	77.7	85.3	83.3
MAN POWER (Nos.)	8654	9211	9838	10410	11036

REFERENCE INFORMATION

Registered & Corporate Office

NHPC Office Complex,
Sector-33, Faridabad,
Haryana-121003
Ph.: +91 129 2588500, +91 129 2588110
Fax : +91 129 2277941
Website: www.nhpcindia.com
CIN: L40101HR1975GOI032564

Company Secretary

Shri Vijay Gupta

Registrar & Share Transfer Agent

For Equity Shares & Tax Free Bonds:

M/s Karvy Computershare Private Limited
Karvy Selenium Tower B, Plot No. 31-32,
Gachibowli Financial District, Nanakramguda,
Hyderabad - 500 032
Ph: +91 40 67161500
Email: einward.ris@karvy.com
Website: www.karvycomputershare.com

For other Bonds:

M/s RCMC Share Registry Private Limited
B-25/1, First Floor,
Okhla Phase-II,
New Delhi-110020
Ph: 011-26387320
Email: info@rcmcdelhi.com

Shares & tax free bonds listed at

BSE Limited
National Stock Exchange of India Limited

Depositories

National Securities Depository Limited
Central Depository Services (India) Limited

Other bonds listed at

National Stock Exchange of India Limited
(Under Wholesale Debt Market Segment)

Chief Investor Relations Officer

Shri K.K. Goel, Chief (Finance)

Statutory Auditors

M/s S. N. Dhawan & Co.
Chartered Accountants,
410, Ansal Bhawan,
16, Kasturba Gandhi Marg,
New Delhi-110001

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

M/s Ray & Ray
Chartered Accountants,
Webel Bhawan, Ground Floor,
Block EP & GP, Salt Lake,
Kolkata-700091

Bankers

State Bank of India
Indian Overseas Bank
ICICI Bank Limited
Jammu & Kashmir Bank Limited
Bank of India
Axis Bank
State Bank of Patiala
State Bank of Bikaner & Jaipur
HDFC Bank
Indusind Bank
Bank of Baroda
Deutsche Bank
Bank of Bhutan



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Cost Auditors

M/s K. L. Jaisingh & Co.

J-7, Sector-XI, Jaisingh House,
Noida-201301

M/s H. Tara & Co.

A-1-B/49-B, Paschim Vihar,
New Delhi-110063

M/s V. P. Gupta & Co.

B-25, Sector-23, Noida -201301,
Uttar Pradesh

M/s SKR & Associates

D-9/177, Govind Marg, Chitrakoot Scheme, Ajmer Road,
Jaipur-302021

M/s Jugal K Puri & Associates

K-19 (GF), South Extension Part II,
New Delhi - 110049

M/s N K Jain & Associates

2D, OCS Apartments, Mayur Vihar, Phase-I,
Delhi - 110091

M/s S P Bhattacharyya & Co.

A-202, KV Vasundhara, VIP Road,
Kolkata - 700052

Secretarial Auditor

M/s Agarwal S. & Associates

119 & 127, Vardhman Star Citi Mall,
Sector-7, Dwarka, New Delhi - 110075

Debenture Trustees

7.70% O Series Bonds Axis Trustee Services Ltd.

2nd Floor, Red Fort Capital Parsvanath
Tower, Bhai Veer Singh Marg, Gole
Market, New Delhi -110 001
Ph.: +91 11 47396656
Email: debenturetrustee@axistrustee.
com

9% P Series, 9.25% Q Series, Tax Free Bonds NHPC 2013 (Series 1A, 1B, 2A, 2B, 3A and 3B) and 8.49% S1, 8.54% S2 Series, 8.50% T Series Bonds IDBI Trusteeship Services Ltd.

Asian Building, Ground Floor 17,
R. Kamani Marg Ballard Estate,
Mumbai- 400 001
Ph.: +91 22 40807000
Email: itsl@idbitrustee.com

8.70% R1, 8.85% R2, 8.78% R3 Series, 8.24% U Series, 8.17% U1 Series Bonds SBICAP Trustee Company Ltd.

Apeejay House, 6th Floor,
3, Dinshaw Wachha Road, Church Gate,
Mumbai - 400020
Ph.: +91 22 43025553
Email: helpdesk@sbicaptrustee.com

LETTER TO SHAREHOLDERS



Dear Shareowners,

It is my pleasure to present the 40th Annual Report of your Company for 2015-16, which was a challenging, yet successful year for NHPC. We grew our business and increased our profitability, which enabled us to improve our competitiveness and create value for shareholders. We continued to implement our mission driven strategy by efficiently operating the power stations, implementing the projects and continuing to invest in technology, infrastructure and talent, which are the critical inputs for the future of your Company. And each year your Company is stepping ahead and getting stronger.

The year 2015-16 saw highest ever generation of 23683 MUs by your Company. This was way ahead of 22,000 MUs committed for “Excellent” target under Memorandum of Understanding signed with Govt. of India. With the commissioning of two units of 40 MW each of Teesta Low Dam-IV H.E. Project in West Bengal during 2015-16, your Company’s total generation capacity has surpassed 5000 MW on standalone basis, which is a milestone achievement. As I write to you, we have also commissioned the third unit of the TLDP-IV and I am certain that by the time you are reading this, we would have commissioned the last unit also. The total generation capacity of your Company, as of now, stands at 5,081.2 MW. We are committed towards achieving sustained growth and high performance.

On financial front, your Company had a sterling year wherein we earned a profit of ₹ 2,440.14 Crore compared to ₹ 2,124.47 Crore in the previous year. Sales during FY 2015-16 were ₹ 7,347 Crore whereas realization, including liquidation of outstanding amount of previous years stands at ₹ 8,031 Crore.

I am pleased to inform you that the Board of Directors has recommended a final dividend of ₹ 1.50 per equity share (excluding dividend tax) which is inclusive of an interim dividend of ₹ 0.92 per equity share paid in March, 2016. The final dividend shall be paid after your approval at the forthcoming Annual General Meeting. On approval, the total dividend pay-out for the year will be 68.05% of the profit after tax.

In April, 2016, Govt. of India divested 11.36% of its holding in the company through Offer for Sale (OFS) mechanism through Stock exchange. Post OFS, Govt. of India’s shareholding in the company has come down to 74.60% from 85.96%.

It has been a constant endeavor of your Company to harness available hydro power potential in the country. At present, 3170 MW capacity is under construction by your Company. I am pleased to inform you that your Company has managed to restart the Tunnel Boring Machine at Parbati-II H.E. Project and



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has successfully traversed the shear zone where the machine was stuck. We are targeting commissioning of this project by December 2018. Construction works of Kishanganga HE Project (330 MW), Jammu & Kashmir, are in advanced stage and the project is expected to be commissioned during the current financial year. Management of your Company is in constant touch with the Central Government, State Govt. of Assam and all the stakeholders for early resumption of construction activities at Subansiri Lower H.E. Project.

Your Company has been the flag bearer of hydro power development in the country and being committed to maintaining our leadership, we are in the process of obtaining necessary clearances for five prospective projects having planned capacity of 4995 MW. Further, joint venture companies have been formed in Jammu & Kashmir and Manipur for developing hydropower. Your Company is in active dialogue with Druk Green Power Corporation Limited, Bhutan for development of Chamkharchhu-I HE project (770 MW) in Bhutan, in joint venture mode.

Your Company is exploring the business opportunities available in the wind and solar power field for benefits of the shareholders. A 50 MW wind Power Project in Jaisalmer, Rajasthan is nearing completion. Your Company has signed a MOU with Govt. of Kerala for development of 72 MW wind power project at Palakkad District in the state of Kerala and is also planning to develop a 50 MW solar power project in Tamil Nadu. Your Company in joint venture with UPNEDA is exploring opportunities for a 50 MW solar power project in Uttar Pradesh. Further, we are also gearing up for availing business opportunities in thermal sector also. The Government approval is under process for taking up Pirpainti Thermal Power Project (1,320 MW) in Bihar, through joint venture mode.

In today's business environment constant technological updation and innovation is a pre requirement for survival and growth. As such, adoption of new technology has been one of the thrust areas of your Company. During the FY 2015-16, a state of art 'Real-time Seismic Data Centre' has been established by your Company at corporate office, Faridabad. Your Company is the only hydropower company in the country to have such data centre. All eighteen power stations of your Company are connected with the centre for receiving the earthquake data on real-time basis.

The affairs of your Company are conducted in a socially responsible manner by maintaining high level of integrity and ethical behavior. Your Company has a CSR & SD policy in place and social and environmental sustainability is ensured by winning the trust and confidence of all its stakeholders by addressing social, economic and environmental issues. During FY 2015-16, your Company spent ₹ 72.68 Crore on CSR & SD activities as against the required spending of ₹ 43.28 Crore

under the Companies Act, 2013. Your Company has taken a number of initiatives in CSR activities during the year. Your Company actively participated in "Swachh Vidyalaya Abhiyaan" and constructed 7045 toilets in various parts of the country.

Your Company takes utmost care in constantly adopting and maintaining the highest standards of Corporate Governance in its business activities. Besides adhering to the provisions of listing agreement, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, your Company also follows the guidelines on Corporate Governance for CPSEs issued by Department of Public Enterprises (DPE), Government of India. Your Company has also adopted Whistle Blower Policy for reporting the instances of unethical/improper conduct.

It is a matter of great pleasure to inform that during the year industrial relations were cordial and harmonious in all Projects/Power Stations/Units of your Company.

Your Company's efforts for an all-round growth have been recognized by industry and a number of prestigious awards were conferred on your Company.

The faith reposed by you in the management of Company is an invaluable source of support and inspiration for us. We look forward to your continued and unstinted support. I would like to take this opportunity to express my gratitude to all stakeholders, business partners, customers, CERC and various Ministries of Govt. of India, especially Ministry of Power for providing valuable guidance and support in our efforts. I would also like to thank various State Government(s) for all the support they had extended to our business. I would also like to place on record my sincere appreciation to the Board of Directors for their guidance and support. I must also thank all the employees for their continuous and untiring efforts in achieving the company's objectives.

We continue to see exciting opportunities to invest for the future and do more for our communities and country as well as continue to support the growth of clean and green power. I assure you that the strategies of your Company will continue to translate into sustainable returns and gains to all stakeholders.

With best wishes,

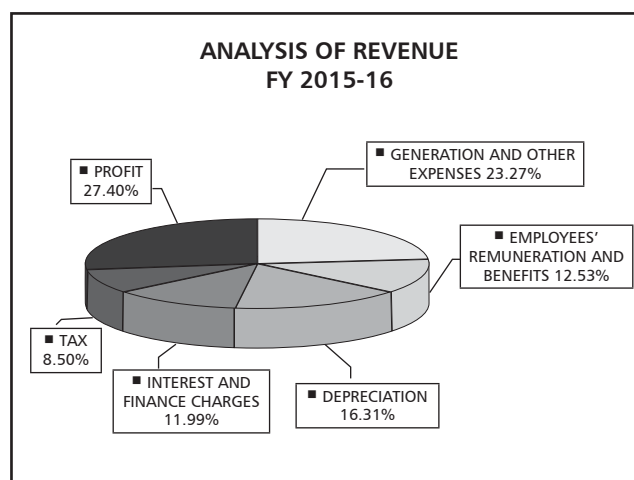
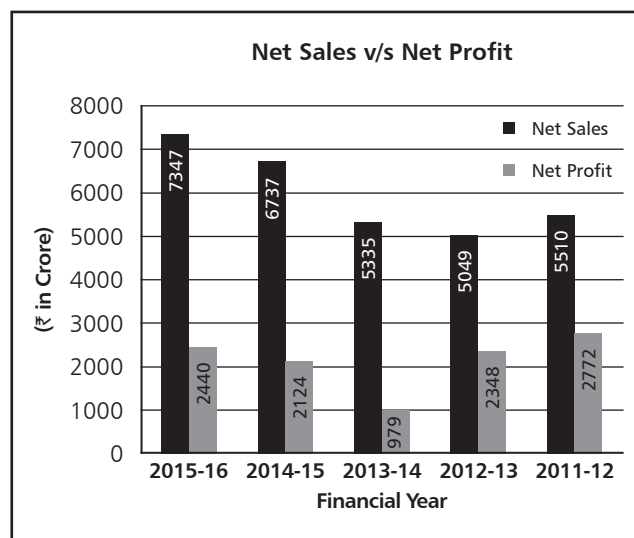
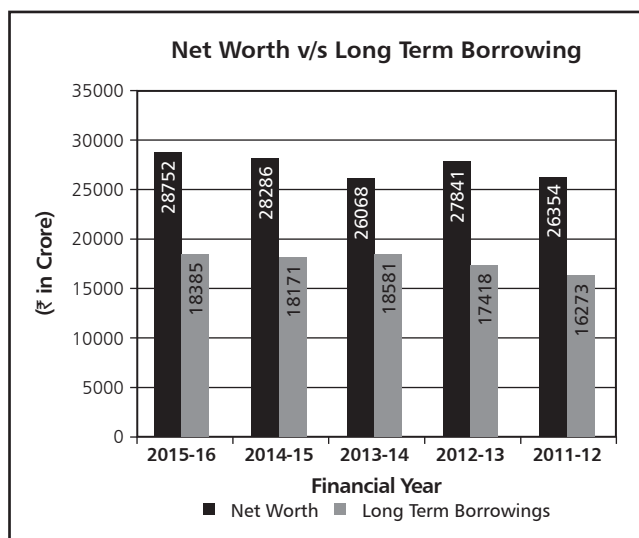
Yours sincerely,

(K.M. Singh)

Chairman and Managing Director
DIN 02223301

Date: 4th August, 2016
Place: Faridabad

NHPC's PERFORMANCE



DIRECTORS' PROFILE



Shri K.M. Singh, Chairman & Managing Director

DIN 02223301

Shri K.M. Singh (59 years) is the Chairman & Managing Director of our Company. Prior to joining NHPC Board, Shri Singh was heading NHDC- a joint venture company of NHPC and Govt. of Madhya Pradesh, as Chief Executive Director, since June 2008. Shri Singh is an Electrical Engineering graduate from Gorakhpur University, Uttar Pradesh. He began his professional career as an Executive Trainee in NHPC at Loktak Power Station in 1979.

Shri Singh has over 35 years of rich and varied experience in the field of Hydro power engineering to his credit. During his posting at various projects and Corporate Office of NHPC, he has been involved in construction, erection, testing & commissioning, quality assurance and operation and maintenance of various projects/power stations. He is well versed with all the facets of Hydro

Power Development and has been instrumental in propounding best practices in construction, quality assurance, operation and maintenance of hydroelectric plants. He has contributed immensely towards making NHPC a vibrant and energetic organization. He has been appointed on NHPC Board as CMD on 23rd September 2015.

Shri Radheshyam Mina, Director (Personnel)

DIN 00149956

Shri Radheshyam Mina (59 years) holds a bachelor's degree in Electrical Engineering from Maulana Azad College of Technology, (now known as MANIT), Bhopal and MBA degree with specialization in financial and human resource management from the Indira Gandhi National Open University (IGNOU).

In his over 35 years of experience in the power sector at technical & governance level, he has handled diverse assignments like design, engineering, construction, execution, testing and commissioning of transmission lines and hydroelectric projects. He has also headed several other divisions of NHPC Limited.

His present responsibilities include Human Resource Management, Rajbhasha, Human Resource Development, Estate Management Services Division, Legal and Corporate Communication. He has been holding additional charge of Managing Director, NHDC Limited with effect from 08.05.2013 to 05.05.2015 and again w.e.f. 09.11.2015.

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

He is a member of the Executive Board of Standing Conference of Public Enterprises (SCOPE) for the years 2013-15 and 2015-16. He joined NHPC in 1981 and he was with Power Grid Corporation of India Limited from 1991 to 1998. He rejoined NHPC in 1998 and served in the various capacities till his appointment as Director (Personnel) on 28th April 2009.

