



42nd Annual Report 2017-18

Annual General Meeting at 11:00 a.m. on Thursday,
27th September, 2018 at Jal Tarang Auditorium,
NHPC Office Complex, Sector-33, 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 Balraj Joshi, CMD (centre) and Shri M.K. Mittal, Director (Finance) (2nd from left) with other senior officers of NHPC during the Analyst Meet at Mumbai on 1st June 2018.

NHPC

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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		2017-18	2016-17	2015-16	2014-15	2013-14
A	SALE OF ENERGY	6,868.64	7,139.46	7,265.71	6,736.64	5,335.11
B	OTHER OPERATING INCOME & REVENUE FROM CONTRACTS, PROJECT MANAGEMENT AND CONSULTANCY WORKS	65.39	131.71	87.29	65.61	201.93
C	OTHER INCOME (INCLUDES EXCEPTIONAL ITEM)	1,491.00	1,457.67	992.07	861.33	1,456.95
D	TOTAL INCOME (A) + (B) + (C)	8,425.03	8,728.84	8,345.07	7,663.58	6,993.99
E	GENERATION EXPENSES	716.39	773.67	790.87	778.91	656.94
F	EMPLOYEE BENEFITS EXPENSES	1,585.33	1,574.84	1,158.36	1,149.23	1,058.67
G	DEPRECIATION & AMORTIZATION EXPENSES	1,405.89	1,388.40	1,359.07	1,425.87	1,210.76
H	FINANCE COST	922.32	1,073.22	1,072.10	1,179.77	1,022.40
I	OTHER EXPENSES	989.18	1,158.10	1,335.07	825.58	1,462.16
J	TOTAL EXPENSES (E) + (F) + (G) + (H) + (I)	5,619.11	5,968.23	5,715.47	5,359.36	5,410.93
K	PROFIT BEFORE TAX AND RATE REGULATED INCOME (D) - (J)	2,805.92	2,760.61	2,629.60	2,304.22	1,583.06
L	RATE REGULATED INCOME ON ACCOUNT OF FINANCE COST	331.39	365.32	396.22	406.83	-
M	RATE REGULATED INCOME ON ACCOUNT OF OTHERS	388.43	348.67	154.68	115.12	-
N	TOTAL RATE REGULATED INCOME (L) + (M)	719.82	713.99	550.90	521.95	-
O	PROFIT BEFORE TAX (K) + (N)	3,525.74	3,474.60	3,180.50	2,826.17	1,583.06
P	INCOME TAX EXPENSES	767.09	679.01	750.61	701.70	604.27
Q	PROFIT AFTER TAX (O) - (P)	2,758.65	2,795.59	2,429.89	2,124.47	978.79
R	OTHER COMPREHENSIVE INCOME	5.88	7.67	3.24	-	-
S	TOTAL COMPREHENSIVE INCOME (Q) + (R)	2,764.53	2,803.26	2,433.13	2,124.47	978.79
T	AUTHORISED SHARE CAPITAL	15,000.00	15,000.00	15,000.00	15,000.00	15,000.00
U	PAID UP EQUITY SHARE CAPITAL	10,259.32	10,259.32	11,070.67	11,070.67	11,070.67
V	OTHER EQUITY (RESERVE AND SURPLUS)	18,068.83	16,682.81	18,690.48	17,215.72	14,996.98
W	LONG TERM/NON-CURRENT BORROWINGS	16,728.20	17,245.64	18,181.08	18,171.03	18,580.52
X	OTHER LONG TERM LIABILITY & LONG TERM PROVISIONS	1,688.94	1,985.03	1,829.95	2,224.12	2,420.51
Y	DEFERRED TAX LIABILITIES	1,076.64	938.49	861.93	810.44	766.67
Z	NET TANGIBLE & INTANGIBLE FIXED ASSETS INCLUDING INVESTMENT PROPERTY	19,994.31	20,977.21	21,303.90	22,695.16	24,079.54
AA	CAPITAL WORK-IN-PROGRESS	18,813.96	17,350.13	16,578.71	16,054.72	14,657.13
AB	INVESTMENTS (NON-CURRENT)	2,209.56	2,100.32	1,683.01	1,977.75	2,227.02
AC	OTHER LONG TERM LOANS & ADVANCES AND OTHER NON-CURRENT ASSETS	3,882.86	3,424.21	3,645.30	1,978.10	1,986.06
AD	REGULATORY DEFERRAL ACCOUNT DEBIT BALANCES	3,600.46	2,904.32	2,181.28	1,630.39	-
AE	WORKING CAPITAL	(679.22)	355.10	5,241.91	5,155.86	4,885.60
AF	GROSS CAPITAL EMPLOYED (Z) + (AA) + (AB) + (AC) + (AD) + (AE)	47,821.93	47,111.29	50,634.11	49,491.98	47,835.35
AG	CURRENT MATURITIES OF LONG TERM BORROWINGS	1,593.91	1,678.59	1,757.14	1,665.31	1,285.97
AH	NET WORTH (U)+(V)	28,328.15	26,942.13	29,761.15	28,286.39	26,067.65
AI	DIVIDEND PAID (INCLUDING INTERIM DIVIDEND)	1,251.65	2,524.13	1,461.33	553.55	738.04
RATIOS		2017-18	2016-17	2015-16	2014-15	2013-14
RETURN ON CAPITAL EMPLOYED [(O) + (H) -(L)] / (AF)		8.61%	8.88%	7.62%	7.27%	5.45%
RETURN ON NET WORTH (Q) / (AH)		9.74%	10.38%	8.16%	7.51%	3.75%
NET PROFIT TO SALE OF ENERGY (Q) / (A)		40.16%	39.16%	33.44%	31.54%	18.35%
BOOK VALUE PER SHARE (in ₹)		27.61	26.26	26.88	25.55	23.55
EARNING PER SHARE (in ₹)		2.69	2.53	2.19	1.92	0.82
DIVIDEND PER SHARE (INTERIM+PROPOSED FOR THE YEAR) (in ₹)		1.40	1.80	1.50	0.60	0.30
DEBT EQUITY RATIO [(W)+(AG)] / (AH)		0.65	0.70	0.67	0.70	0.76
CURRENT RATIO		0.88	1.07	2.10	2.08	1.80
OPERATING PERFORMANCE		2017-18	2016-17	2015-16	2014-15	2013-14
GENERATION (M.U.)		22,975.00	23,275.00	23,683.00	22,341.00	18,542.00
CAPACITY (IN MW)		5,551.20	5,171.20	5,041.20	4,961.20	4,831.20
PLANT AVAILABILITY FACTOR (%)		85.32	83.41	81.60	77.30	77.70
MAN POWER (Nos.)		7351	8009	8654	9211	9838

Note:-1 Figures upto FY 2014-15 are IGAAP compliant and figures from FY 2015-16 are IND AS compliant.

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

Note:-3 Previous periods figures have been regrouped/rearranged wherever considered necessary.

REFERENCE INFORMATION

Registered & Corporate Office

NHPC Office Complex,
Sector-33, Faridabad,
Haryana-121 003
Ph.: +91 129 2588500, +91 129 2588110
Fax : +91 129 2278018
Website: www.nhpcindia.com
CIN: L40101HR1975GOI032564

Company Secretary

Shri Vijay Gupta

Statutory Auditors

M/s S.N. Dhawan & Co., LLP

Chartered Accountants,
410, Ansal Bhawan,
16, Kasturba Gandhi Marg,
New Delhi-110001

M/s Arora Vohra & Co.

Chartered Accountants,
Chaitanya Complex, Prem Bhawan,
Residency Road, Jammu Tawi - 180001
Jammu & Kashmir

M/s Ray & Ray

Chartered Accountants,
Webel Bhawan, Ground Floor,
Block EP & GP, Salt Lake, Sector-V,
Kolkata-700091

Cost Auditors

M/s Chandra Wadhwa & Co.

204, Krishna House, 4805/24,
Bharat Ram Road, Darya Ganj,
New Delhi-110002

M/s Balwinder & Associates

F-125, Phase VIII-B, Indl. Area,
Sector 74, Mohali, Punjab - 160071

M/s Sanjay Gupta & Associates

C4E/135, Janak Puri, New Delhi - 110058

M/s K.L. Jaisingh & Co.

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

M/s K. G. Goyal & Associates

289, Mahaveer Nagar-II,
Maharani Farms, Durgapura,
Jaipur, Rajasthan - 302018

M/s R.J. Goel & Co.

1011, Pearls Best Heights-II,
C-9, Netaji Subhash Place, Pitampura,
Delhi - 110034

M/s DGM & Associates

64, B.B.Ganguly Street, 2nd Floor,
Kolkata, West Bengal – 700012

M/s Niran & Co.

Mohit Kali Apartment, Block-A, Flat-2D,
161, Sabarnapara Road, PO - Barisha,
Kolkata, West Bengal - 700008

Secretarial Auditor

M/s P.C. Jain & Co.

Company Secretaries
2382, I Floor, Sector- 16,
Faridabad – 121002

Internal Auditor

Shri Vijay Kumar, Executive Director (Finance)

Bankers

State Bank of India
Indian Overseas Bank
ICICI Bank Limited
Jammu & Kashmir Bank Limited
Bank of India
Axis Bank
HDFC Bank
IndusInd Bank
Bank of Baroda
Deutsche Bank
Central Bank of India
Kotak Mahindra Bank
RBL Bank
IDBI Bank
Yes Bank
IDFC Bank



NHPC Limited

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Registrar & Share Transfer Agent

For Equity Shares & Tax Free Bonds:

M/s Karvy Computershare Private Limited
Karvy Selenium Tower B, Plot 31-32, Gachibowli Financial District, Nanakramguda, Hyderabad – 500 032
Ph: +91 40 67161500, 67162222
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

Chief Investor Relations Officer

Shri Anuj Kapoor, Chief (Finance)

Listing of Securities

Share & Tax Free Bonds:

BSE Limited
National Stock Exchange of India Limited

Other bonds issued on Private Placement (Under Wholesale Debt Market Segment):

'V', 'V2' and 'W' Series Bonds – BSE Limited
All other Bonds – National Stock Exchange of India Limited

Depositories

National Securities Depository Limited
Central Depository Services (India) Limited

Debenture Trustees

7.70% O Series Bonds

Axis Trustee Services Limited

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), 8.49%

IDBI Trusteeship Services Limited

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

S1, 8.54% S2 Series, 8.50% T Series Bonds, 6.84% V Series Bonds, 7.52% V2 Series Bonds, 6.91% W1 Series Bonds and 7.35% W2 Series Bonds

8.70% R1, 8.85% R2, 8.78% R3 Series, 8.24% U Series and 8.17% U1 Series Bonds

SBICAP Trustee Company Limited

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

LETTER TO SHAREHOLDERS



Dear Shareholders,

I am delighted to share with you the performance of your company during the Financial Year (FY) 2017-18 and present the 42nd Annual Report of the Company. I feel gratified to share that despite adverse and challenging conditions at sites, your company has been able to successfully commission all the three units of Kishanganga H.E. Project (3X110 MW), Jammu & Kashmir in March, 2018. The Project has been dedicated to the nation by the Hon'ble Prime Minister of India, Shri Narendra Modi in May, 2018. In addition to above, with the commencement of commercial operation of the 50 MW Solar Power Project in Tamil Nadu, your company has also forayed into the field of Solar Energy. With the commissioning of these projects, the installed capacity of your company on standalone basis has increased to 5,551 MW and on consolidated basis to 7,071 MW. I assure you that in our journey for the growth of power sector of the country, we will continue the current momentum of building capabilities for charting a higher growth path.

On financial fronts, your Company has registered a total income of ₹ 8,425.03 crore and Profit After Tax (PAT) of ₹ 2,758.65 crore in financial year 2017-18 as compared to ₹ 8,728.84 crore and ₹ 2,795.59 crore respectively in the previous year. Your company has succeeded in minimizing the corresponding impact of decrease in total income, on Profit After Tax by reduction in finance cost and other expenditures during the FY 2017-18.

Your company has generated 22,975 MUs and also achieved highest ever Plant Availability Factor (PAF) of 85.32% during FY 2017-18. Sales during FY 2017-18 were ₹ 6,934.03 crore whereas realization, including liquidation of outstanding amount of previous years and surcharge were ₹ 8,024 crore.

Your Company's management has always believed in maximizing shareholder's wealth. In furtherance of the same, the Company has already paid an interim dividend of ₹ 1.12/- per share in March, 2018 and has recommended a final dividend of Re. 0.28 per equity share for FY 2017-18, subject to your approval at the forthcoming Annual General Meeting. On approval, the total dividend payout for the FY 2017-18 will be 14% of paid up share capital and 52% of the profit after tax.

During the FY 2017-18 and till the time I am writing to you, Govt. of India had divested 0.54% and 0.29% in November, 2017 and July, 2018 respectively, totaling to 0.83% of the paid up equity share capital of the Company through Bharat 22 ETF. After the divestments, the holding of the Government of India in your Company stands reduced at 73.67% of the total paid up capital of the Company.

Presently, two projects of your company namely, Parbati-II H.E. Project and Subansiri Lower H.E. Project with total capacity of 2,800 MW are under construction. Due to acute geological conditions being faced in excavation of Head Race Tunnel (HRT) of Parbati-II H.E. Project (800 MW),



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the project has now been rescheduled for commissioning in December, 2021. Your Company is in constant touch with the Central Government, State Govt. of Assam and other stakeholders for early resumption of works at Subansiri Lower H.E. Project (2,000 MW). The project is expected to be completed in four years time from the date of resumption of works.

Your Company is in the process of obtaining clearances for six prospective projects having planned capacity of 5,795 MW. It is also envisaging hydropower projects having planned capacity of 1,934 MW through Joint ventures. Another hydro project with capacity of 66 MW is being taken up in Manipur through its subsidiary viz. Loktak Downstream Hydroelectric Corporation Limited.

Your company's forte is development of Hydro power in all its aspects. However, your Company has been making efforts to provide power from varied sources of energy and at the same time expand into new avenues of business. Moving ahead in this direction, your Company has diversified into Solar and Wind Power sector. At present, your Company has a 50 MW Wind Power project in Jaisalmer and a 50 MW Solar Power Plant at Theni / Dindigul District in Tamil Nadu. In addition to above, development of 8 MW capacity out of 72 MW (+10%) wind power project is under advanced stage of tender at Agali site, Palakkad, Kerala. Your Company (in joint venture with UPNEDA) is also in the process of executing a 32 MW solar power project in Uttar Pradesh. Further, opportunities for development of pumped storage schemes in potential rich states are also being explored.

In addition to above, your Company has obtained Inter-state Power Trading license from CERC, to undertake inter-state trading in electricity across the Country. Your Company has also taken 'trader membership' of Indian Energy exchange to undertake inter-state trading in electricity. This has created new business opportunities for your Company and with concerted efforts, we will make this venture successful.

During the year 2017-18, the procurement from MSEs was 25.56 % of the total annual procurement value. The above procurement was under 'Make in India' initiative of Govt. of India and had benefitted 562 MSEs.

NHPC's CSR & Sustainability Policy aims at facilitating long-term environmental, social and economic development of the Company and its stakeholders. During the Year, your Company implemented wide range of activities in the field of Health, Sanitation, Drinking water, Education and Skill development, capacity building, Women Empowerment, Social infrastructure development etc. The expenditure on CSR & SD activities during the Financial Year 2017-18 was ₹ 38.55 crores as against the required amount of ₹ 59.52 crore, under the Companies Act, 2013. The expenditure of requisite amount could not be made due to various reasons such as unfavorable climatic conditions in Himalayan belt and law and order problems in Jammu & Kashmir region, spillover of works and payments, which were under different stages of tendering, work award and release of final balance payments, etc. However, your company is committed to

fulfill stakeholders' aspiration and contributing to sustainable development of people, planet and the organization.

As a commitment to reduce the carbon footprints of the company in its day-to-day working, your Company has installed roof top solar power plants at various projects / power stations including corporate office with aggregate capacity of 860 KWp. Roof top solar projects with aggregate capacity of 834.7 KWp are under execution at various locations of the Company.

To maintain highest standards of Corporate Governance in business activities has always been an area of focus for your company. Besides adhering to the provisions of 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.

During the year 2017-18, your company was bestowed with various prestigious awards and accolades such as "Best Project Developer in Hydro sector for a project under construction for Kishanganga H.E. Project" at CBIP awards, "CIDC Partner in Progress Trophy 2018" at 10th Construction Industry Development Council (CIDC) Vishwakarma Awards, First prize under "Rajbhasha Kirti Puraskar" by Ministry of Home Affairs, Govt. of India for commendable work in implementation of Rajbhasha amongst the PSUs located in Region 'A' for the year 2016-17.

I would like 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 my esteemed colleagues on the Board for their continued support. Last but not the least, I thank all the employees without whose continuous and untiring efforts, none of this would have been possible.

I, on behalf of all the NHPCians affirm you that we shall be making continuous efforts to create an environmentally & socially responsive, technology & talent driven organization which works for value creation for all our stakeholders. I look forward for your continued support in all our endeavours

With best wishes,

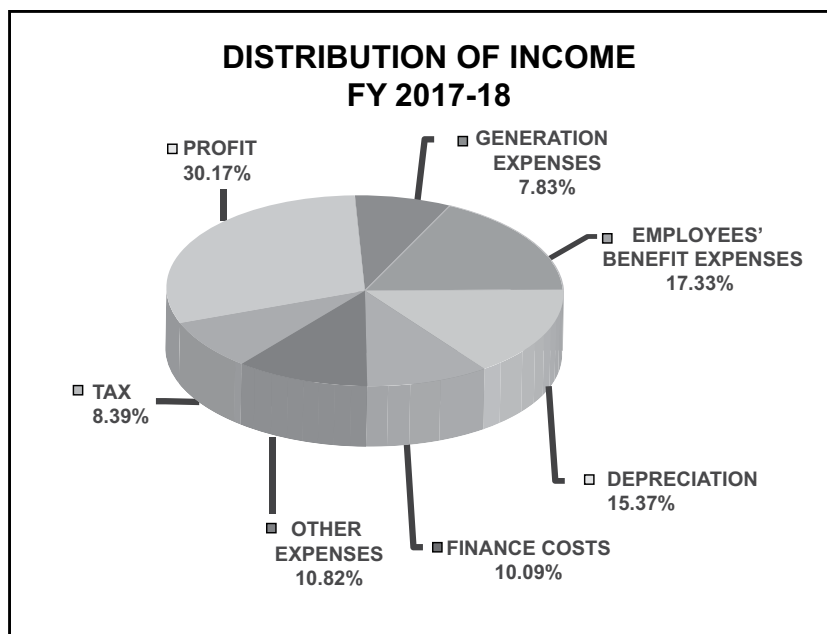
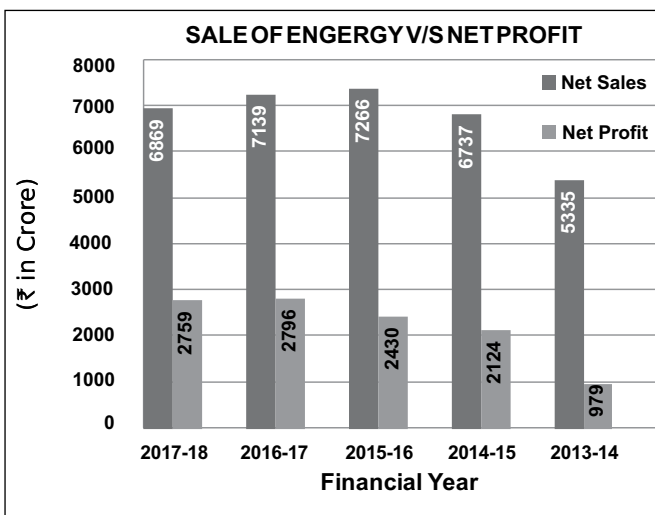
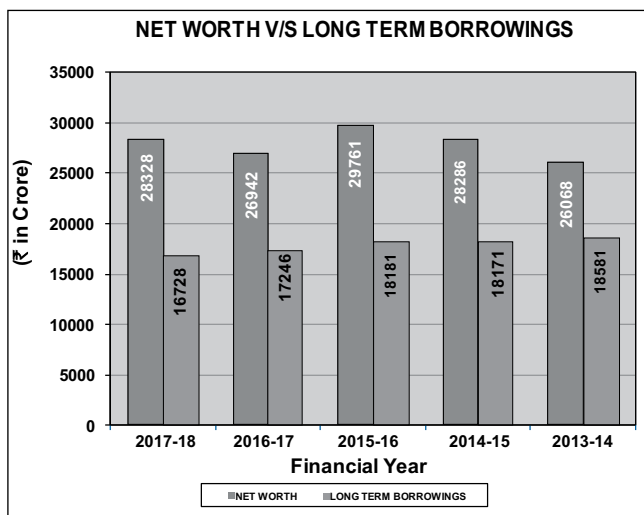
Yours sincerely,

(Balraj Joshi)

Chairman and Managing Director
DIN 07449990

Date: August 6, 2018
Place: Faridabad

NHPC's PERFORMANCE



DIRECTORS' PROFILE



Shri Balraj Joshi, Chairman and Managing Director

DIN 07449990

Shri Balraj Joshi (58 years) is the Chairman and Managing Director of NHPC and is also the chairman of Board of Directors of NHDC Limited and LDHCL.

Shri Joshi is a Civil Engineering graduate with more than 35 years of extensive experience in the field of Hydro Power development. He is well versed with all the aspects of Hydro power Development and holds a Post Graduate Qualification in Hydro Power Development and Planning from Norwegian Technical Institute. Shri Joshi commenced his professional life as a Probationary Executive in NHPC in the year 1982 at Salal HE Project. After gathering a rich field experience of about 17 years by way of working on the construction of various types of structures in Dulhasti Project, Kurichhu Project (Bhutan) & Bakreshwar Project,

he joined Design & Engineering Division in Corporate Office and has led the design work of some of the landmark projects of NHPC like Teesta-V, Teesta Low Dam-III, Teesta Low Dam- IV and Parbati-III. During his long association with NHPC, he has served the organization with notable contributions. Recognising his contribution in development of Hydro Power, Construction Industry Development Council (CIDC) has conferred Industry Doyen award on him.

He has laid emphasis on team approach with a clear focus on processes for better results. His process driven approach played a key role in getting a favourable award at the International Court of Arbitration for Kishanganga Project. He strongly believes in employee empowerment and maintains that the key for growth lies in rapid development of technical nous in the work force of the organization.

Shri Balraj Joshi joined the Board of NHPC Limited as Chairman & Managing Director on September 22, 2017.



Shri Ratish Kumar, Director (Projects)

DIN 06852735

Shri Ratish Kumar (57 years) holds B.Tech in Electrical Engineering from GB Pant University of Agriculture & Technology, Pantnagar (Uttarakhand). Shri Ratish Kumar started his professional career in NHPC Limited as Trainee Engineer in October 1982 from Baira Siul Project.

Shri Ratish Kumar has over 35 years of experience in NHPC where he climbed up the professional ladder with utmost sense of responsibility, ethics and dedication. In his present assignment as Director (Projects), Shri Ratish Kumar is in-charge of all NHPC projects which are under construction and pre-construction stages. This includes hydro as well as solar & wind renewable energy projects. He is also responsible for Joint-ventures and Consultancy Assignments being

undertaken by the Company. In addition, major functions viz. Contracts, Project Monitoring and Support Group, Cost Engineering, Business Development and Design (E&M) also come under his ambit.

Prior to joining NHPC Board, Shri Ratish Kumar served NHPC in various capacities including as the Executive Director (Design-E&M). His major contributions include construction and erection of Salal Power Station Stage-II, commissioning of major projects of NHPC, restoration of Dhauliganga and Uri-II power station, advancement of commissioning of TLDP-IV, construction of dam of Kishanganga HEP in 2016 and commissioning of 330 MW Kishanganga HEP in March, 2018. It further includes design and engineering of E&M packages of projects viz. Parbati-II, Parbati-III, Subansiri Lower HE Project, Teesta-V, Sewa-II, Chamera-III, Dhauliganga projects etc. He was also associated with various International assignments including preparation of DPR of Tamanthi & Shwezaye in Myanmar, Kuri-Gongri, Chamkharchhu & Mangdechhu in Bhutan. Shri Ratish Kumar had been a Nominee Director on the Board of National High Power Test Laboratory Private Limited w.e.f. 24-03-2014 to 08-02-2016.

Shri Ratish Kumar has excellent command in construction & erection of Hydro Power Plants, Design & Engineering of E&M equipments, Power Potential and Optimization Studies, layout engineering, preparation of detailed project report including project appraisal and cost benefit analysis for obtaining TEC from CEA. He has been an expert member in numerous National Level Publications, CBIP Manual on GIS 2013, Bus Duct 2013 and Transformer 2013 etc.

Shri Ratish Kumar joined the Board of NHPC Limited on January 6, 2016.