



## NHPC LIMITED

### Issue Details

NHPC Limited proposes to come out with an Initial Public Offer (IPO) of 1.67 billion equity shares of face value Rs.10 each through the book building route during August 2009. Subsequent to employee reservation of 41.93 million equity shares, the net issue to public will be 1.63 billion equity shares. Of the net issue, at least 60% would be reserved for Qualified Institutional Buyers (QIBs), up to 10% of the net issue will be reserved for non-institutional investors, and up to 30% of the net issue shall be reserved for retail investors. Post-IPO, the shares will be listed on the Bombay Stock Exchange (BSE) and the National Stock Exchange (NSE).

### Proposed Use of IPO Proceeds

The IPO proceeds are proposed to be used primarily to:

- To part finance the construction and development cost of the following hydro power projects:
  - 2000 MW Subhansiri Lower Project in Arunachal Pradesh
  - 240 MW Uri – II project located in Jammu and Kashmir
  - 231 MW Chamera III project located in Himachal Pradesh
  - 520 MW Parbati – III project located in Himachal Pradesh
  - 45 MW Nimmo Bazgo project located in Jammu and Kashmir
  - 44 MW Chutak project located in Jammu and Kashmir
  - 160 MW Teesta Low Dam – IV project located in West Bengal
- Fund general corporate expenditure

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### IPO Grading

ICRA has assigned an IPO Grade 3 to the proposed IPO of NHPC Limited (NHPC), indicating average fundamentals. ICRA assigns IPO gradings on a scale of IPO Grade 5 to IPO Grade 1, with Grade 5 indicating strong fundamentals and Grade 1 indicating poor fundamentals.

An ICRA IPO Grade is a symbolic representation of ICRA's current assessment of the fundamentals of the issuer concerned. The fundamental factors assessed include, *inter alia*, business and competitive position, financial position and prospects, management quality, corporate governance, and history of compliance and litigation.

**Disclaimer:** Notwithstanding anything to the contrary: An ICRA IPO grade is a statement of current opinion of ICRA and is not a statement of appropriateness of the graded security for any of the investors. Such grade is assigned with due care and caution on the basis of analysis of information and clarifications obtained from the issuer concerned and also other sources considered reliable by ICRA. However, ICRA makes no representation or warranty, express or implied as to the accuracy, authenticity, timeliness, or completeness of such information. An ICRA IPO grade is not (a) a comment on the present or future price of the security concerned (b) a certificate of statutory compliance and/or (c) a credit rating. Further, the ICRA IPO grade is not a recommendation of any kind including but not limited to recommendation to buy, sell, or deal in the securities of such issuer nor can it be considered as an authentication of any of the financial statements of the company, and ICRA shall not be liable for any losses incurred by users from any use of the grade in any manner. It is advisable that the professional assistance be taken by any prospective investor in the securities of the company including in the fields of investment banking, tax or law while making such investment. All services and information provided by ICRA are provided on an "as is" basis, without representations and warranties of any nature.

## Strengths

- Largest Hydro power generator in the country with substantial experience in design, development, execution and operation of Hydro-Electric Projects (HEP)
- Highly competitive power tariffs with average tariff for power sale at Rs 2.03/Kwh during 2008-09
- Strong operating efficiency as reflected in average Capacity Index (CI<sup>1</sup>) of 93.61% for 2008-09
- NHPC's projects are located in India's Northern and North-Eastern regions, which have favorable hydrology, thereby ensuring sufficient water availability for power generation
- Negligible operating costs and no fuel price escalation risks ensures tariff competitiveness
- High energy deficits in Northern and North-Eastern states ensure sufficient demand for power from existing power stations as well as the projects under construction, which is also reflected in Power Purchase Agreements (PPAs) entered for significant portion of capacity under construction
- Sustained improvement in billing collections as reflected in 100% collections during last 6 years
- Comfortable capital structure and ability to contract longer-tenure debt mitigates funding risks

## Concerns

- Significantly longer project execution period for hydro power project depresses the equity returns during the construction period
- Regulated tariff for all the projects limits the potential upside on equity
- Difficult terrains, climatic conditions and geological surprises has resulted in delays in some of the ongoing projects, which can possibly lead to increase in project costs and tariff from these projects
- Highly concentrated customer profile towards North and North-East based State electricity utilities, which have a relatively weak financial profile poses counter party credit risk.

## Grading Rationale

The IPO grade assigned by ICRA reflects NHPC's established position in hydro power generation business, its significant size of operating as well as under construction projects, competitive tariffs of its plants and strong operating efficiencies. The grading also factors in the healthy track record of power generation from operational projects arising out of favourable hydrology of the rivers on which these projects are located as well as the high Capacity Index of its operational plants, which enables NHPC to recover full Annual Fixed Charges (AFC<sup>2</sup>). NHPC owing to its project locations has a highly concentrated customer profile, which largely includes North and North-East based State Electricity Utilities (SEUs). While these SEUs have relatively weak financial profiles, however NHPC has been able to realise 100% of its billings in last 6 years following the implementation of the recommendation of Ahluwalia Committee. The grading is however constrained on account of significantly longer execution period of hydro power projects, during which equity investments are not entitled for any returns thereby depressing the return on equity. Subsequent to project commissioning, while regulated tariff regime for provides for stable equity returns, however it caps equity upside. Going forward, ICRA expects the NHPC's power tariffs and equity returns will continue to remain dependent upon regulatory regime. ICRA also expects that on account of significant expenditure being undertaken by NHPC towards various hydro power projects under construction, it will have significant equity outlay towards these projects, which will keep the overall equity returns lower than regulated equity returns. The grading is also constrained on account of possible time and cost overruns in under-construction projects; primarily arising out of difficult terrains, climatic conditions and geological surprises, which pose risks in terms of further delaying the earning contribution from these assets.

## Entity Profile

NHPC is the largest HEP developer in the country and was promoted by Government of India (GoI) in 1975, with an objective of developing hydroelectric and renewable power projects. The company has 13 HEP plants in operation with an installed capacity of 5,175 MW, which includes two plants with an installed capacity of 1,520 MW in its 51% owned subsidiary, Narmada Hydroelectric Development Corporation (NHDC). NHPC is currently undertaking construction of 11 HEP plants with a total installed capacity of 4,622 MW and 8 of these projects totalling 1492 MW are scheduled for completion by the year 2011-12. NHPC generated 16,582 Million Units (MUs) in 2008-09 as against 14,811 MUs in 2007-08. NHDC reported a power generation of 2,369 MUs in 2008-09 from 3,432 MUs in 2007-08. On consolidated basis, NHPC reported an Operating Income (OI) of Rs 34.94 billion and Profit After Tax (PAT - excluding minority interest) of Rs 12.44 billion in 2008-09 as against an OI of Rs 29.31 billion and PAT of Rs 12.07 billion in 2007-08.

<sup>1</sup> Capacity Index is a factor to measure the plant's power generating capability in relation to its capacity based on the water availability conditions, which should be minimum 90% for NHPC's projects

<sup>2</sup> Annual Fixed charges consists of 1) interest on loan capital, 2) Depreciation, 3) Regulated Return on Equity (presently at 15.5%), 4) Operation and Maintenance expenses, 5) Interest on Working Capital

## Promoters and Management

NHPC is promoted by Gol, and President of India acting through Ministry of Power (MoP) currently holds almost 100% equity in the company. Post the issue the equity shareholding of Gol will decline to around 86.36% and hence will continue to remain the largest shareholder in the company. The company's management include technically qualified personnel, who have significant experience in power sector and have worked in diverse business fields. The company holds 51% equity shares in NHDC and 5.28% shareholding in Power Trading Corporation (PTC). The Board of Directors of NHPC are appointed by MoP (Gol), and it will continue to have control on the appointment of directors post the issue.

## Business and competitive position

### Largest Hydro power generator in the country

NHPC is the largest Hydro power generator in the country with 13 HEP with an installed capacity of 5,175 MW. Apart from these projects, NHPC has 11 HEP under construction totalling 4,622 MW and 8 of these projects totalling 1492 MW are scheduled for completion by the year 2011-12. The company also has seven HEP totalling 6,731 MW under various stages of clearances, and nine HEP totalling 7,255 MW, which are currently under Survey and Investigation. With 5,175 MW of capacity under operation, NHPC accounts for almost 14% of the 37,000 MW of hydel generating capacity in India.

**Table 1: Past Trends on NHPC's installed capacity and gross power generation**

	2004-05	2005-06	2006-07	2007-08	2008-09
Installed Capacity (MW)	2,449	3,729	4,249	5,175	5,175
Gross Generation (Million Units)	12628	15141	15654	18243	18951

Source: Company's Annual Reports, DRHP

### Highly competitive power tariffs and strong operating efficiencies

Despite higher initial capital costs for a hydro power project, the tariff from a hydro power project is usually lower than that of a thermal power plant owing to absence of fuel requirements. Moreover these tariffs are non-inflationary as in case of thermal power projects, where fuel costs may be exposed to inflation risks. Almost all the plants of NHPC have competitive power tariff, which is reflected in NHPC's average selling price of electricity, which stood at Rs 2.03/kwh in 2008-09. Since Hydro power is the most suitable alternative for meeting peaking energy requirements, the competitiveness of tariff is even better.

NHPC has also strong operating performance as reflected in significantly higher level of CI ranging from 94% to 98% over past years, which is higher than the stipulated regulatory norm of 90% for recovery of AFC.

**Table 2: Snapshot of the operational projects of NHPC**

Power Station and State		Installed Capacity (MW)	Design Energy <sup>3</sup> (MUs)	Actual Generation 2008-09 (MUs)	Estimated Tariff 2007-08 Rs/Kwh	Capacity Index (%) 2008-09
Baira siul	Himachal Pradesh	180	779	673	0.66	93%
Loktak	Manipur	105	448	498	1.13	88%
Salal	Jammu & Kashmir	690	3082	3009	0.56	99%
Tanakpur	Uttarakhand	120	452	428	1.01	93%
Chamera I	Himachal Pradesh	540	1665	2142	1.14	98%
Uri I	Jammu & Kashmir	480	2587	3032	1.19	100%
Rangit	Sikkim	60	339	333	1.39	91%
Chamera II	Himachal Pradesh	300	1500	1372	2.19	98%
Dhuliganga I	Uttarakhand	280	1135	1117	1.55	90%
Dulhusti	Jammu & Kashmir	390	1907	2199	3.00	96%
Teesta V	Sikkim	510	2573	1887	1.62	76%
Indira Sagar	Madhya Pradesh	1000	1979	1569	2.40	98%
Omkareshwar	Madhya Pradesh	520	1167	800	2.21	99%
<b>Total</b>		<b>5175</b>	<b>19612</b>	<b>18951</b>		

Source: Company, CERC Tariff orders, ICRA estimates

<sup>3</sup> Design energy is the energy which a station can generate in a 90% dependable year for water availability.

### Limited demand risks for the proposed projects on account of high level of power deficits in Northern and North-Eastern states

Since all the NHPC's Projects (operational as well as those under-construction) are run on the river type hydel projects (except for projects in NHDC), which require perennial rivers, hence these projects are located in Northern and North-Eastern states of the country. While this poses risks arising out of geographical concentration of projects, inadequate demand from states located in these regions, however persistent power deficit faced by these regions mitigate the demand risks from these projects.

**Table 3: Past Trends in Power Deficit Levels in Northern and North-Eastern Region**

Period	Peak Deficit (MW)	Peak Deficit (%)	Energy Deficit (MU)	Energy Deficit (%)	Peak Deficit (MW)	Peak Deficit (%)	Energy Deficit (MU)	Energy Deficit (%)
	Northern Region				North-East Region			
9th Plan End	-1854	-8.0	-7973	-5.3	-105	-9.1	-80	-1.3
2002-03	-2203	-9.1	-12392	-7.9	-74	-6.1	-155	-2.4
2003-04	-1546	-6.5	-8852	-5.5	-188	-14.9	-352	-5.3
2004-05	-2709	-10.1	-16140	-9.2	-144	-11.3	-445	-6.3
2005-06	-2954	-10.5	-20183	-10.7	-193	-13.9	-646	-8.6
2006-07	-4872	-15.5	-22139	-11.0	-311	-21.1	-770	-9.9
2007-08	-2967	-9.1	-23650	-10.8	-395	-22.7	-1086	-12.3
<b>2008-09</b>	<b>-3530</b>	<b>-10.7</b>	<b>-24290</b>	<b>-10.8</b>	<b>-462</b>	<b>-25.4</b>	<b>-1273</b>	<b>-13.5</b>

Source: CEA

### Strong collections efficiency, though customer's financial profile continues to remain weak

Owing to location of NHPC projects in North and North-East Region, the SEUs located in these region accounts for over 90% of NHPC's electricity sales. Among the individual states, Uttar Pradesh (UP) accounts by the largest chunk of power sales, followed by states of Punjab, Rajasthan, Jammu and Kashmir, Delhi and Haryana among others. While the financial profile of the SEUs in these states have remained weak, thereby exposing NHPC to counterparty credit risk, however NHPC's electricity sale to these SEUs is supported by letter of credit (LC) from banks, which can be used in case of delays in payments from its customers. This is further supported by a tripartite agreement between the customer state, Reserve Bank of India (RBI) and Gol, whereby NHPC can recover the payments from the central plan assistance given to the state by Gol. As a result of these measures, NHPC, for the last few years has reported almost 100% collections against the billing to the respective states.

### Regulated tariff for all the projects caps the potential upside on equity

The tariff for all the NHPC's power stations is determined by Central Electricity Regulatory Commission (CERC) Regulations 2009 (Terms and Conditions of Tariff), which are in force for the period April 2009 to March 2014. As per the regulations, NHPC is entitled to a 15.5% Return on Equity (RoE) from the date of commercial operations of the project. As per the regulations, 70:30 is the favourable debt: equity ratio for a project and any equity in excess of 30% is treated as a notional loan and is eligible for a return equivalent to weighted average cost of debt. While NHPC has some of its operational projects, which were funded with an equity component of up to 50%, however since these projects were funded under old regulations, NHPC is eligible for a 15.5% RoE on the additional equity.

Despite a regulated return on equity of 14% during the previous regulatory period starting from 2004-05 to 2008-09, NHPC's Return on Net Worth<sup>4</sup> (RoNW) has remained significantly lower in the range of 5~7%, on account of significant blockade of equity towards projects under construction. Since any equity contribution towards projects under construction is not eligible for returns, the actual RoNW for NHPC remained significantly lower than 14% during the previous regulatory period.

### While new CERC guidelines are expected to have positive impact on NHPC's profitability, however it will pose considerable operational challenges

During January 2009, CERC has announced new tariff guidelines for Hydro Power stations. These guidelines are expected to pose operational challenges to most of the hydro power stations (including NHPC) on account of certain changes in operational norms. For hydro power generating stations, much of the costs are fixed in nature, which are classified as capacity charges or AFC, the components of AFC are as follows:

<sup>4</sup> RoNW is defined as, (Profit After Tax)/(Net worth)

**Table 4: Annual Fixed Charges for Hydro Power Projects**

	<b>Component of AFC</b>	<b>2009-14</b>	<b>2004-09</b>	<b>Remarks</b>
a	Return on Equity	15.5%	14%	Significantly Positive
b	Interest on Loan Capital	As per Actual	As per Actual	Marginally Positive
c	Depreciation	5.28%	2.57% + AAD*	Negative
d	Interest on Working Capital	Based on Normative Parameters		Marginally Negative
e	Operation & Maintenance Costs	Based on Normative Parameters		Positive

\* AAD: Advance Against Depreciation

CERC has allowed an increase in Return on Equity (RoE) and O&M expenses, which is expected to have a significant positive impact on NHPC's profitability, which will be partially offset by tightening of working capital norms and non-recovery of taxes on incentive income.

To recover these AFC, NHPC has to operate closer to the operational parameters specified by CERC, which followed the concept of CI during previous regulatory periods. Under previous regulations, a hydro power plant was in a position to declare a high CI based on its machine availability, and hence were in a position to declare a high CI irrespective of water availability and hence becoming eligible for recovery of AFC as well as incentives. As a result, these plants were protected against hydrological risks. However under new tariff regulations, the recovery of AFC is linked to the ability of the plant to generate power closer to its installed capacity for a minimum period of 3 hours a day, thereby exposing a plant to operational challenges and hydrology risk. However these concerns are mitigated to an extent from the fact that the regulator has taken in view the actual hydrology conditions for various plants for the past few years while specifying the norms.

## **New Project –Risks and prospects**

### **Significant addition to generation generating capacity from ongoing projects**

NHPC is currently undertaking construction of 11 HEP plants with a total installed capacity of 4,622 MW and 8 of these projects totalling 1492 MW are scheduled for completion by the year 2011-12. Considering its existing installed capacity of 5,175 MW, these projects will result in significant increase in NHPC's installed power capacity as well as power sales. The tariff for all these projects will be determined as per CERC's tariff regulations.

Similar to its operational projects, all these projects are located in the North and North-Eastern region of the country on account of the huge unexploited hydro power potential these regions offer because of presence of many perennial rivers. While these regions provide significant opportunities for hydro power projects, however difficult terrains, prolonged monsoons and geological surprises pose considerable project execution challenges also. Though NHPC has a track record of executing projects under similar conditions, which mitigates these concerns to an extent, however the challenges on project execution will continue to remain high.

As can be seen from the table 5, some of the NHPC's ongoing projects have a significantly higher capital cost, which will possibly lead to higher tariffs for these stations. Owing to their high project costs and strategic importance of these projects for the country, Gol has sanctioned significantly longer-tenure subordinate debt with subsidized interest cost, which is due to for repayment in later years of plants operations. This will be highly instrumental in reducing the tariff from these projects, thereby mitigating the power off take risks from these projects. Moreover NHPC has already signed Power Purchase Agreements (PPAs) for all its ongoing projects with STUs of the states where these projects are located and other STUs in Northern and North-eastern region.

**Table 5: Snapshot of NHPC's ongoing projects**

Power Station and State		Installed Capacity (MW)	Design Energy <sup>5</sup> (MUs)	Scheduled Date of Commissioning	Project Cost <sup>6</sup> (Rs Crore)	Cost/MW (Rs Crore)
Teesta Low Dam IV	West Bengal	160	720	Aug-11	1061	6.63
Teesta Low Dam III	West Bengal	132	594	Feb-11	768	6.73
Chutak	Jammu & Kashmir	44	213	Feb-11	621	14.12
Nimmo bazgo	Jammu & Kashmir	45	239	Aug-10	611	13.58
Kishan Ganga	Jammu & Kashmir	330	1350	Jan-16	3642	11.01
Sewa II	Jammu & Kashmir	120	534	Dec-09	665	5.55
Parbati II	Himachal Pradesh	800	3109	Mar-13	3920	4.90
Parbati III	Himachal Pradesh	520	1977	Nov-10	2305	4.43
Chamera III	Himachal Pradesh	231	1108	Aug-10	1406	6.08
URI II	Jammu & Kashmir	240	1124	Feb-11	1725	7.19
Subansiri Lower	Arunachal Pradesh	2000	7422	Dec-12	6285	3.14
<b>Total</b>		<b>4622</b>	<b>18389</b>		<b>23010</b>	

Source: Company's DRHP, ICRA estimates

### Longer gestation period for these projects is expected to depress equity returns

While the above ongoing projects will result in significant increase in power sales volume, however since most of these projects are scheduled to become operational from 2010-11 onwards, the contribution of these projects towards earning growth in the near-term is expected to be minimal. NHPC will also continue to incur significant capital expenditure towards projects under construction stage as well as projects which are proposed to be taken up for execution. While this will provide future earnings growth, however a significant portion of NHPC's equity will continue to remain blocked on which it will not generate any return till the commissioning of project. Though this is true for any infrastructure assets, however significantly longer project execution period ranging from four to seven years depresses the equity returns substantially, which is also reflected in NHPC's RONW of 5% ~ 7% during past few years.

### Any delays in these projects can possibly lead to cost overruns thereby adversely impacting tariff competitiveness

The cost of the projects undertaken by NHPC is approved by Gol, and is awarded by NHPC to various contractors on competitive bidding basis. These construction contracts include "price variation" as well as "force majeure" clauses and hence the project cost can escalate for the reasons which may be unforeseeable. Any escalations in the project cost is initially incurred by NHPC and has to be subsequently approved by Gol so as to consider these escalations as a part of revised project cost; this revised cost is later considered by CERC for determining tariff for the station. If these project costs are not approved by Gol, NHPC has to bear these cost escalations, while any upward revision in the project costs results in an increase in tariff for the power station.

<sup>5</sup> Design energy is the energy which a station can generate in a 90% dependable year.

<sup>6</sup> As approved by Cabinet committee on Economic Affairs (CCEA)

## Financial position

### Commissioning of new projects has resulted in significant growth in income and profits; however return on equity continues to remain low

During the last 5 years, NHPC commissioned six of its 13 operational projects, i.e. Chamera II, Dhuliganga I, Dulhasti, Indira Sagar, Teesta V and Omkareshwar; thereby resulting in significant growth in electricity sales volume, Operating Income (OI) and Profit after Taxes (PAT). As a result, the OI and PAT increased to Rs 34.94 billion and Rs 12.44 billion in 2008-09 respectively as against an OI of Rs 17.08 billion and PAT of Rs 6.58 billion in 2004-05.

However despite a significant growth in PAT, the growth in Earning per Share (EPS) remained comparatively lower, on account of increased equity base. Other return indicators like RoNW and Return on Capital Employed<sup>7</sup> (RoCE) also remained low at around 6.58% and 10.18% respectively during 2008-09. While a lower RoNW can be attributed to significant blockade of equity in Capital Work in Progress (CWIP), a decline in RoCE can be attributed to the fact that the projects which were recently commissioned were commissioned towards the end of the financial year, hence their contribution to the earnings was minimal.

**Table 6: Profitability & Earnings**

Rs in Billion	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06	31-Mar-05
Operating Income	34.94	29.31	22.69	20.54	17.08
OPBDIT	24.04	22.95	17.86	15.26	11.91
OPBDIT / OI (%)	69%	78%	79%	74%	70%
PAT	12.44	12.07	10.49	8.65	6.58
PAT / OI (%)	36%	41%	46%	42%	39%
ROCE (%)	10.18%	12.05%	12.84%	11.21%	18.81%
RONW (%)	6.58%	6.62%	6.29%	5.64%	4.66%
EPS (Rs)	1.08	1.04	0.97	0.85	0.70

OPBDIT: Operating Profit before Depreciation, Interest and Tax

### Financial Leverage: Capital structure remains comfortable

The absolute debt levels of NHPC have increased significantly over past years on account of significant capital expenditure undertaken by the company towards the recently commissioned projects as well as the increase in project under execution. NHPC has been funding its projects in a debt: equity of 70:30, which is the favourable capital structure as per the CERC norms. Despite increased debt levels, the capital structure of NHPC has remained comfortable on account of significant accruals from operating projects as well as equity support from Gol till 2005-06. While NHPC is unlikely to receive similar equity contribution from Gol in future, however ICRA expects NHPC's accruals coupled with proceeds from the proposed IPO to suffice the equity contributions for the ongoing projects, thereby mitigating funding risks to a large extent.

**Table 7: Capital Structure**

Rs in Billion	31-Mar-09	31-Mar-08	31-Mar-07	31-Mar-06	31-Mar-05
Total Debt	1.49	1.29	1.05	0.95	0.91
Net Worth	1.84	1.75	1.67	1.53	1.41
Total Debt / Net Worth (time)	0.81	0.73	0.63	0.62	0.65

### Contingent Liabilities

The company has not provided for the following contingent liabilities as on March 2009

- Claims against the company not acknowledged as debt in respect of capital works : Rs 40.59 billion
- Claims against the company for land compensation cases : Rs 18.39 billion
- Claims against the company on account of disputed tax demands: Rs 20.62 billion
- Other claims against the company: Rs 4.11 billion

<sup>7</sup> RoCE is defined as, (Profit before Interest and Taxes)/(Total Debt + Net Worth – Capital Work in Progress)

## Corporate Governance

The company has a board constituted in compliance with the Companies Act. In compliance with the listing requirements of Clause 49 of the Listing Agreement, the company has ten Board of Directors including six independent directors which are nominated by GoI through MoP. Since GoI will continue to remain the majority shareholder subsequent to the proposed equity issue, GoI will continue to have the power to elect and remove the company's directors. The company has also constituted Audit committee and Shareholders' Grievances Committee as per the mandatory requirements of Listing Agreement; however, since the remuneration of the Directors is fixed by GoI, the company has not constituted the Remuneration committee, which is a recommendatory clause as per Listing Agreement.

## Compliance and Litigation History

### Accounting Quality

NHPC has restated its past accounts in its prospectus for the qualifications made by the auditors, which had a financial impact over the profitability of the company.

### Litigation History: Key litigations

While the company is involved in a large number of litigations, however, the amount involved for most of them is small in relation to the size and net worth of the company.

#### **Key Litigations against NHPC and NHDC**

- The company is involved in four criminal liabilities, with the financial implication of Rs 5.9 million
- There are various petitions filed against the company in public interest, which are pending before Supreme Court and High Court of Madhya Pradesh, and the financial liability of which is not quantified
- There are nine environmental litigations against the company in relation to its completed and ongoing projects, the financial liability of which is not quantified
- There are 81 arbitration proceedings filed against NHPC and 8 arbitration proceedings filed against NHDC, largely filed by various construction companies. The aggregate value of claims filed by these companies is Rs 12.56 billion, USD<sup>8</sup> 0.6 million, Euro 2.3 million and CAD<sup>9</sup> 15 million plus interest
- There are 146 civil cases filed against NHPC and 9 civil cases filed against NHDC by various entities including construction contractors, and the aggregate value of the claims amounts to Rs 698 million, plus interest
- There are around 416 land-related litigations against NHPC and 10,939 land-related litigations against NHDC, the aggregate value of claims filed against both these companies is Rs 19.25 billion
- Apart from above, some labour-related legal proceedings and motor accident claims are also filed against the company.

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<sup>8</sup> USD = United States Dollar

<sup>9</sup> CAD = Canadian Dollar



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