



Chairman's *Statement*



39th Annual General Meeting

Dear Shareholders,

It gives me great pleasure to welcome you in the 39th Annual General Meeting of your Company. I convey my sincere thanks to you for making it convenient to attend this AGM.

The Directors' Report, Audited Financial Statements (including Consolidated Financial Statements) along with Auditors' Report thereon for the financial year 2014-15 have already been circulated to you and with your kind permission, I take the aforesaid reports as read.

Performance Highlights

The year gone by was a good year for your Company. Some of the highlights which I would like to recount are:

- Profits increased to ₹ 2124.47 crores against that of ₹ 978.79 crores last year.
- Sales realization stood at ₹ 5883.32 crore.
- Power generation increased to 22038 MUs (highest ever annual generation).
- Plant Availability Factor of 77.3% against the target of 76.4% for excellent rating under MoU with Ministry of Power, Govt. of India.
- Company added 130 MW capacity during the year with the commencement of commercial operation of Unit-IV of Parbati-III Power Station.
- Work at the stalled 160 MW Teesta Low Dam-IV Project was restarted and the project is now poised for commissioning of 2 out of its 4 units in the last quarter of 2015-16. Remaining 2 units will be commissioned by June 2016.
- Formation of Subsidiary Company Bundelkhand Saur Urja Limited to implement 50 MW Solar Power Project in Uttar Pradesh.

Your Company achieved its highest ever generation in spite of the fact that Uri-II Power Station (240 MW) was under complete shutdown since 20.11.2014 due to major fire incident. I am pleased to inform that Uri-II Power Station has now been restored.

Your Company is making continuous efforts to restart Subansiri Lower H.E. Project (2000 MW) where works are at standstill since 16.12.2011 due to agitation by various pressure groups of Assam. Ministry of Power has constituted a Project Oversight Committee (POC) to resolve the various issues. Eight rounds of POC meeting have been held so far and its report is expected shortly. Your Company is actively engaging all the stakeholders for early resumption of the construction activities.

I am pleased to inform that your Company signed an agreement with Government of West Bengal and West Bengal State Electricity Distribution Company Ltd. for development of four hydroelectric projects of total estimated capacity of 293 MW in Teesta basin. These projects shall be developed on Build, Own, Operate and Maintain (BOOM) basis.

Dividend

Board of Directors has recommended a dividend of ₹ 0.60 per equity share (excluding dividend tax) for the year 2014-15. The above amount is inclusive of an interim dividend of ₹ 0.20 per equity share paid in February, 2015. The total dividend payout will be ₹ 664.27 crores which is 31.27% of the profit after tax.

Corporate Governance

Your company has established a sound framework of Corporate Governance which underlines commitment to quality of governance, transparency, timely disclosures, consistent stakeholders' value enhancement and Corporate Social Responsibility. As a listed Public Sector Enterprise, your Company has been complying with the requirements of Corporate Governance as stipulated in the Listing Agreements and also with the guidelines on Corporate Governance issued by the Department of Public Enterprises, Government of India. The Company has developed a robust framework for ensuring transparency and fairness to all, especially minority shareholders.

Corporate Social Responsibility and Sustainability

Your Company has put special attention to social issues of health, safety, environment and education of the marginal sections of society. During the year, your Company spent ₹ 52.24 crores on Corporate Social Responsibility and Sustainable Development activities. Your Company actively participated in Prime Minister's call for promoting cleanliness and hygiene among school children under "Swachh Vidyalaya Abhiyaan".

Outlook

We are at critical juncture in our history as we endeavor to sustain growth momentum and engineer new growth avenues. We shall be continuing our efforts for diversification into Thermal, Wind and Solar Power.

Presently, four hydroelectric projects which will have installed capacity of 3,290 MW are in construction stage. One 50 MW wind power project is under construction in Jaisalmer, Rajasthan. One 50 MW solar power project is under implementation through JV in UP. I am happy to share with you that as part of Company's expansion program, five hydroelectric projects with installed capacity of 5,115 MW are under various stages of investment approval by Govt. of India. In addition, three hydroelectric projects in Jammu & Kashmir (2120 MW) and one hydroelectric project of 66 MW and 770 MW in Manipur and Bhutan respectively are envisaged to be executed through Joint Venture Companies.

Acknowledgements

I am thankful for the unstinted support and valuable guidance from Ministry of Power, Government of India. I also acknowledge the support and encouragement of the stakeholders of NHPC, which include inter alia, Ministries, Authorities and Agencies of the Union Government, the State Governments, esteemed shareholders and our respectable customers. I would also like to convey my sincere appreciation to NHPC employees for their dedication and hard work.

Finally, on behalf of the Board of Directors, I once again convey my earnest thanks for your continued support and trust in us. It serves well to motivate us for excelling in our pursuits and to strive constantly for creating value for you and your company. I look forward to your continued support in our future endeavors.

Yours sincerely,



(R.S.T. Sai)

Chairman & Managing Director
DIN 00171920

Place: Faridabad

Date: 23rd September, 2015