JUNE 28, 2016

CARE ASSIGNS 'CARE AAA' TO THE PROPOSED BOND ISSUE OF NHPC LTD;

REAFFIRMS RATING TO ITS OUTSTANDING BONDS

Ratings

Facilities	Amount (Rs. crore)	Ratings[1]	Remarks
Proposed Long term bonds (U Series)	900.00	**CARE AAA (Triple A)**	Assigned
Long –term bonds (T series)	1474.92 (reduced from1475)	**CARE AAA (Triple A)**	Reaffirmed
Long-term bonds (Q series)	1160.50 (reduced from 1,266)	**CARE AAA (Triple A)**	Reaffirmed
Long-term bonds (O series)	114.00 (reduced from 171)	**CARE AAA (Triple A)**	Reaffirmed
Tax Free bonds	1000.00	**CARE AAA (Triple A)**	Reaffirmed
Long term bonds (S Series)	988.50 (reduced from1025)	**CARE AAA (Triple A)**	Reaffirmed
Total Facilities	**5637.92 (Rupees Five Thousand Six Hundred and Thirty Seven Crore and Ninety Two Lacs only)**		

Rating Rationale

The rating continues to take into account the majority ownership by the Government of India (GoI) in NHPC Limited (NHPC), the company's established position as India's largest hydro power producer with geographical diversity of sales and healthy operational efficiency of its power stations. Furthermore, the ratings favorably consider NHPC's comfortable capital structure and comfortable liquidity position backed by healthy cash and bank balance, its consistent financial performance and strong earnings protection attributable to long-term power selling arrangements with regulated return on equity. The ratings also take cognizance of the risks associated with implementation of the ongoing projects and the weak credit profile of the company's power off-takers.

Going forward, completion of the ongoing capex plans within the time and cost estimates while maintaining its capital structure and timely collection from its off-takers shall be the key rating sensitivities.

Background

NHPC Limited, a 'Miniratna' and Government of India (GoI) enterprise, was incorporated in 1975 with an objective to plan, promote and organize an integrated and efficient development of hydroelectric power in the country. The company is the largest hydro power generating company in the country with a total aggregate installed capacity of 5,067MW as on March 31, 2016. The total installed capacity including capacity of its subsidiary NHDC Ltd (1520 MW) stood at 6,587MW representing nearly 16% of aggregate hydro power capacity of India which stood at 42,783 MW as on March 31, 2016. NHPC currently operates 19 hydropower

[1] *Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications*

stations in the country with a single largest capacity of 690 MW in J&K. The company has consistently been rated 'Excellent'/'Very Good' as per MOU with the Ministry of Power for achieving the power generation targets.

During FY16 (refers to the period April 1 to March 31), NHPC had achieved PBILDT and PAT of Rs.5,538 crore and Rs.2,440 crore respectively on a total operating income of Rs.8,804 crore.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

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CIN - L67190MH1993PLC071691