July 15, 2015

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

REAFFIRMS RATING TO ITS OUTSTANDING BONDS

Ratings

Instruments	Amount (Rs. crore)	Ratings1	Remarks
Proposed Long-Term Bonds (T-Series)	1,475	CARE AAA (Triple A)	Assigned
Long-term Bonds (Q-Series)	1,266	CARE AAA (Triple A)	Reaffirmed
Tax-free Bonds	1,000	CARE AAA (Triple A)	Reaffirmed
Long-term Bonds (S-Series)	1,025	CARE AAA (Triple A)	Reaffirmed
Total Facilities	**4,766**		

Rating Rationale

The rating of NHPC continues to derive strength from its majority ownership by the Government of India (GoI), NHPC's established position as India's largest hydro power producer with geographical diversity of sales, and healthy operational efficiency of its power stations. The rating also favorably factors in NHPC's consistent financial performance and strong earnings protection attributable to long-term power selling arrangements with regulated return on equity, its comfortable capital structure and healthy liquidity position. 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 and its ability to achieve timely collection of dues 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 4,987MW as on March 31, 2015. The total installed capacity including capacity of its subsidiary NHDC Ltd (1520 MW) (rated CARE AAA) stood at 6,507MW representing nearly 16% of aggregate hydro power capacity of India which stood at 41,267 MW as on March 31, 2015. NHPC (standalone) currently operates 18 hydropower stations in country with 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 FY15 (refers to the period April 1 to March 31), NHPC had achieved PBILDT and PAT of Rs.5,201 crore and Rs.2,124 crore respectively on a total operating income of Rs.8,070 crore.

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

****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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