

AUGUST 31, 2015

CARE ASSIGNS 'CARE AAA' TO THE OUTSTANDING LONG TERM BONDS (O-SERIES) OF NHPC LTD.

Ratings

Instrument	Amount (Rs. crore)	Ratings ¹	Remarks
Outstanding Long Term Bonds	171	CARE AAA (Triple A)	Assigned
Total	171		

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 the 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 the 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 Q1FY16 (refers to the period April 1 to June 30), NHPC had reported PBILDT and PAT of Rs.1,599 crore and Rs.767 crore respectively on a total operating income of Rs.2,219 crore as against the PBILDT and PAT of Rs.1,480 crore and 616 crore respectively on a total operating income of Rs.2,218 crore during Q1FY15.

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

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

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In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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CIN - L67190MH1993PLC071691