



**एनएचपीसी लिमिटेड**

(भारत सरकार का उद्यम)

**NHPC Limited**

(A Government of India Enterprise)

संदर्भ सं./Ref. No. NH/CS/199

फोन/Phone : \_\_\_\_\_

दिनांक/Date : 09.02.2017

To,  
The General Manager- Market Operations  
BSE Limited  
Phiroze Jeejeebhoy Towers,  
Dalal Street Fort,  
Mumbai, Maharashtra- 400001

महा प्रबंधक, (Market Operations)  
बीएसई लिमिटेड  
पि.जे. टावर, दलाल स्ट्रीट,  
मुंबई, महाराष्ट्र - 400 001  
Scrip Code: 533098

To,  
The General Manager- Listing Department  
National Stock Exchange of India Limited  
Exchange Plaza, 5<sup>th</sup> Floor, Plot No. C-1,  
Block G, Bandra Kurla Complex, Bandra (East)  
Mumbai, Maharashtra- 400051

महाप्रबंधक, लिस्टिंग विभाग,  
नेशनल स्टॉक एक्सचेंज ऑफ इंडिया लिमिटेड  
एक्सचेंज प्लाजा, 5<sup>th</sup> फ्लोर, प्लॉट नंबर- सी-1, ब्लॉक जी, बांद्रा  
कुर्ला कॉम्प्लेक्स, बांद्रा (ई),  
मुंबई, महाराष्ट्र- 400 051  
Scrip Code: NHPC EQ

ISIN No. INE848E01016

Sub: Regulation 8(1) of SEBI (Buy Back of Securities) Regulations, 1998- Public Announcement.

विषय: नियमन 8 (1) सेबी (भारतीय प्रतिभूति की खरीदें वापस) विनियम, 1998- सार्वजनिक घोषणा संदर्भ में।

Sir/महोदय,

Further to our intimation dated February 08, 2017, where the company has informed that the Board of Directors of the Company have approved the proposal to Buyback fully paid up equity shares of the Company from the existing shareholders on a proportionate basis through the tender offer process, please find the attached a copy of the Public Announcement dated February 8, 2017, published in the newspapers, namely, Economic Times(English National Daily) and Navbharat Times (Hindi and Regional National Daily) on February 9, 2017, pursuant to Regulation 8(1) of the Securities and Exchange of India (Buy Back of Securities) Regulations, 1998 ("Buyback Regulations"), containing the disclosures as specified in Part A of Schedule II of the Buyback Regulations(Annexure – I).

The brief details about the Buyback offer are set as under:

|                         |                                                                                                                                                       |
|-------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------|
| Number of Equity shares | 81,13,47,977 (Eighty One Crore Thirteen Lakh Forty Seven Thousand Nine Hundred and Seventy Seven)                                                     |
| Buyback Price           | ₹32.25 (Rupees Thirty Two and Twenty Five Paise) per Equity Share                                                                                     |
| Buyback Size            | ₹2616,59,72,258.25 (Rupees Two Thousand Six Hundred Sixteen Crore Fifty Nine Lakh Seventy Two Thousand Two Hundred Fifty Eight and Twenty Five Paise) |
| Record Date             | February 20, 2017                                                                                                                                     |

We request you to take the above information on record.

धन्यवाद,

भवदीय,  
  
(विजय गुप्ता)  
कंपनी सचिव

पंजीकृत कार्यालय : एन एच पी सी ऑफिस कॉम्प्लेक्स, सैक्टर-33, फरीदाबाद – 121003, हरियाणा

Regd. Office : NHPC Office Complex, Sector-33, Faridabad - 121 003, Haryana

CIN : L40101HR1975GOI032564; Website : www.nhpcindia.com; E-mail :

webmaster@nhpc.nic.in; Fax : 0129-2277941; EPABX No. : 0129-2588110/2588500





# NHPC Limited

(A Government of India Enterprise)

CIN: L40101HR1975GOI032564

Registered Office: NHPC Office Complex, Sector - 33, Faridabad 121 003, Haryana, India

Tel.: +91 (129) 225 4684, +91 (129) 227 8018, Fax: +91 (129) 225 8834, E-mail: companysecretary@nhpc.nic.in, Website: www.nhpcindia.com

## PUBLIC ANNOUNCEMENT FOR THE ATTENTION OF EQUITY SHAREHOLDERS/ BENEFICIAL OWNERS OF EQUITY SHARES OF NHPC LIMITED FOR BUYBACK OF EQUITY SHARES THROUGH TENDER OFFER ROUTE UNDER THE SECURITIES AND EXCHANGE BOARD OF INDIA (BUY BACK OF SECURITIES) REGULATIONS, 1998, AS AMENDED

This Public Announcement (the "Public Announcement") is being made pursuant to the provisions of Regulation 8(1) of the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 1998, as amended (the "Buyback Regulations") for the time being in force including any statutory modifications and amendments from time to time and contains the disclosures as specified in Part A of Schedule II to the Buyback Regulations.

**OFFER TO BUYBACK ₹ 13,47,977 (EIGHTY ONE CRORE THIRTEEN LAKH FORTY SEVEN THOUSAND NINE HUNDRED AND SEVENTY SEVEN) FULLY PAID UP EQUITY SHARES OF THE COMPANY OF FACE VALUE OF ₹ 10 EACH AT A PRICE OF ₹ 32.25 (RUPEES THIRTY TWO AND TWENTY FIVE PAISE) PER FULLY PAID UP EQUITY SHARE ON A PROPORTIONATE BASIS THROUGH THE TENDER OFFER PROCESS**

### 1. DETAILS OF THE BUYBACK OFFER AND OFFER PRICE

1.1 The Board of Directors ("Board") of NHPC Limited ("NHPC" or the "Company") at their meeting held on Tuesday, February 7, 2017 ("Board Meeting"), pursuant to the provisions contained in the Article 16A of the Articles of Association of the Company, Sections 68, 69, 70 and all other applicable provisions if any, of the Companies Act, 2013, as amended from time to time (the "Companies Act"), the Companies (Share Capital and Debentures) Rules, 2014 (the "Share Capital Rules"), the Companies (Management and Administration) Rules, 2014, (the "Management Rules") including any statutory modification or re-enactment thereof for the time being in force and the provisions contained in the Buyback Regulations, approved the buyback (the "Buyback") of 81,13,47,977 (Eighty One Crore Thirteen Lakh Forty Seven Thousand Nine Hundred and Seventy Seven) fully paid-up equity shares of face value ₹ 10 each ("Shares" or "Equity Shares") from all the eligible shareholders/ beneficial owners of Equity Shares of the Company as on the record date (i.e. Monday, February 20, 2017) ("Eligible Shareholders") of the Company, on a proportionate basis, through the "Tender Offer" route, at a price of ₹ 32.25 per Equity Share ("Buyback Offer Price") payable in cash, for an aggregate consideration of ₹ 2616,59,72,258.25 (Rupees Two Thousand Six Hundred Sixteen Crore Fifty Nine Lakh Seventy Two Thousand Two Hundred Fifty Eight & Twenty Five Paise) (the "Buyback Offer Size").

The Buyback is subject to such other approvals as may be necessary, from time to time from statutory authorities including but not limited to Securities and Exchange Board of India ("SEBI"), BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE"). BSE and NSE together referred as "Stock Exchanges", where the Equity Shares of the Company are listed. The Buyback Offer Size is not exceeding 10% of the aggregate of the Equity Shares bought back through the Buyback to the Capital Redemption Reserve Account and the details of such transfer shall be disclosed in its subsequent audited balance sheet. The Company confirms that as required under Section 68(2) (d) of the Companies Act, the ratio of the aggregate of secured and unsecured debts owed by the Company shall not be more than twice the fully paid-up share capital and free reserves after the Buyback.

The Buyback Offer Price of ₹ 32.25 (Rupees Thirty Two and Twenty Five Paise) per Equity Share has been arrived at after considering various factors such as the volume weighted average price of the Equity Shares on the Stock Exchanges, the net-worth of the Company and the impact of the Buyback on the key financial ratios of the Company. The Buyback Offer Price represents (i) a premium of 20.79% and 20.74% over the volume weighted average prices of the Equity Shares on BSE and NSE, respectively, during the six months period prior to February 2, 2017 (i.e. the date of intimation to the Stock Exchanges regarding the Board Meeting); and (ii) a premium of 13.86% and 13.84% over the volume weighted average prices of the Equity Shares on the BSE and NSE, respectively, for two weeks prior to February 2, 2017 (i.e. the date of intimation to the Stock Exchanges regarding the convening of the Board Meeting). The closing price of the equity shares on February 7, 2017, being the date of meeting of the Board of Directors approving the buy-back, was ₹ 31.25 and ₹ 31.30 on BSE and NSE, respectively.

1.3 The Buyback shall be on a proportionate basis from all the Eligible Shareholders of the Company through the "Tender Offer" process, as prescribed under Regulation 4(1)(a) of the Buyback Regulations. Additionally, the Buyback shall be, subject to applicable laws, facilitated by tendering of Equity Shares for such Eligible Shareholders and settlement of the same, through the stock exchange mechanism as specified by SEBI in the circular bearing number CIR/CFD/CAP/2016/131 dated December 9, 2016, as may be amended from time to time (the "SEBI Circulars") and notice issued by SEBI bearing number 20170202-34 dated February 2, 2017. Please see paragraph 9 below for details regarding record date and share entitlement for tender in the Buyback.

1.4 The Buyback Offer Size does not include any other expenses incurred or to be incurred for the Buyback like SEBI filing fees, Stock Exchanges fees, advisors' fees, public announcement publication expenses, printing & dispatch expenses, brokerage, applicable taxes such as securities transaction tax, service tax, stamp duty and other incidental & related expenses.

1.5 A copy of this Public Announcement is available on the Company's website ([www.nhpcindia.com](http://www.nhpcindia.com)) and shall be available on the website of SEBI ([www.sebi.gov.in](http://www.sebi.gov.in)) and on the websites of the Stock Exchanges i.e. [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com).

### 2. NECESSITY FOR BUYBACK

A share buyback is the acquisition by a company of its own shares. The objective is to return surplus cash to the members holding equity shares of the company. The buyback through the tender offer route gives an option to all the shareholders, including the promoter, to receive the surplus cash by participating and tendering equity shares in the buyback. The Board of Directors of the Company is of the view that the proposed Buyback will help the Company to optimize the capital structure and achieve improved ratios viz. earnings per share, return on investments, etc.

This may lead to reduction in outstanding shares, improvement in EPS and enhanced return on invested capital. The Buyback will not in any manner impair the ability of the Company to pursue growth opportunities or meet its cash requirements for business operations.

### 3. DETAILS OF PROMOTER SHAREHOLDING

3.1 The aggregate shareholding of the Promoter, as on Tuesday, February 7, 2017, i.e. the date of the Board Meeting, is given below:

| S. No. | Name of the Promoter                                                     | No. of Equity Shares held | No. of Equity Shares held in dematerialized form | Percentage of Issued Equity Share capital |
|--------|--------------------------------------------------------------------------|---------------------------|--------------------------------------------------|-------------------------------------------|
| 1.     | President of India acting through Ministry of Power, Government of India | 8,24,82,85,361            | 8,24,82,85,361                                   | 74.51%                                    |

3.2 No equity shares or other specified securities in the Company were either purchased or sold by the Promoter during a period of six months preceding the date of the board meeting at which the Buyback was approved, except the following:

| Date of Transaction | Aggregate no. of shares sold | Nature of transaction       | Maximum price (₹) | Date of maximum price | Minimum price (₹) | Date of minimum price |
|---------------------|------------------------------|-----------------------------|-------------------|-----------------------|-------------------|-----------------------|
| November 21, 2016   | 1,02,96,420                  | Offer for sale to employees | 20.68             | November 21, 2016     | 20.68             | November 21, 2016     |

3.3 In terms of the Buyback Regulations, under the Tender Offer process, the Promoter of the Company has the option to participate in the Buyback. In this regard, the Promoter as listed in paragraph 3.1 above has expressed its intention, vide its letter dated February 7, 2017 to participate in the Buyback and tender 81,13,47,977 (Eighty One Crore Thirteen Lakh Forty Seven Thousand Nine Hundred and Seventy Seven) Equity Shares as follows:

| S. No. | Name of the Promoter                                                      | Equity Shares held as on February 7, 2017 | Maximum Equity Shares intended to be offered in the Buyback |
|--------|---------------------------------------------------------------------------|-------------------------------------------|-------------------------------------------------------------|
| 1.     | President of India, acting through Ministry of Power, Government of India | 8,24,82,85,361                            | 81,13,47,977                                                |

3.4 Since the entire shareholding of the Promoter is in demat mode, the details of the entire Promoter built up has been disclosed financial year wise, out of which the Promoter will be tendering a maximum of 81,13,47,977 Equity Shares in the Buyback offer.

| Transaction Period                                                                              | No. of Equity Shares  | Net Acquisition/Sale Consideration (₹) | Nature of Transaction/Consideration                    |
|-------------------------------------------------------------------------------------------------|-----------------------|----------------------------------------|--------------------------------------------------------|
| Financial Year 1976-77                                                                          | 5,233                 | 52,33,000                              | Allotment for cash                                     |
| Financial Year 1977-78                                                                          | 1,00,702              | 10,07,02,000                           | Allotment for cash                                     |
|                                                                                                 | 6,29,529              | 62,95,29,000                           | Other than cash                                        |
| Financial Year 1978-79                                                                          | 98,298                | 9,82,98,000                            | Allotment for cash                                     |
|                                                                                                 | 1                     | 1,000                                  | Allotment for cash (₹ 400) and Other than cash (₹ 600) |
| Financial Year 1980-81                                                                          | 1,46,150              | 14,61,50,000                           | Allotment for cash                                     |
| Financial Year 1981-82                                                                          | 48,300                | 4,83,00,000                            | Allotment for cash                                     |
| Financial Year 1982-83                                                                          | 2,70,100              | 27,00,00,000                           | Allotment for cash                                     |
| Financial Year 1983-84                                                                          | 3,67,850              | 36,78,50,000                           | Allotment for cash                                     |
| Financial Year 1984-85                                                                          | 5,67,038              | 56,70,38,000                           | Allotment for cash                                     |
| Financial Year 1985-86                                                                          | 20,68,165             | 2,06,81,65,000                         | Allotment for cash                                     |
| Financial Year 1986-87                                                                          | 11,18,648             | 1,11,85,48,000                         | Allotment for cash                                     |
| Financial Year 1987-88                                                                          | 9,52,547              | 95,25,47,000                           | Allotment for cash                                     |
| Financial Year 1988-89                                                                          | 5,09,700              | 50,97,00,000                           | Allotment for cash                                     |
| Financial Year 1989-90                                                                          | 77,05,400             | 7,70,54,00,000                         | Allotment for cash                                     |
| Financial Year 1990-91                                                                          | 30,31,100             | 3,03,11,00,000                         | Allotment for cash                                     |
| Financial Year 1991-92                                                                          | 33,28,200             | 3,32,82,00,000                         | Allotment for cash                                     |
| Financial Year 1992-93                                                                          | 24,38,500             | 2,43,85,00,000                         | Allotment for cash                                     |
| Financial Year 1993-94                                                                          | (20,56,461)*          | 2,05,64,61,000                         | Reduction of Share Capital                             |
| Financial Year 1994-95                                                                          | 20,58,600             | 2,05,86,00,000                         | Allotment for cash                                     |
| Financial Year 1995-96                                                                          | (2,38,832)*           | 23,88,32,000                           | Reduction of Share Capital                             |
|                                                                                                 | 49,32,800             | 4,93,28,00,000                         | Allotment for cash                                     |
| Financial Year 1996-97                                                                          | 36,89,000             | 3,68,90,00,000                         | Allotment for cash                                     |
| Financial Year 1997-98                                                                          | 59,95,500             | 5,99,55,00,000                         | Allotment for cash                                     |
| Financial Year 1998-99                                                                          | 61,72,500             | 6,17,25,00,000                         | Allotment for cash                                     |
| Financial Year 1999-00                                                                          | 67,85,600             | 6,78,56,00,000                         | Allotment for cash                                     |
| Financial Year 2000-01                                                                          | 14,03,350             | 1,40,33,50,000                         | Allotment for cash                                     |
| Financial Year 2001-02                                                                          | 1,08,32,400           | 10,83,24,00,000                        | Allotment for cash                                     |
| Financial Year 2002-03                                                                          | 1,64,96,900           | 16,49,69,00,000                        | Allotment for cash                                     |
| Financial Year 2003-04                                                                          | 79,96,623             | 7,99,66,23,000                         | Allotment for cash                                     |
| Financial Year 2004-05                                                                          | 66,02,600             | 6,60,26,00,000                         | Allotment for cash                                     |
| Financial Year 2005-06                                                                          |                       |                                        |                                                        |
| Financial Year 2006-07                                                                          |                       |                                        |                                                        |
| The equity shares of ₹ 1,000 each were split into Equity Shares of the face value of ₹ 10 each. |                       |                                        |                                                        |
|                                                                                                 | 31,86,70,500          | 3,18,67,05,000                         | Allotment for cash                                     |
| Financial Year 2007-08                                                                          | (2,45,50,000)*        | 24,55,00,000                           | Reduction of Share Capital                             |
|                                                                                                 | 88,30,930             | 8,83,09,300                            | Allotment for cash                                     |
| Financial Year 2008-09                                                                          | (55,91,24,672)        | 20,12,84,86,182                        | Disinvestment Through IPO                              |
| Financial Year 2013-14                                                                          | (1,10,71,59,036)      | 21,31,28,11,443                        | Buyback Of Shares                                      |
| Financial Year 2014-15                                                                          | (1,25,76,27,941)      | 27,15,54,96,13,102                     | Offer for Sale                                         |
| Financial Year 2015-16                                                                          | (1,02,96,420)         | 21,27,24,037,200                       | Offer for Sale to Employees                            |
| <b>Total Current Holding</b>                                                                    | <b>8,24,82,85,361</b> |                                        |                                                        |

\*Reduction of share capital on account of transfer of transmission assets to Power Grid Corporation of India Limited.

\*Reduction of share capital on account of closure of Koel Karo hydroelectric project in the state of Jharkhand.

### Notes:

- Pursuant to the split of face value of equity shares of the Company from ₹ 1000 to ₹ 10 each on March 13, 2007, the shareholding of the Promoter was changed from 10,88,15,420 shares of ₹ 1,000 each to 108,81,54,200 shares of ₹ 10 each.
- On August 26, 2009, 55,91,24,672 Equity Shares of the Promoter were divested through IPO at a price of ₹ 36 per share.
- On December 19, 2013, 110,71,59,036 Equity Shares of the Promoter were bought back by the Company at a price of ₹ 19.25 per share.
- On April 28, 2016, 125,76,27,941 Equity Shares of the Promoter were sold vide offer for sale at a price of ₹ 21.75 per share. A discount of 5% to the Cut-Off Price was offered to the retail investors.
- On November 21, 2016, 1,02,96,420 Equity Shares of the Promoter were sold vide offer for sale to employees at a price of ₹ 20.68 per share.
- The Company confirms that no defaults have been made or subsiding in the repayment of the deposits accepted either before or after the commencement of the Companies Act, interest payment thereon, redemption of debentures or preference shares or payment of dividend to any shareholder or repayment of any term loan or interest payable thereon to any financial institutions or banking company.
- The Board of Directors of the Company on the date of the Board Meeting i.e. February 7, 2017 has confirmed that it has made a full enquiry into the affairs and prospects of the Company and that based on such enquiry, the Board of Directors has formed an opinion that:
  - Immediately following the date of the Board Meeting, there will be no grounds on which the Company could be found to be unable to pay its debts;
  - As regards the Company's prospects for the year immediately following the date of the Board Meeting and having regard to the Board's intention with respect to the management of the Company's business during that year and to the amount and character of the financial resources which will in the Board's view be available to the Company during that year, the Company will be able to meet its liabilities as and when they fall due and will not be rendered insolvent within a period of one year from the date of the Board Meeting; and
  - In forming the opinions as set out in paragraph 5 (a) and (b) above, the Board has taken into account the liabilities, as if the Company were being wound up under the provisions of the Companies Act, 1956 (to the extent applicable) and Companies Act (to the extent notified), as the case may be, including prospective and contingent liabilities.
- Report addressed to the Board of Directors by the Company's Statutory Auditors on the permissible capital payment and the opinion formed by the Directors regarding the solvency: The text of the report dated February 7, 2017 received from the Joint Statutory Auditors of the Company viz. M/s Gupta Gupta & Associates, M/s S. N. Dharwad & Co. LLP and M/s Ray and Ray, Chartered Accountants addressed to the Board of Directors of the Company is reproduced below:

Quote:

**AUDITOR'S REPORT**  
(As prescribed in the Clause (x) of Part A of Schedule II of the SEBI Buyback Regulations)

The Board of Directors,  
NHPC Limited,  
NHPC Office Complex, Sector-33, Faridabad, Haryana-121003.

Dear Sirs,

**Sub: Proposed buyback of Equity Shares of not exceeding 10% of the aggregate of the fully paid-up equity share capital and free reserves as per the audited accounts of the Company for the financial year ended March 31, 2016, on a proportionate basis (the "Buyback"), from the Eligible Shareholders by way of a tender offer through the stock exchange mechanism by NHPC Limited (the "Company").**

- This Report is issued in accordance with the terms of our engagement letter for the proposed buy-back of Equity Shares. The Board of Directors of NHPC Limited ("the Company") have approved a proposed Buy-back of Equity Shares by the Company at its meeting held on 7<sup>th</sup> February 2017. In pursuance of the provisions of Section 68, 69 and 70 of the Companies Act, 2013 ("the Act") and the Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 1998, as amended (the "SEBI Buyback Regulations").
- The accompanying Statement of permissible capital payment towards buy-back of equity shares based on the last Audited Financial Statements of the Company as at 31<sup>st</sup> March, 2016 (hereinafter referred together as the "Statement") is prepared by the management.

### Management's Responsibility for the Statement

- The preparation of the Statement in accordance with Section 68 (2)(c) of the Companies Act, 2013 and the compliance with the SEBI Buyback regulations, is the responsibility of the Management of the Company, including the preparation and maintenance of all accounting and other relevant supporting records and documents. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Statement and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

### Auditors' Responsibility

- Pursuant to the requirements of the SEBI Buyback Regulations, it is our responsibility to provide a reasonable assurance:
  - whether we have inquired into the Company's state of affairs of the Company in relation to its latest audited standalone financial statements as at 31<sup>st</sup> March 2016;
  - if the amount of the permissible capital payment for the proposed buy back of Equity Shares is properly determined considering the audited standalone financial statements for the year ended 31<sup>st</sup> March, 2016; and
  - if the Board of Directors have formed the opinion as specified in clause (x) of Part A of Schedule II to the SEBI Buyback Regulations, as amended on reasonable grounds that the Company, having regard to its state of affairs, will not be rendered insolvent within a period of one year from the date of the resolution by the Board of Directors of the Company.
- The standalone financial statements referred to in paragraph 4 above, have been audited by us, on which we issued an unmodified audit opinion vide our report dated 28<sup>th</sup> May, 2016. Our audit of these financial statements was conducted in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. These Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.
- We conducted our examination of the Statement in accordance with the Guidance note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India (ICAI). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
- We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services engagements.

### Opinion

- Based on the representations made by the Company and other information and explanations given to us, which to the best of our knowledge and belief were necessary for this purpose, we report that:
  - We have inquired into the state of affairs of the Company in relation to its audited standalone financial statements for the year ended 31<sup>st</sup> March, 2016 which has been approved by the Board of Directors of the Company on 28<sup>th</sup> May, 2016.
  - The amount of permissible capital payment towards the proposed buy back of Equity Shares as computed in the statement attached herewith as Annexure 'A', is properly determined in our view in accordance with Section 68 (2)(c) of the Act. The amounts of paid-up capital and free reserves have been extracted from the audited standalone financial statements of the Company for the year ended 31<sup>st</sup> March, 2016.
  - The Board of Directors of the Company, in their meeting held on 7<sup>th</sup> February, 2017 have formed their opinion as specified in clause (x) of Part A of Schedule II to the SEBI Buyback Regulations, as amended, on reasonable grounds, that the Company, having regard to its state of affairs, will not be rendered insolvent within a period of one year from the date of passing the Board meeting resolution dated 7<sup>th</sup> February, 2017.
  - We are not aware of anything to indicate that the opinion expressed by the Directors in the declaration as to any of the matters mentioned in the declaration as approved by the Board of Directors in their meeting held on February 7, 2017, is unreasonable in any of the circumstances in the present context.

### Restriction on Use

- This report is addressed to and provided to the Board of Directors of the Company pursuant to the requirements of the Buyback Regulations solely to enable the Board of Directors of the Company to include it in public announcement and Draft Letter of Offer Letter of Offer to be dispatched to the shareholders and filed with various regulatory agencies, in connection with buyback of not exceeding 81,13,47,977 (Eighty One Crore Thirteen Lakh Forty Seven Thousand Nine Hundred and Seventy Seven) equity shares, in pursuance of provisions of section 68, 69 and 70 of the Companies Act, 2013, Buyback Regulations and should not be used for any other purpose or by any other person.

For Gupta Gupta & Associates

(Chartered Accountants)

FR No. 001728N

Sd/-

(Ram Kumar Gupta)

Partner

M.No. 097382

Place: New Delhi

Date: February 7, 2017

For S.N. Dharwad & Co. LLP

(Chartered Accountants)

FR No. 00050N/500045

Sd/-

(Suresh Sethi)

Partner

M.No. 010577

For Ray & Ray

(Chartered Accountants)

FR No. 301072E

Sd/-

(Ashish Kumar Mukhopadhyay)

Partner

M.No. 056359

### STATEMENT OF PERMISSIBLE CAPITAL PAYMENT AS AT 31<sup>st</sup> MARCH 2016

The amount of permissible capital payment towards buy-back of equity shares as ascertained below in our view has been properly determined in accordance with Section 68 (2) (c) of the Companies Act, 2013:

| Particulars                                                                                                                | Amount (In Rs.)         |
|----------------------------------------------------------------------------------------------------------------------------|-------------------------|
| <b>Issued, subscribed and fully paid up equity shares:</b>                                                                 |                         |
| 1107,06,66,496 Equity Shares of Rs. 10 each, fully paid up                                                                 | 110,70,66,84,960        |
| <b>Total-A</b>                                                                                                             | <b>110,70,66,84,960</b> |
| <b>Free Reserves</b>                                                                                                       |                         |
| General reserve                                                                                                            | 100,88,10,99,063        |
| Surplus in the statement of profit and loss                                                                                | 21,38,45,76,415         |
| Securities premium account                                                                                                 | 28,68,73,62,250         |
| <b>Total-B</b>                                                                                                             | <b>150,95,30,37,728</b> |
| <b>Total C=A+B</b>                                                                                                         | <b>261,65,97,22,688</b> |
| Maximum amount permissible for the Buy-back i.e. 10% of the aggregate fully paid-up equity share capital and free reserves | <b>26,16,59,72,258</b>  |

### Unquoted:

#### 7.1. PROCESS AND METHODOLOGY TO BE ADOPTED FOR BUYBACK

- The Buyback is open to all Eligible Shareholders of the Company holding Shares either in physical and/or electronic form on the Record Date.
- The Buyback shall be implemented using the "Mechanism for acquisition of shares through Stock Exchange" notified by SEBI Circulars, as may be amended from time to time and following the procedure prescribed in the notice issued by BSE bearing number 20170202-34 dated February 2, 2017, Companies Act and the Buyback Regulations and as may be determined by the Board (including the Functional Authority authorized to complete the formalities of the Buyback) and on such terms and conditions as may be permitted by law from time to time.
- For implementation of the Buyback, the Company has appointed SBICAP Securities Limited as the registered broker to the Company (the "Company's Broker") through whom the purchases and settlements on account of the Buyback would be made by the Company. The contact details of the Company's Broker are as follows:  
SBICAP Securities Limited,  
Marathon Futures, A-8-Wing,  
12th Floor, N.M. Joshi Marg, Lower Panel, Mumbai - 400 013  
CIN: U65999MH2005PLC155485  
Contact Person: Mr. Muralidharan Nair  
Tel: +91 (22) 4227 3347; Fax: +91 (22) 4366 3500; E-mail: Muralidharan.Nair@sbicaps.com; Website: www.sbicaps.com  
SEBI Registration Number: Stock Broker, BSE: IN6011953301 and NSE: IN6021052938
- SEBI has been appointed as the Designated Stock Exchange. Separate acquisition window will be provided by both the BSE and NSE to facilitate placing of sell orders by Eligible Shareholders who wish to tender Equity Shares in the Buyback. The details of the platform will be as specified by the Stock Exchanges.
- At the beginning of the tendering period, the order for buying Equity Shares shall be placed by the Company through the Company's Broker. During the tendering period, the order for selling the Equity Shares will be placed in the acquisition window by Eligible Shareholders through their respective stock brokers during normal trading hours of the secondary market. The stockbrokers (each a "Shareholder Broker") can enter orders for demat Shares as well as physical Shares. In the tendering process, the Company's Broker may also process the orders received from the Eligible Shareholders.
- Procedure to be followed by Eligible Shareholders holding Equity Shares in the dematerialized form:  
7.1.1 The Eligible Shareholder is required to transfer the Equity Shares under the Buyback Offer to India Clearing Corporation Limited ("Clearing Corporation"/ "ICCL"), by using the settlement number through the early pay-in mechanism of Depositories. This shall be validated by the Shareholder Broker at the time of order/bid entry.
- The details of the settlement number for the Buyback will be provided in a separate circular which shall be issued at the time of issue opening by Clearing Corporation.
- For participant orders for demat Equity Shares, early pay-in is mandatory prior to confirmation of order/bid by the custodian. The custodian shall either confirm or reject the orders not later than 6:00 p.m. on the last day of the tendering period. Thereafter, all unconfirmed orders shall be deemed to be rejected. For all confirmed custodian participant orders, any order modification shall revoke the custodian confirmation and the revised order shall be sent to the custodian again for confirmation.
- Upon placing the bid, the Shareholder Broker shall provide a Transaction Registration Slip ("TRS") generated by the exchange bidding system to the Eligible Shareholder on whose behalf the bid has been placed. TRS will contain details of order submitted like Bid ID No., Application No., DP ID, Client ID, No. of Equity Shares tendered etc.
- Procedure to be followed by Eligible Shareholders holding Equity Shares in the physical form:  
7.1.1 Eligible Shareholders who are holding physical Equity Shares and intend to participate in the Buyback will be required to approach their respective Shareholder Broker along with the complete set of documents for verification procedures to be carried out before placement of the bid. Such documents will include the (i) Tender Form duly signed (by all Eligible Shareholders in case of joint holding) or power of attorney, (ii) original share certificate(s), (iii) valid share transfer form(s) duly filled and signed by the transferors (i.e. by all Eligible Shareholders in same order and as per the terms of specimen signatures registered with the Company) and duly witnessed at the appropriate place authorizing the transfer in favour of the Company, (iv) self-attested copy of PAN Card(s) of all the Eligible Shareholders, (v) any other relevant documents such as power of attorney, corporate authorization (including board resolution/ board meeting minutes), notarized copy of deed (if the Eligible Shareholder(s) is/are a partnership firm), valid Aadhar card, voter identity card or passport.
- Based on these documents, the concerned Shareholder Broker shall place a bid on behalf of the Eligible Shareholders holding Equity Shares in physical form and who wish to tender Equity Shares in the Buyback, using the acquisition window of any of the Stock Exchanges. Upon placing the bid, the Shareholder Broker shall provide a TRS generated by the exchange bidding system to the Eligible Shareholder. TRS will contain details of order submitted like bid no., certificate no., distinctive no., no. of Equity Shares tendered etc.
- Eligible Shareholder/ Shareholder Broker, is required to deliver the original share certificate(s) and documents (as mentioned in Paragraph 7.1.1 above) along with TRS either by registered post, speed post or courier or hand delivery to the Registrar to the Buyback offer (at the address mentioned at paragraph 11 below) not later than 2 (two) days of bidding by the Shareholder Broker. The envelope should be superscribed as "NHPC Buyback Offer 2017". One copy of the TRS will be retained by Registrar to the Buyback offer and it will provide acknowledgement of the same





# NHPC Limited

(A Government of India Enterprise)

CIN: L40101HR1975GOI032564

Registered Office: NHPC Office Complex, Sector - 33, Faridabad 121 003, Haryana, India

Tel.: +91 (129) 225 4684, +91 (129) 227 8018 Fax: +91 (129) 225 8834, E-mail: companysecretary@nhpc.nic.in, Website: www.nhpcindia.com

## PUBLIC ANNOUNCEMENT FOR THE ATTENTION OF EQUITY SHAREHOLDERS/ BENEFICIAL OWNERS OF EQUITY SHARES OF NHPC LIMITED FOR BUYBACK OF EQUITY SHARES THROUGH TENDER OFFER ROUTE UNDER THE SECURITIES AND EXCHANGE BOARD OF INDIA (BUYBACK OF SECURITIES) REGULATIONS, 1998, AS AMENDED

This Public Announcement (the "Public Announcement") is being made pursuant to the provisions of Regulation 8(1) of the Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998, as amended (the "Buyback Regulations") for the time being in force including any statutory modifications and amendments made from time to time and contains the disclosures as specified in Part A of Schedule II to the Buyback Regulations.

**OFFER TO BUYBACK ₹1,13,47,977 (EIGHTY ONE CRORE THIRTEEN LAKH FORTY SEVEN THOUSAND NINE HUNDRED AND SEVENTY SEVEN) FULLY PAID UP EQUITY SHARES OF THE COMPANY OF FACE VALUE OF ₹ 10 EACH AT A PRICE OF ₹ 32.25 (RUPEES THIRTY TWO AND TWENTY FIVE PAISE) PER FULLY PAID UP EQUITY SHARE ON A PROPORTIONATE BASIS THROUGH THE TENDER OFFER PROCESS**

### 1. DETAILS OF THE BUYBACK OFFER AND OFFER PRICE

1.1 The Board of Directors ("Board") of NHPC Limited ("NHPC" or the "Company") at their meeting held on Tuesday, February 7, 2017 ("Board Meeting"), pursuant to the provisions contained in the Article 104 of the Articles of Association of the Company, Sections 68, 69, 70 and all other applicable provisions of the Companies Act, 2013, as amended from time to time (the "Companies Act"), the Companies (Share Capital and Debentures) Rules, 2014 (the "Share Capital Rules"), the Companies (Management and Administration) Rules, 2014 (the "Management Rules") including any statutory modification or re-enactment thereof for the time being in force and the provisions contained in the Buyback Regulations approved the buyback (the "Buyback") of 81,13,47,977 (Eighty One Crore Thirteen Lakh Forty Seven Thousand Nine Hundred and Seventy Seven) fully paid up equity shares of face value ₹10 each ("Shares" or "Equity Shares") from all the eligible shareholders/beneficial owners of Equity Shares of the Company as on the record date (i.e. Monday, February 20, 2017) ("Eligible Shareholders") of the Company, on a proportionate basis, through the "Tender Offer" route, at a price of ₹32.25 per Equity Share ("Buyback Offer Price") payable in cash, for an aggregate consideration of ₹ 2616.59,72,258.25 (Rupees Two Thousand Six Hundred Sixteen Crore Fifty Nine Lakh Seventy Two Thousand Two Hundred Fifty Eight & Twenty Five Paise) (the "Buyback Offer Size").

The Buyback is subject to such other approvals as may be necessary, from time to time from statutory authorities including but not limited to Securities and Exchange Board of India ("SEBI"), BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE"), BSE and NSE together referred to as "Stock Exchanges", where the Equity Shares of the Company are listed. The Buyback Offer Size is not exceeding 10% of the aggregate of the Company's fully paid-up equity share capital and free reserves, as per the audited accounts of the Company for the financial year ended March 31, 2016 (the last audited standalone financial statements available as on the date of Board Meeting recommending the proposal of the Buyback and Buyback Offer Size is within the statutory limits of 10% of the fully paid up equity share capital and free reserves as per the latest audited accounts of the Company and is within the power of Board of Directors of the Company. The maximum number of Equity Shares proposed to be bought back represents approximately 7.33% of the total number of equity shares in the paid-up share capital of the Company which is not exceeding 25% of the total number of equity shares in the paid-up share capital of the Company.

1.2 The maximum amount required by the Company for the Buyback Offer Size will be met out of the free reserves and the undistributed profits and income of the Company and the Company shall transfer from its free reserves a sum equal to the nominal value of the Equity Shares bought back through the Buyback to the Capital Redemption Reserve Account and the details of such transfer shall be disclosed in its subsequent audited balance sheet. The Company confirms that as required under Section 68(1)(b) of the Companies Act, the ratio of the aggregate of secured and unsecured debts owed by the Company shall not be more than twice the fully paid-up share capital and free reserves for the Buyback. The Buyback Offer Price of ₹ 32.25 (Rupees Thirty Two and Twenty Five Paise) per Equity Share has been arrived at after considering various factors such as the volume weighted average price of the Equity Shares on the Stock Exchanges, the net-worth of the Company and the impact of the Buyback on the key financial ratios of the Company. The Buyback Offer Price represents (i) a premium of 20.79% and 20.74% over the volume weighted average prices of the Equity Shares on BSE and NSE, respectively, during the six month period prior to February 2, 2017 (i.e. the date of intimation to the Stock Exchanges regarding the Board Meeting); and (ii) a premium of 13.86% and 13.84% over the volume weighted average prices of the Equity Shares on the BSE and NSE, respectively, for two weeks prior to February 2, 2017 (i.e. the date of intimation to the Stock Exchanges regarding the convening of the Board Meeting). The closing price of the equity shares on February 7, 2017, being the date of meeting of the Board of Directors approving the buy-back, was ₹ 31.25 and ₹ 31.30 on BSE and NSE, respectively.

1.3 The Buyback shall be on a proportionate basis from all the Eligible Shareholders of the Company through the "Tender Offer" process, as prescribed under Regulation 4(1)(a) of the Buyback Regulations. Additionally, the Buyback shall be, subject to applicable laws, facilitated by tendering of Equity Shares by each Eligible Shareholder and settlement of the same through the stock exchange mechanism as specified by SEBI in the circular bearing number CPO/CPC/CL/CE/11/2015 dated April 13, 2015 with SEBI circular bearing number CPO/CPC/CL/CE/2016/17 dated December 9, 2016, as may be amended from time to time (the "SEBI Circulars") and notice issued by SEBI bearing number 20170202-34 dated February 2, 2017. Please see paragraph 9 below for details regarding record date and share entitlement for tender in the Buyback.

1.4 The Buyback Offer Size does not include any other expenses incurred or to be incurred for the Buyback like SEBI filing fees, Stock Exchanges fee, advisors' fees, public announcement publication expenses, printing & dispatch expenses, brokerage, applicable taxes such as securities transaction tax, service tax, stamp duty and other incidental & related expenses.

1.5 A copy of this Public Announcement is available on the Company's website (www.nhpcindia.com) and shall be available on the website of SEBI (www.sebi.gov.in) and on the website of the Stock Exchanges i.e. www.bseindia.com and www.nseindia.com.

### 2. NECESSITY FOR BUYBACK

A share buyback is the acquisition by a company of its own shares. The objective is to return surplus cash to the members holding equity shares of the company. This buyback through the tender offer route gives an option to all the shareholders, including the promoter, to receive the surplus cash by participating and tendering equity shares in the buyback.

The Board of Directors of the Company is of the view that the proposed Buyback will help the Company to optimize the capital structure and achieve improved return viz. earnings per share, return on investments, etc.

This may lead to reduction in outstanding shares, improvement in EPS and enhanced return on invested capital. The Buyback will not in any manner impair the ability of the Company to pursue growth opportunities or meet its cash requirements for business operations.

### 3. DETAILS OF PROMOTER SHAREHOLDING

3.1 The aggregate shareholding of the Promoter, as on Tuesday, February 7, 2017, i.e. the date of the Board Meeting, is given below:

| S. No. | Name of the Promoter                                                     | No. of Equity Shares held | No. of Equity Shares held in dematerialized form | Percentage of Issued Equity Share Capital |
|--------|--------------------------------------------------------------------------|---------------------------|--------------------------------------------------|-------------------------------------------|
| 1.     | President of India acting through Ministry of Power, Government of India | 8,24,82,85,361            | 8,24,82,85,361                                   | 74.51%                                    |

3.2 No equity shares or other specified securities in the Company were either purchased or sold by the Promoter during a period of six months preceding the date of the board meeting at which the Buyback was approved, except the following:

| Date of Transaction | Aggregate no. of shares sold | Nature of transaction       | Maximum price (₹) | Date of maximum price | Minimum price (₹) | Date of minimum price |
|---------------------|------------------------------|-----------------------------|-------------------|-----------------------|-------------------|-----------------------|
| November 21, 2016   | 1,02,96,420                  | Offer for sale to employees | 20.66             | November 21, 2016     | 20.66             | November 21, 2016     |

3.3 In terms of the Buyback Regulations, under the Tender Offer process, the Promoter of the Company has the option to participate in the Buyback. In this regard, the Promoter as listed in paragraph 3.1 above has expressed its intention, vide its letter dated February 7, 2017 to participate in the Buyback and tender 81,13,47,977 (Eighty One Crore Thirteen Lakh Forty Seven Thousand Nine Hundred and Seventy Seven) Equity Shares as follows:

| S. No. | Name of the Promoter                                                      | Equity Shares held as on February 7, 2017 | Maximum Equity Shares intended to be offered in the Buyback |
|--------|---------------------------------------------------------------------------|-------------------------------------------|-------------------------------------------------------------|
| 1.     | President of India, acting through Ministry of Power, Government of India | 8,24,82,85,361                            | 81,13,47,977                                                |

3.4 Since the entire shareholding of the Promoter is in demat mode, the details of the entire Promoter's built up has been disclosed financial year wise, out of which the Promoter will be tendering a maximum of 81,13,47,977 Equity Shares in the Buyback offer.

| Transaction Period     | No. of Equity Shares | Net Acquisition/Sale Consideration (₹) | Nature of Transaction/Consideration                  |
|------------------------|----------------------|----------------------------------------|------------------------------------------------------|
| Financial Year 1976-77 | 5,233                | 52,33,000                              | Altment for cash                                     |
| Financial Year 1977-78 | 1,00,702             | 10,07,02,000                           | Altment for cash                                     |
|                        | 6,29,529             | 62,95,29,000                           | Other than cash                                      |
| Financial Year 1978-79 | 96,298               | 9,62,98,000                            | Altment for cash                                     |
|                        | 1                    | 1,000                                  | Altment for cash (₹ 400) and Other than cash (₹ 600) |
| Financial Year 1980-81 | 1,46,150             | 14,61,50,000                           | Altment for cash                                     |
| Financial Year 1981-82 | 48,300               | 4,83,00,000                            | Altment for cash                                     |
| Financial Year 1982-83 | 2,70,900             | 27,09,00,000                           | Altment for cash                                     |
| Financial Year 1983-84 | 3,57,850             | 35,78,50,000                           | Altment for cash                                     |
| Financial Year 1984-85 | 5,67,038             | 56,70,38,000                           | Altment for cash                                     |
| Financial Year 1985-86 | 20,68,165            | 2,06,81,65,000                         | Altment for cash                                     |
| Financial Year 1986-87 | 11,16,546            | 1,11,65,46,000                         | Altment for cash                                     |
| Financial Year 1987-88 | 16,15,581            | 1,61,55,81,000                         | Altment for cash                                     |
| Financial Year 1988-89 | 9,52,547             | 95,25,47,000                           | Altment for cash                                     |
| Financial Year 1989-90 | 5,09,700             | 50,97,00,000                           | Altment for cash                                     |
| Financial Year 1990-91 | 77,05,400            | 7,70,54,00,000                         | Altment for cash                                     |
| Financial Year 1991-92 | 30,31,100            | 3,03,11,00,000                         | Altment for cash                                     |
| Financial Year 1992-93 | 33,28,200            | 3,32,82,00,000                         | Altment for cash                                     |
| Financial Year 1993-94 | 24,38,500            | 2,43,85,00,000                         | Altment for cash                                     |
| Financial Year 1994-95 | 20,56,491            | 2,05,64,91,000                         | Altment for cash                                     |
| Financial Year 1995-96 | 20,56,800            | 2,05,68,00,000                         | Altment for cash                                     |
| Financial Year 1996-97 | 23,55,527            | 2,35,55,27,000                         | Altment for cash                                     |
| Financial Year 1997-98 | 49,32,800            | 4,93,28,00,000                         | Altment for cash                                     |
| Financial Year 1998-99 | 36,89,000            | 3,68,90,00,000                         | Altment for cash                                     |
| Financial Year 1999-00 | 65,96,500            | 6,59,65,00,000                         | Altment for cash                                     |
| Financial Year 2000-01 | 81,72,500            | 8,17,25,00,000                         | Altment for cash                                     |
| Financial Year 2001-02 | 67,85,000            | 6,78,50,00,000                         | Altment for cash                                     |
| Financial Year 2002-03 | 14,03,350            | 1,40,33,50,000                         | Altment for cash                                     |
| Financial Year 2003-04 | 1,08,22,400          | 10,82,24,00,000                        | Altment for cash                                     |
| Financial Year 2004-05 | 1,84,99,900          | 18,49,99,00,000                        | Altment for cash                                     |
| Financial Year 2005-06 | 78,62,620            | 7,86,26,20,000                         | Altment for cash                                     |
| Financial Year 2006-07 | 86,62,620            | 8,66,26,20,000                         | Altment for cash                                     |
| Financial Year 2007-08 | 31,66,70,500         | 3,16,67,05,000                         | Altment for cash                                     |
|                        | (24,55,000)          | 24,55,00,000                           | Altment for cash                                     |
|                        | 86,30,930            | 8,63,09,30,000                         | Altment for cash                                     |
| Financial Year 2008-09 | (55,91,24,872)       | 5,59,12,48,72,000                      | Altment for cash                                     |
| Financial Year 2009-10 | (1,10,71,59,036)     | 11,07,15,90,36,000                     | Altment for cash                                     |
| Financial Year 2010-11 | (1,25,76,27,941)     | 12,57,62,79,41,000                     | Altment for cash                                     |
| Financial Year 2011-12 | (1,02,96,420)        | 10,29,64,20,000                        | Altment for cash                                     |
| Total Current Holding  | 8,24,82,85,361       |                                        |                                                      |

\*Reduction of share capital on account of transfer of transmission assets to Power Grid Corporation of India Limited.

\*Reduction of share capital on account of closure of Kosi Kano hydroelectric project in the state of Jharkhand.

### Notes:

- Pursuant to the split of face value of equity shares of the Company from ₹ 1000 to ₹ 10 each on March 13, 2007, the shareholding of the Promoter was changed from 10,86,15,420 shares of ₹ 1,000 each to 1,08,61,542 shares of ₹ 10 each.
- On August 26, 2009, 55,91,24,872 Equity Shares of the Promoter were divested through IPO at a price of ₹ 36 per share.
- On December 19, 2013, 110,71,59,036 Equity Shares of the Promoter were bought back by the Company at a price of ₹ 19.25 per share.
- On April 28, 2016, 125,76,27,941 Equity Shares of the Promoter were sold vide offer for sale at a price of ₹ 21.75 per share. A discount of 5% to the Cut-Off Price was offered to the retail investors.
- On November 21, 2016, 1,02,96,420 Equity Shares of the Promoter were sold vide offer for sale to employees at a price of ₹ 20.66 per share.
- The Company confirms that no defaults have been made or subsisting in the repayment of the deposits accepted either before or after the commencement of the Companies Act, interest payment thereon, redemption of debentures or preference shares or payment of dividend to any shareholder or repayment of any term loan or interest payable thereon to any financial institutions or banking company.
- The Board of Directors of the Company on the date of the Board Meeting i.e. February 7, 2017 has confirmed that it has made a full enquiry into the affairs and prospects of the Company and that based on such enquiry, the Board of Directors has formed an opinion that:
  - immediately following the date of the Board meeting, there will be no grounds on which the Company could be bound to be unable to pay its debts;
  - As regards the Company's prospects for the year immediately following the date of the Board meeting and having regard to the Board's intention with respect to the management of the Company's business during that year and to the amount and character of the financial resources which will in the Board's view be available to the Company during that year, the Company will be able to meet its liabilities as and when they fall due and will not be rendered insolvent within a period of one year from the date of the Board Meeting; and
  - In forming the opinion as set out in paragraph 5 (a) and (b) above, the Board has taken into account the liabilities, as if the Company were being wound up under the provisions of the Companies Act, 1956 (to the extent applicable) and Companies Act, 2013 (to the extent notified), as the case may be, including prospective and contingent liabilities.
- Report addressed to the Board of Directors by the Company's Statutory Auditors on the permissible capital payment and the option formed by the Directors regarding the inventory. The text of the report dated February 7, 2017 received from the Joint Statutory Auditors of the Company viz. M/s Gupta & Associates, M/s S. N. Dhawan & Co. LLP and M/s Ray and Ray, Chartered Accountants addressed to the Board of Directors of the Company is reproduced below:

### AUDITOR'S REPORT

(As prescribed in the Clause (xv) of Part A of Schedule II of the SEBI Buyback Regulations)

The Board of Directors,  
NHPC Limited,  
NHPC Office Complex, Sector-33, Faridabad, Haryana-121003

Dear Sirs,

Sub: Proposed buyback of Equity Shares of NHPC Limited of not exceeding 10% of the aggregate of the fully paid-up equity share capital and free reserves as per the audited accounts of the Company for the financial year ended March 31, 2016, on a proportionate basis (the "Buyback"), from the Eligible Shareholders by way of a tender offer through the stock exchange mechanism by NHPC Limited (the "Company").

- This Report is issued in accordance with the terms of our engagement letter for the proposed buy-back of Equity Shares. The Board of Directors of NHPC Limited (the "Company") have approved a proposed Buy-back of Equity Shares by the Company at its meeting held on 7<sup>th</sup> February 2017, in pursuance of the provisions of Section 68, 69 and 70 of the Companies Act, 2013 (the "Act") and the Securities and Exchange Board of India (Buy-Back of Securities) Regulations, 1998, as amended (the "SEBI Buyback Regulations").
- The accompanying Statement of permissible capital payment towards buy-back of equity shares based on the last Audited Financial Statements of the Company as at 31<sup>st</sup> March, 2016 (hereinafter referred to as the "Statement") is prepared by the management.

### Management's Responsibility for the Statement

3. The preparation of the Statement in accordance with Section 68(2)(c) of the Companies Act, 2013 and the compliance with the SEBI Buyback regulations, is the responsibility of the Management of the Company including the preparation and maintenance of all accounting and other relevant supporting records and documents. The responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Statement and applying an appropriate basis of preparation; and making estimates that are reasonable in the circumstances.

### Auditor's Responsibility

- Pursuant to the requirements of the SEBI Buyback Regulations, it is our responsibility to provide a reasonable assurance:
  - whether we have inquired into the Company's state of affairs of the Company in relation to its latest audited standalone financial statements as at 31<sup>st</sup> March 2016;
  - if the amount of the permissible capital payment for the proposed buy back of Equity Shares is properly determined considering the audited standalone financial statements for the year ended 31<sup>st</sup> March 2016; and
  - if the Board of Directors have formed the opinion as specified in clause (x) of Part A of Schedule II to the SEBI Buyback Regulations, as amended on reasonable grounds that the Company, having regard to its state of affairs, will not be rendered insolvent within a period of one year from the date of the resolution by the Board of Directors of the Company.
- The standalone financial statements referred to in paragraph 4 above, have been audited by us, on which we issued an unmodified audit opinion vide our report dated 28<sup>th</sup> May 2016. Our audit of these financial statements was conducted in accordance with the Standards on Auditing and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.
- We conducted our examination of the Statement in accordance with the Guidance note on Reports or Certificates for Special Purposes issued by the Institute of Chartered Accountants of India (ICAI). The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
- We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC), i.e. Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services engagements.

### Opinion

- Based on the representations made by the Company and other information and explanations given to us, which to the best of our knowledge and belief were necessary for this purpose, we report that:
  - We have inquired into the state of affairs of the Company in relation to its audited standalone financial statements for the year ended 31<sup>st</sup> March, 2016 which has been approved by the Board of Directors of the Company on 28<sup>th</sup> May 2016.
  - The amount of permissible capital payment towards the proposed buy back of Equity Shares as computed in the statement attached herewith as Annexure 'A', is properly determined in our view in accordance with Section 68(2)(c) of the Act. The amounts of paid-up capital and free reserves have been extracted from the audited standalone financial statements of the Company for the year ended 31<sup>st</sup> March, 2016.
  - The Board of Directors of the Company, in its meeting held on 7<sup>th</sup> February, 2017 have formed their opinion as specified in clause (x) of Part A of Schedule II to the SEBI Buyback Regulations, as amended, on reasonable grounds, that the Company, having regard to its state of affairs, will not be rendered insolvent within a period of one year from the date of passing the Board meeting resolution dated 7<sup>th</sup> February, 2017.
  - We are not aware of anything to indicate that the opinion expressed by the Directors in the declaration as to any of the matters mentioned in the declaration as approved by the Board of Directors in their meeting held on February 7, 2017, is unreasonable in any of the circumstances in the present context.

### Declaration on behalf of Directors

9. The report is addressed to and provided to the Board of Directors of the Company pursuant to the requirements of the Buyback Regulations solely to enable the Board of Directors of the Company to include it in public announcement and Draft Letter of Offer/ Letter of Offer to be dispatched to the shareholders and filed with various regulatory agencies, in connection with buyback of not exceeding 10% of the aggregate of the fully paid-up equity share capital and free reserves as per the audited accounts of the Company for the year ended 31<sup>st</sup> March, 2016.

|                                                                                                                              |                                                                                                                                    |                                                                                                                             |
|------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|
| For Gupta & Associates<br>(Chartered Accountants)<br>FR No: 001728N<br>Sd/-<br>(Raj Kumar Gupta)<br>Partner<br>M. No. 007382 | For S.N. Dhawan & Co. LLP<br>(Chartered Accountants)<br>FR No: 00000NN00045<br>Sd/-<br>(Sandeep Sethi)<br>Partner<br>M. No. 010577 | For Ray & Ray<br>(Chartered Accountants)<br>FR No: 301072E<br>Sd/-<br>(Ajay Kumar Mukhopadhyay)<br>Partner<br>M. No. 055359 |
|------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------|

Place: New Delhi

Date: February 7, 2017

ANNEXURE-A

### STATEMENT OF PERMISSIBLE CAPITAL PAYMENT AS AT 31<sup>st</sup> MARCH 2016

The amount of permissible capital payment towards buy back of equity shares, as ascertained below in our view has been properly determined in accordance with Section 68(2)(c) of the Companies Act, 2013.

| Particulars                                                                                                                | Amount (in Rs.)         |
|----------------------------------------------------------------------------------------------------------------------------|-------------------------|
| Issued, subscribed and fully paid up equity shares:                                                                        |                         |
| 1102,98,38,496 Equity Shares of Rs. 10 each, fully paid up                                                                 | 110,29,83,84,960        |
| <b>Total A</b>                                                                                                             | <b>110,29,83,84,960</b> |
| <b>Free Reserves</b>                                                                                                       |                         |
| General reserves                                                                                                           | 100,88,10,99,063        |
| Surplus in the statement of profit and loss                                                                                | 21,38,45,76,415         |
| Securities premium account                                                                                                 | 28,68,73,62,250         |
| <b>Total B</b>                                                                                                             | <b>150,95,30,37,728</b> |
| <b>Total C=A+B</b>                                                                                                         | <b>261,65,87,22,688</b> |
| Maximum amount permissible for the Buy-back i.e. 10% of the aggregate fully paid-up equity share capital and free reserves | 26,16,59,72,258         |

### Unquote:

- PROCESS AND METHODOLOGY TO BE ADOPTED FOR BUYBACK**
- The Buyback is open to all Eligible Shareholders of the Company holding Shares either in physical and/or electronic form on the Record Date.
- The Buyback shall be implemented using the "Mechanism for acquisition of shares through Stock Exchange" notified by SEBI Circulars, as may be amended from time to time and following the procedure prescribed in the SEBI Circulars. The details of the platform will be as specified by the Stock Exchanges.
- At the beginning of the tendering period, the order for buying Equity Shares shall be placed by the Company through the Company's Broker. During the tendering period, the order for selling the Equity Shares will be placed in the acquisition window by Eligible Shareholders through their respective stock brokers during normal trading hours of the secondary market. The stockbrokers (each a "Shareholder Broker") can enter orders for demat Shares as well as physical Shares. In the tendering process, the Company's Broker may also process the orders received from the Eligible Shareholders.
- Procedure to be followed by Eligible Shareholders holding Equity Shares in the dematerialized form:
  - The Eligible Shareholder is required to transfer the Equity Shares under the Buyback Offer to Indian Clearing Corporation Limited ("Clearing Corporation"/ "ICCL"), by using the settlement number through the early pay-in mechanism of Depositories. This shall be validated by the Shareholder Broker at the time of order entry.
  - The details of the settlement number for the Buyback will be provided in a separate circular which shall be issued at the time of issue opening by Clearing Corporation.
  - For customer participation orders for demat Equity Shares, early pay-in is mandatory prior to confirmation of order by the custodian. The custodian shall either confirm or reject the orders not later than 6:00 p.m. on the last day of the tendering period. Thereafter, all unconfirmed orders shall be deemed to be rejected. For all confirmed customer participation orders, any order modification shall involve the custodian confirmation and the revised order shall be sent to the custodian again for confirmation.
  - After placing the bid, the Shareholder Broker shall provide a Transaction Registration Slip ("TRS") generated by the exchange bidding system to the Eligible Shareholder on whose behalf the bid has been placed. TRS will contain details of order submitted like Bid ID No., Application No., DP ID, Client ID, No. of Equity Shares tendered etc.
- Procedure to be followed by Eligible Shareholders holding Equity Shares in the physical form:
  - Eligible Shareholders who are holding physical Equity Shares and intend to participate in the Buyback will be required to approach their respective Shareholder Broker along with the complete set of documents for verification procedures to be carried out before placement of the bid. Such documents will include the (i) Tender Form duly signed by all Eligible Shareholders (i.e. by all Eligible Shareholders in their order and as per the application submitted registered with the Company) duly filled and signed by the Shareholders (i.e. by all Eligible Shareholders) (ii) self-certified copy of PAN Card(s) of the Eligible Shareholder(s), (iii) any other relevant documents such as power of attorney, corporate authorization (including board resolution/ board minutes/ board order/ order of death certificate and succession certificate or probated will, if the original Shareholder is deceased, etc., as applicable. In addition, if the address of the Eligible Shareholder has undergone a change from the address registered in the Register of Members of the Company, the Shareholder would be required to submit a self attested copy of address proof which may include any one of the following documents: valid Aadhar card, voter identity card or passport.
  - Based on these documents, the concerned Shareholder Broker shall place a bid on behalf of the Eligible Shareholders holding Equity Shares in physical form and who wish to tender Equity Shares in the Buyback, using the acquisition window of any of the Stock Exchanges. Upon placing the bid, the Shareholder Broker shall provide a TRS generated by the exchange bidding system to the Eligible Shareholder. TRS will contain details of order submitted like Bid ID No., Application No., DP ID, Client ID, No. of Equity Shares tendered etc.
  - Eligible Shareholder/ Shareholder Broker, as required to deliver the original share certificate(s) & documents (as mentioned in Paragraph 7.7.1 above) along with TRS either by registered post, speed post or courier or hand delivery to the Registrar to the Buyback offer (at the address mentioned at paragraph 11 below) not later than 2 (two) days of bidding by the Shareholder Broker. The envelope should be superscribed as "NHPC Buyback Offer 2017". One copy of the TRS will be retained by Registrar to the Buyback offer and it will provide acknowledgement of the same to the Shareholder Broker.
- Eligible Shareholders holding physical Equity Shares should note that physical Equity Shares will not be accepted unless the complete set of documents is submitted. Acceptance of the physical Equity Shares for Buyback by the Company shall be subject to verification as per the Buyback Regulations and any further directions issued in this regard. Registrar to the Buyback offer will verify such bids based on the documents submitted on a daily basis and till such verification, the Stock Exchanges shall display such bids as "unconfirmed physical bids". Once Registrar to the Buyback offer confirms the bids, they will be treated as "confirmed bids".
- Modification/cancellation of orders will be allowed during the tendering period of the Buyback.
- The cumulative quantity tendered shall be made available on the website of the Stock Exchanges i.e. www.bseindia.com and www.nseindia.com throughout the trading session and will be updated at specific intervals during the tendering period.
- METHOD OF SETTLEMENT**
- Upon finalization of the basis of acceptance as per Buyback Regulations:
  - The settlement of trades shall be carried out in the manner similar to settlement of trades in the secondary market.
  - The Company will pay the consideration to the Company's Broker on or before the pay-in date for settlement who in turn will make the funds pay-in in the settlement account of ICCL, as per the settlement schedule announced by ICCL.
  - For Equity Shares accepted under the Buyback, the Eligible Shareholder will receive funds payable in their settlement bank account from the Clearing Corporation. If Equity Shareholders' bank account details are not available or if the fund transfer instruction is rejected by RBI or bank, due to any reason, then the amount payable to Eligible Shareholders will be transferred to the Shareholder Broker for onward transfer to the Eligible Shareholder.
  - In case of certain client types viz. NRI, Foreign Clients etc. (where there are specific RBI and other regulatory requirements pertaining to funds pay-out) who do not opt to settle through custodians, the funds pay-out would be given to their respective Shareholder Broker's settlement accounts for releasing the same to their respective Eligible Shareholders. For this purpose, the client type details would be collected from the Registrar to Buyback.
  - In case of deals confirmed by custodian, settlement will be made to custodian's settlement account.
  - The Equity Shares bought back in the demat form would be transferred directly to the escrow demat account of the Company (the "Demat Escrow Account") provided it is indicated by the Company's Broker or will be transferred by the Company's Broker to the Demat Escrow Account on receipt of the Equity Shares from the clearing and settlement mechanism of the Stock Exchanges.
  - The Eligible Shareholders will have to ensure that they keep the demat account (the "Demat Escrow Account") active and unblocked to receive credit in case of return of Equity Shares, due to rejection or due to non-acceptance.
  - Excess demat Equity Shares or unaccepted demat Equity Shares, if any, tendered by the Eligible Shareholders would be returned to them by Clearing Corporation. If the securities transfer instruction is rejected in the demat system, due to any reason, such instruction will be transferred to the Shareholder Broker's demat account for onward transfer to the shareholder. In case of custodian participant orders, excess demat Shares or unaccepted demat Shares, if any, will be returned to the respective custodian participant. Any excess physical Equity Shares pursuant to proportionate acceptance/rejection will be returned to the concerned Eligible Shareholders directly by Registrar to the Buyback offer.
  - The settlements of fund obligation for dematerialized and physical Equity Shares shall be effected as per the SEBI Circulars and as prescribed by Stock Exchanges and Clearing Corporation from time to time. For Equity Shares accepted under the Buyback, the Eligible Shareholders holding Equity Shares in dematerialized form will receive funds payable in the Eligible Shareholders' bank account as provided by