



# Bharat Heavy Electricals Limited



CIN:L74899DL1964GOI004281  
Registered & Corporate Office: BHEL House, Siri Fort, New Delhi-110049, India  
Tel.:011-66337000, Fax:011-66337428, E-mail:shareholderquery@bhel.in, Website: www.bhel.com  
Contact Person: Rajeev Kalra, Compliance Officer

## PUBLIC ANNOUNCEMENT FOR THE ATTENTION OF EQUITY SHAREHOLDERS/ BENEFICIAL OWNERS OF EQUITY SHARES OF BHARAT HEAVY ELECTRICALS LIMITED FOR BUYBACK OF EQUITY SHARES THROUGH TENDER OFFER ROUTE UNDER THE SECURITIES AND EXCHANGE BOARD OF INDIA (BUYBACK OF SECURITIES) REGULATIONS, 2018

This Public Announcement (the "Public Announcement") is being made pursuant to the provisions of Regulation 7(i) of the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 2018 (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 Schedule I of the Buyback Regulations.

**OFFER FOR BUYBACK OF 18,93,36,645 (EIGHTEEN CRORES, NINETY THREE LAKHS, THIRTY SIX THOUSAND, SIX HUNDRED AND FORTY FIVE ONLY) FULLY PAID UP EQUITY SHARES OF THE COMPANY OF FACE VALUE OF ₹ 2 EACH AT A PRICE OF ₹ 86 (RUPEES EIGHTY SIX ONLY) PER FULLY PAID UP EQUITY SHARE ON A PROPORTIONATE BASIS THROUGH THE TENDER OFFER PROCESS USING THE STOCK EXCHANGE MECHANISM**

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

1.1 The Board of Directors (the "Board", which expression includes any committee constituted by the Board to exercise its powers, including the powers conferred by the resolution) of Bharat Heavy Electricals Limited (the "Company") at their meeting held on October 25, 2018 (the "Board Meeting"), pursuant to the provisions contained in the Article 5A of the Articles of Association of the Company, Sections 68, 69, 70 and all other applicable provisions (any of the Companies Act, 2013, as amended (the "Companies Act"), the Companies (Share Capital and Debentures) Rules, 2014 (the "Share Capital Rules") and in compliance with the provisions of the Buyback Regulations, including any amendments, statutory modifications or re-enactment to each of the foregoing, for the time being in force and subject to such other approvals, permissions and sanctions as may be necessary and subject to such conditions and modifications as may be prescribed or imposed by the appropriate authority while granting such approvals, permissions and sanctions which may be agreed to by the Board, approved the buyback by the Company of 18,93,36,645 (Eighteen Crores Ninety Three Lakhs Thirty Six Thousand Six Hundred and Forty Five Only) fully paid-up equity shares of face value ₹2 (Rupees Two Only) each (the "Shares" or the "Equity Shares") at a price of ₹86 per Equity Share (the "Buyback Offer Price") payable in cash for an aggregate consideration of ₹16,28,29,51,470 (Rupees One Thousand Six Hundred and Twenty Eight Crore, Twenty Nine Lakh, Fifty One Thousand, Four Hundred and Seventy only) (the "Buyback Offer Size") from all the eligible shareholders/beneficial owners of Equity Shares of the Company as on the record date (i.e. Tuesday, November 06, 2018) (the "Eligible Shareholders") of the Company, on a proportionate basis, through the "Tender Offer" route (the process being referred hereinafter as the "Buyback").

1.2 The Buyback is subject to receipt of approvals, permissions, sanctions of statutory, regulatory or governmental authorities as may be required under applicable laws, including but not limited to the Reserve Bank of India ("RBI"), Securities and Exchange Board of India ("SEBI"), BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE"). BSE and NSE together referred as the "Stock Exchanges", where the Equity Shares of the Company are listed.

1.3 The Buyback Offer Size represents up to 5% of both the standalone and consolidated paid-up equity share capital and free reserves as per the audited financial statements of the Company for the financial year ended March 31, 2018 (the last audited standalone and consolidated 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 as per the provisions of the Companies Act. Since, the maximum number of Equity Shares proposed to be bought back represents 5.16% of the total issued and paid-up share capital of the Company, the same is within the limit of 25% of the total issued and paid-up share capital of the Company that can be bought back in a financial year.

1.4 The maximum amount required by the Company for the Buyback i.e. the Buyback Offer Size will be met out of cash and bank balances, including fixed deposits with banks. 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(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.

1.5 The Buyback Offer Price of ₹ 86 (Rupees Eighty Six only) 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 17.28% and 18.59% over the volume weighted average prices of the Equity Shares on BSE and NSE, respectively, during the three months period prior to Monday, October 22, 2018 (i.e. the date of intimation to the Stock Exchanges regarding the Board Meeting); and (ii) a premium of 16.96% and 16.88% over the volume weighted average prices of the Equity Shares on the BSE and NSE, respectively, for two weeks prior to Monday, October 22, 2018 (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 Thursday, October 25, 2018, being the date of meeting of the Board of Directors approving the buy-back, was ₹ 70.35 and ₹ 70.25 on BSE and NSE, respectively.

1.6 The Buyback shall be undertaken on a proportionate basis from all the Eligible Shareholders of the Company through the "Tender Offer" process as prescribed under Regulation 4(iv) (a) of the Buyback Regulations. Additionally, the Buyback shall be, subject to applicable laws, facilitated by tendering of Equity Shares by such Eligible Shareholders and settlement of the same through the stock exchange mechanism as specified by SEBI in the circular bearing number CIR/CFD/POL/CYCELL1/12015 dated April 13, 2015 read with SEBI circular bearing number CFD/DCR/CIR/2016/131 dated December 9, 2016, as may be amended from time to time (the "SEBI Circulars") and circular issued by BSE 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.

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

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

### 2. NECESSITY FOR BUYBACK

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 Board at its meeting held on October 25, 2018, considered the accumulated free reserves as well as the cash liquidity reflected in the audited accounts for the financial year ended March 31, 2018 and considering these, the Board decided to allocate a sum of ₹16,28,29,51,470 (Rupees One Thousand Six Hundred and Twenty Eight Crore, Twenty Nine Lakh, Fifty One Thousand, Four Hundred and Seventy only) for returning to the members holding equity shares of the Company through the Buyback.

After considering several factors and benefits to the members holding equity shares of the Company, the Board decided to recommend Buyback of 18,93,36,645 (Eighteen Crores, Ninety Three Lakhs, Thirty Six Thousand, Six Hundred and Forty Five Only) equity shares (representing 5.16% of the total issued and paid-up share capital of the Company) at a price of ₹86 per equity share for an aggregate consideration of ₹16,28,29,51,470 (Rupees One Thousand Six Hundred and Twenty Eight Crore, Twenty Nine Lakh, Fifty One Thousand, Four Hundred and Seventy only). Buyback is a more efficient form of returning surplus cash to the members holding equity shares of the Company, inter-alia, for the following reasons:

- i. The buyback will help the Company to return surplus cash to its members holding equity shares broadly in proportion to their shareholding, thereby, enhancing the overall return to members;
- ii. The Buyback, which is being implemented through the Tender Offer route as prescribed under the Buyback Regulations, would require allocation of higher number of shares as per their entitlement or 15% of the number of shares to be bought back, reserved for the Small Shareholders. The Company believes that this reservation of 15% for Small Shareholders would benefit a large number of public shareholders, who would get classified as "Small Shareholder" as per Regulation 2(i)(n) of the Buyback Regulations;
- iii. The Buyback would help in improving return on equity, by reduction in the equity base, thereby leading to long term increase in shareholders' value;
- iv. The Buyback gives an option to the members holding equity shares of the Company, who can choose to participate and get cash in lieu of Equity Shares to be accepted under the Buyback or they may choose to not participate and enjoy a resultant increase in their percentage shareholding, post the Buyback, without additional investment; and
- v. Optimizes the capital structure.

### 3. DETAILS OF PROMOTER SHAREHOLDING AND INTENTION OF PROMOTER TO PARTICIPATE IN THE BUYBACK

3.1 The aggregate shareholding of the Promoter, as on October 25, 2018, 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 to issued and paid up Equity Share capital
1.	President of India acting through Ministry of Heavy Industries & Public Enterprises, Government of India	2,31,51,78,000	2,31,51,78,000	63.06%

3.2 No equity shares or other specified securities of the Company were either purchased or sold or transferred by the Promoter during a period of six months preceding the date of the Board Meeting at which the Buyback was approved.

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 October 25, 2018 to participate in the Buyback and tender the number of Equity Shares as set out against its name herein below.

S.No.	Name of the Promoter	Equity Shares held as on October 25, 2018	Equity Shares intended to be offered in the Buyback
1.	President of India, acting through Ministry of Heavy Industries & Public Enterprises, Government of India	2,31,51,78,000	18,93,36,645

3.4 The entire shareholding of the Promoter is in dematerialized mode, and the details of the date and price of acquisition/sale of entire Equity Shares that the said Promoter has acquired/sold till date as per the information provided by the Promoter vide its letter dated October 25, 2018, are set-out below:

S.No.	Date of the Transaction	No. of Equity Shares	Acquisition / Sale Consideration (₹)	Nature of Transaction/Consideration
1.	February 02, 1965	5	5,000	Subscribers to MoA and AoA
2.	February 02, 1965	19,995	1,99,95,000	Initial investment by Government of India
3.	August 02, 1965	90,000	9,00,00,000	Further allotment to Government of India
4.	August 02, 1965	10,000	1,00,00,000	Further allotment to Government of India
5.	September 10, 1965	10,000	1,00,00,000	Further allotment to Government of India
6.	September 10, 1965	30,000	3,00,00,000	Further allotment to Government of India
7.	October 30, 1965	20,000	2,00,00,000	Further allotment to Government of India
8.	October 30, 1965	20,000	2,00,00,000	Further allotment to Government of India
9.	June 18, 1966	50,000	5,00,00,000	Further allotment to Government of India
10.	June 18, 1966	2,41,112	Other than cash	Further allotment to Government of India
11.	August 12, 1966	8,888	88,88,000	Further allotment to Government of India
12.	February 25, 1967	86,112	8,61,12,000	Further allotment to Government of India
13.	April 22, 1967	50,800	5,08,00,000	Further allotment to Government of India
14.	July 25, 1967	10,000	1,00,00,000	Further allotment to Government of India
15.	May 04, 1968	3,088	30,88,000	Further allotment to Government of India
16.	June 17, 1972	1,50,000	15,00,00,000	Further allotment to Government of India
17.	April 11, 1974	5,00,000	Other than cash	Further allotment to Government of India
18.	September 29, 1980	1,00,000	10,00,00,000	Further allotment to Government of India
19.	December 24, 1980	1,00,000	10,00,00,000	Further allotment to Government of India
20.	October 01, 1981	1,00,000	10,00,00,000	Further allotment to Government of India
21.	November 26, 1981	1,32,100	13,21,00,000	Further allotment to Government of India
22.	August 10, 1982	2,60,000	26,00,00,000	Further allotment to Government of India
23.	December 22, 1982	7,900	79,00,000	Further allotment to Government of India
24.	March 21, 1983	32,100	3,21,00,000	Further allotment to Government of India
25.	June 24, 1984	1,00,000	10,00,00,000	Further allotment to Government of India
26.	December 17, 1983	1,60,000	16,00,00,000	Further allotment to Government of India
27.	July 23, 1984	1,00,000	10,00,00,000	Further allotment to Government of India
28.	September 29, 1984	55,500	5,55,00,000	Further allotment to Government of India
29.	Vide shareholders' resolution dated September 23, 1991, the face value of Equity Shares of the Company was split from ₹1,000 per Equity Share to ₹10 per Equity Share. Consequently, the shareholding of the Promoter stood revised from 24,47,600 Equity Shares of face value of ₹ 1000 each to 24,47,60,000 Equity Shares of face value of ₹ 10 each.			
30.	December 30, 1991	4,89,52,000	1,86,26,23,600*	Disinvestment by Government of India by way of sale of Equity Shares to Institutional Investors
31.	August 13, 1993	11,17,000	8,18,20,250*	Disinvestment by Government of India by way of sale of Equity Shares to Institutional Investors
32.	March 17, 1994	20,12,000	12,47,56,400*	Disinvestment by Government of India by way of sale of Equity Shares to the existing employees of the Company
33.	March 24, 1994	2,69,23,600	3,01,54,43,200*	Disinvestment by Government of India by way of sale of Equity Shares to Institutional Investors
34.	June 06, 2007	16,57,55,200	-	Bonus issue in the ratio 1:1
35.	Vide shareholders' resolution dated September 29, 2011, the face value of Equity Shares of the Company was split from ₹10 per Equity Share to ₹2 per Equity Share. Consequently, the shareholding of the Promoter stood revised from 33,15,10,400 Equity Shares of face value of ₹ 10 each to 165,75,52,000 Equity Shares of face value of ₹ 2 each.			
36.	March 03, 2014	11,41,00,000	18,88,92,55,000*	Disinvestment by Government of India through block deal
37.	October 03, 2017	77,17,26,000	-	Bonus issue in the ratio 1:2
<b>Total Current Holding</b>		<b>2,31,51,78,000</b>		

\* Consideration value for disinvestment are as per the communication received from DHI/DPE.

4. The Company confirms that there are no defaults subsisting in the repayment of the deposits accepted either before or after the commencement of the Companies Act, in default 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.

### 5. CONFIRMATIONS FROM THE BOARD

The Board, on the date of the Board Meeting i.e. October 25, 2018, confirmed that it has made a full enquiry into the affairs and prospects of the Company and that based on such full enquiry conducted into the affairs and prospects of the Company, the Board has formed an opinion that:

- a) immediately following the date of the Board Meeting held on October 25, 2018 approving the Buyback, there will be no grounds on which the Company could be found to be unable to pay its debts;
- b) as regards the Company's prospects for the year immediately following the date of the Board Meeting held on October 25, 2018, and having regard to the Board's intention with respect to the management of 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 held on October 25, 2018; and
- c) 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 or Insolvency and Bankruptcy Code, 2016, including prospective and contingent liabilities, as applicable.

### 6. STATUTORY AUDITOR'S REPORT ADDRESSED TO THE BOARD IN RESPECT OF PROPOSED BUYBACK OF EQUITY SHARES BY THE COMPANY IN TERMS OF CLAUSE (X) OF SCHEDULE I OF THE BUYBACK REGULATIONS

The text of the report dated October 25, 2018 received from the Statutory Auditors of the Company viz. M/s Bhatia & Bhatia, Chartered Accountants, M/s Tiwari & Associates, Chartered Accountants and M/s Mahesh C. Solanki & Co., Chartered Accountants addressed to the Board of Directors of the Company is reproduced below:

**Quote:**  
**Statutory Auditor's Report as prescribed in Clause (xi) of Schedule I of the Securities Exchange Board of India (Buyback of Securities) Regulations, 2018**

To,  
The Board of Directors  
Bharat Heavy Electricals Limited  
BHEL House, Siri Fort, New Delhi - 110049

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 standalone audited accounts of the Company for the financial year ended March 31, 2018, on a proportionate basis (the "Buyback"), from the Eligible Shareholders by way of a tender offer through the stock exchange mechanism by Bharat Heavy Electricals Limited (the "Company").**

1. This report is issued in accordance with the terms of engagement letter dated October 25, 2018. We, M/s Bhatia & Bhatia, Chartered Accountants, M/s Tiwari & Associates, Chartered Accountants and M/s Mahesh C. Solanki & Co., Chartered Accountants the Statutory Auditors of the Company, have been informed that the Board of Directors of the Company in their meeting held on October 25, 2018 have decided to buy back the Company's fully paid up equity shares in pursuance of the provisions of Section 68, 69 and 70 of the Companies Act, 2013 at a price of ₹86 (Eighty Six) per share, and in terms of the requirements of Clause (xi) of Schedule I of the Securities and Exchange Board of India (Buy Back of Securities) Regulations, 2018 (herein after the "SEBI Buyback Regulations").

2. The responsibility for preparing the statement of permissible capital payment ("Annexure A") as at March 31, 2018 (hereinafter referred to as the "Statement") is prepared by the management of the Company, and same is intalled by us for identification purpose only.

**Management Responsibility Statement**  
3. The preparation of the Statement in accordance with Section 68(2)(b) of the Companies Act, 2013 and the compliance with the SEBI Buyback Regulations, is the responsibility of the management of the Company, including the computation of the amount of the permissible capital payment, 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 Statement**  
4. Pursuant to the requirements of the SEBI Buyback Regulations, it is our responsibility to provide reasonable assurance:  
(i) Whether we have inquired into the state of affairs of the Company in relation to the audited standalone financial statement for the year ended March 31, 2018.

(ii) If the amount of permissible capital payment as stated in Annexure "A", has been properly determined considering the audited standalone financial statements in accordance with Section 68(2)(b) of the Companies Act, 2013; and  
(iii) If the Board of Directors in their meeting dated October 25, 2018, have formed the opinion as specified in clause (x) of Schedule I to the SEBI Buyback Regulations, on reasonable grounds and that the Company, having regard to its state of affairs, will not, be rendered insolvent within a period of one year from that date.

5. The standalone financial statements referred to in paragraph 4 above, which we have considered for the purpose of this report, have been audited by M/s. DSP & Associates, Chartered Accountants, M/s. Dhawan & Co., Chartered Accountants and M/s. Mahesh C. Solanki & Co., Chartered Accountants, the previous statutory auditors of the Company (the "Previous Auditors"), on which they have issued an unmodified audit opinion vide their report dated May 29, 2018.

6. We have 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. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by The Institute of Chartered Accountant of India.

7. 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**  
8. Based on inquires conducted and our examination as above, we report that:  
(i) We have inquired into the state of affairs of the Company in relation to its audited financial statements as at and for the year ended March 31, 2018.

(ii) The amount of permissible capital payment (including premium) towards the proposed buy back of equity shares computed in the Statement attached herewith is in our view has been properly determined in accordance with Section 68 (2) (b) of the Companies Act, 2013.

(iii) The Board of Directors of the Company in their meeting held on October 25, 2018, have formed their opinion as specified in clause (x) of Schedule I of the SEBI Buyback Regulations, on reasonable grounds and that the Company having regard to its state of affairs, shall not be rendered insolvent within a period of one year from that date.

**Restriction on Use**  
9. The report is addressed to and provided to the Board of Directors of the Company pursuant to the requirements of the SEBI Buyback Regulations solely to enable the Board of Directors of the Company to include it in Public Announcement, the Draft Letter of Offer and the Letter of Offer and other documents pertaining to the buyback to be sent to the shareholders of the Company and / or filed with various statutory, regulatory or governmental authorities / agencies such as Registrar of Companies, Securities and Exchange Board of India, stock exchanges and for providing to other parties, including the Manager to the offer, in connection with buyback of not exceeding 18,93,36,645 (Eighteen Crores Ninety Three Lakhs Thirty Six Thousand Six Hundred and Forty Five Only) equity shares, in pursuance of provisions of section 68,69 and 70 of the Companies Act, 2013, the SEBI Buyback Regulations and should not be used for any other purpose or by any other person.

For M/s Bhatia & Bhatia Chartered Accountants FRN - 003202N	For M/s Tiwari & Associates Chartered Accountants FRN - 002870N	For M/s Mahesh C. Solanki & Co. Chartered Accountants FRN - 006228C
Sd/- (CA. Anant Bhatia) Partner M.No. 507832	Sd/- (CA. Sandeep Sandil) Partner M.No. 085747	Sd/- (CA. Mahesh Solanki) Partner M.No. 074991

Place : New Delhi  
Date : October 25, 2018

### Annexure A Statement of permissible capital payment (including premium) Computation of amount of permissible capital payment towards buyback of equity shares of Bharat Heavy Electricals Limited in accordance with the provisions of Section 68(2)(b) of the Companies Act, 2013 and the SEBI Buyback Regulations.

Sl. No.	Particulars	Amount(₹)
A.	<b>Issued, subscribed and fully paid up equity share capital as on March 31, 2018</b> (367,14,00,000 Equity Shares of ₹2 each fully paid up)	<b>7,34,28,00,000</b>
B.	<b>Free Reserves as on March 31, 2018</b>	
	General reserve	3,21,04,96,29,826
	Other comprehensive income	(22,05,00,000)
	Surplus in the statement of profit and loss (Retained Earnings)	(2,51,29,00,000)
	Securities Premium account	-
	<b>Total</b>	<b>3,18,31,62,29,826</b>
	<b>Total - C = A+B</b>	<b>3,25,65,90,29,826</b>
	Maximum amount permissible for the Buyback i.e., 10% of the aggregate fully paid-up equity share capital and free reserves pursuant to Section 68(2)(b) of the Companies Act, 2013 requiring Board Resolution	32,56,59,02,983
	Amount approved by the Board of Directors of the Company for Buyback in the meeting held on October 25, 2018	16,28,29,51,470

For M/s Bhatia & Bhatia Chartered Accountants FRN - 003202N	For M/s Tiwari & Associates Chartered Accountants FRN - 002870N	For M/s Mahesh C. Solanki & Co. Chartered Accountants FRN - 006228C
Sd/- (CA. Anant Bhatia) Partner M.No. 507832	Sd/- (CA. Sandeep Sandil) Partner M.No. 085747	Sd/- (CA. Mahesh Solanki) Partner M.No. 074991

Place : New Delhi  
Date : October 25, 2018

### Unquote:

**7. PROCESS AND METHODOLOGY TO BE ADOPTED FOR BUYBACK**  
7.1 The Buyback is open to all Eligible Shareholders of the Company holding Shares either in physical and/or dematerialized form on the Record Date.

7.2 The Buyback shall be implemented by the Company through the "Mechanism for acquisition of shares through Stock Exchange" notified by the SEBI Circulars, as may be amended from time to time and following the procedure prescribed in the circular 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 Buyback Committee authorized to complete the formalities of the Buyback) and on such terms and conditions as may be permitted by law from time to time.

7.3 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 Futorex, 12th Floor, A-Wing, N. M. Joshi Marg, Lower Parel, Mumbai - 400 013  
CIN: U65999MH2005PLC155485  
Contact Person: Mr. Sriram N. S., Vice President  
Tel: +91 (22) 4366 3537 Fax: +91 (22) 2300 0944 E-mail: Sriram.NS@sbicaps.com Website: www.sbismart.com  
SEBI Registration Number: IN2000200032

7.4 For the Purpose of this Buyback BSE Limited ("BSE") has been appointed as the Designated Stock Exchange. Separate acquisition window will be provided by BSE to facilitate placing of sell orders by the Eligible Shareholders who wish to tender Equity Shares in the Buyback. The details of the platform will be as specified by BSE. In case, the Eligible Shareholders' registered stock broker is not registered with BSE, Eligible Shareholder may approach Company's Broker to place its bid.

7.5 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 broker (i.e. "Shareholder Broker") during normal trading hours of the secondary market. The Shareholder Broker can enter orders for dematerialized Shares as well as physical Shares.

**7.6 Procedure to be followed by Eligible Shareholders holding Equity Shares in the dematerialized form:**

7.6.1 Eligible Shareholders who desire to tender their Equity Shares held by them in electronic/dematerialized form under the Buyback would have to do so through their respective Shareholder Broker by indicating to them, the details of Equity Shares they intend to tender under the Buyback.

7.6.2 The Eligible Shareholder who wish to tender Equity Shares in the Buyback, is required to transfer the Equity Shares under the Buyback to a special account of the Indian Clearing Corporation Limited (the "Clearing Corporation"), specifically created for the purpose of Buyback (the "Special Account") by using the settlement number through the early pay-in mechanism of the Depositories. This shall be validated by the Shareholder Broker at the time of order/bid entry.

7.6.3 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 Designated Stock Exchange/Clearing Corporation.

7.6.4 For custodian participant orders for dematerialized Equity Shares, early pay-in is mandatory prior to confirmation of order/bid by custodians. The custodian shall either confirm or reject the orders not later than close of trading hours on the last day of the tendering period (i.e. date of closing of Buyback). 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.

7.6.5 Upon placing the bid, the Shareholder Broker shall provide a Transaction Registration Slip (the "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 No., Application No., DPID, Client ID, No. of Equity Shares tendered etc.

7.6.6 In case of non-receipt of the completed tender form and other documents, but receipt of Equity Shares in the accounts of the Clearing Corporation and a valid bid in the exchange bidding system, the bid for Buyback shall be deemed to have been accepted.

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