

NTPC LTD. BECOMES FIRST PSU TO ISSUE BONUS DEBENTURES; A REPLICA OF THE BONUS DEBENTURES CERTIFICATE OF RS 7725.76 CRORE AND RS. 2060.75 CRORE AS DIVIDEND DISTRIBUTION TAX ON THE DEBENTURES PRESENTED TO THE FINANCE MINISTER SHRI ARUN JAITLEY

New Delhi, March 26, 2015
Chaitra 5, 1937

A replica of the Bonus Debentures Certificate of Rs 7725.76 crore was presented here today to the Union Finance Minister Shri Arun Jaitley, by Shri Piyush Goyal, Minister of Power, Coal and New & Renewable Energy in the presence of Shri P.K.Sinha, Secretary, Department of Power, Government of India, Dr. Arup Roy Choudhury, CMD, NTPC, Shri K. Biswal, Director (Finance), NTPC, Shri I. J. Kapoor, Director (Commercial), NTPC, Shri U. P. Pani, Director (Human Resources), NTPC, Shri S.C. Pandey, Director (Projects), NTPC and Shri K. K. Sharma, Director (Operations), NTPC among others.

The Government of India receives 618.06 crore bonus debentures amounting to Rs. 7725.76 crore by virtue of its 74.96% shareholding in NTPC. In addition to the bonus debentures, the Government of India has also received Rs. 2060.75 crore as dividend distribution tax on the debentures.

NTPC Ltd. has earlier issued, by way of bonus, one fully paid-up, secured debenture of Rs. 12.50 each, for every one fully paid-up equity share of Rs. 10 each held by its members. The issue size of the bonus debenture is of Rs 10306.83 crore and is also the biggest issue of its kind in the Country and also the first ever by any PSU. The Bonus Debentures carries the Coupon Rate of 8.49% p.a. payable annually and has been allotted.

The need for issuing bonus debentures was felt sometime in July / August 2014. As on 30th March 2014, the company had free reserves of over Rs. 72000 crores and a cash balance of Rs. 15300 crore. Since the Company is in regulated generation business, there is little room for improvement of profitability. High net worth of around Rs. 85000 crore depresses ROE which works out to only around 12.78% on reported basis. Thus there was a need for capital optimization.

Since Company has entered in its 40th year of incorporation, there was no better way to reward the shareholders than issuing Bonus debentures.

Key features of transaction:

- This was the largest ever Bonus Debenture issue of Rs. 10307 crore in India
- The issue created the largest Debenture holders base of 7,01,102 investors thus adding depth to debt market
- The transaction was executed in shortest possible time of 93 days from Board Approval to Allotment. As against 12-36 months by other issuers.
- NTPC becomes the first PSU and First Maharatna to undertake such innovative capital restructuring exercise
- Seamless co-ordination amongst Ministry of Power, Ministry of Corporate Affairs, Ministry of Finance and team NTPC.
- Government of India has received 618 crore bonus debentures of Rs. 7726 crore of face value
- The debentures are secured in nature and are rated Triple AAA by all the three rating agencies
- The debentures carry an attractive coupon of 8.49% fixed for entire tenure.
- The door-to-door maturity is 10 years – Debentures are redeemable in 8th, 9th and 10th year.
- They are listed on BSE and NSE and can be easily traded
- There is no lock-in
- Funds thus raised will be used for deployment in Capex