

SEC-1/187(2)/2018/ 3087

Dated: December 21, 2018

Listing Department,
National Stock Exchange of India Limited
Exchange Plaza, BandraKurla Complex,
Bandra (East),
Mumbai – 400 051.
Scrip Code-- RECLTD

Sub: Clarification on announcement relating to sale and transfer of Jawaharpur Firozabad Transmission Limited to Power Grid Corporation of India.

Ref. Our letter no. SEC-1/187(2)/2018/3063 dated 6th December, 2018.

Dear Sir,

This is with reference to your e-mail on above cited subject for seeking certain clarifications on the sale and transfer of Jawaharpur Firozabad Transmission Limited to Power Grid Corporation of India.

At the outset, it is informed that REC Transmission Projects Company Limited (RECTPCL) acts as the "Bid Process Coordinator" for selection of Transmission Service Provider(s), through Tariff Based Competitive Bidding (TBCB) process for independent inter-state and intra-state transmission projects allocated by the Ministry of Power, Government of India and State Governments from time to time. In order to initiate development of each of such independent transmission project allocated to it, RECTPCL incorporates project-specific Special Purpose Vehicle (SPV) as its wholly-owned subsidiary, which is also a wholly-owned subsidiary of REC. Further, such SPVs are subsequently transferred along with all assets and liabilities to the successful bidder(s) selected through TBCB process.

Further, the point-wise reply to your queries, are given below:-

Sl. No.	Query	Reply
1.	Additionally, in case of a slump sale, indicative disclosures provided for amalgamation/ merger, shall be disclosed by the listed entity with respect to such slump sale.	The proposal for sale and transfer of Jawaharpur Firozabad Transmission Limited, a wholly-owned subsidiary of RECTPCL and also of REC [in terms of Section 2(87) of the Companies Act, 2013], to M/s Power Grid Corporation of India Limited is not in the nature of slump sale. Further, the consideration for sale & transfer of SPVs is determined in accordance with the Guidelines issued, from time to time, by the Ministry of Power, Government of India.
2.	Whether the transaction would fall within related party transactions? If yes, whether the same is done at "arm's length".	The sale and transfer of Jawaharpur Firozabad Transmission Limited was done in favour of Power Grid Corporation of India (PGCIL), which emerged as the successful bidder through Tariff Based Competitive Bidding (TBCB) process, to establish Transmission System for evacuation of power from 2 x 660 MW Jawaharpur Thermal Power Project and construction of 400 kV substation at Firozabad along with associated Transmission Lines'. Further, the transaction does not fall within the purview of related party transaction.

Regional Offices: Bangalore, Bhopal, Bhubaneswar, Chennai, Guwahati, Hyderabad, Imphal, Jaipur, Jammu, Kolkata, Lucknow, Mumbai, Panchkula, Patna, Raipur, Ranchi, Thiruvananthapuram & Vijayawada

State Offices : Dehradun, Itanagar, Shillong, Shimla, Vadodara & Varanasi

Training Centre : REC Institute of Power Management & Training (RECIPMT), Hyderabad

3.	Brief details of buyers and whether any of the buyers belong to the promoter/promoter group/group companies. If yes, details thereof.	Jawaharpur Firozabad Transmission Limited was transferred to Power Grid Corporation of India, which emerged as the successful bidder through Tariff Based Competitive Bidding (TBCB) process to establish Transmission System for 'Evacuation of Power from 2x660 MW Jawaharpur Thermal Power Project and construction of 400 kV substation at Firozabad along with associated Transmission Lines'. Further, PGCIL is a Government of India Enterprise under Ministry of Power and listed on National Stock Exchange of India Limited & BSE Limited.
4.	Consideration received from such sale/disposal.	RECTPCL receives professional fees and all costs (including direct & indirect cost) incurred by it in connection with the activities concerning the above project shall be recovered from the successful bidder through payment of Acquisition price. Further, RECTPCL has received an amount of ₹4.12 crore as acquisition price from the selected bidder which includes professional fees of ₹3.59 crore and actual expenditure incurred by RECTPCL on the project.
5.	The expected date of completion of sale/disposal;	The Share Purchase Agreement between REC Transmission Projects Company Limited, Jawaharpur Firozabad Transmission Limited and Power Grid Corporation of India Limited, has been signed on December 21, 2018.
6.	Date on which the agreement for sale has been entered into;	
7.	The amount and percentage of the turnover or revenue or income and net worth contributed by such unit or division of the listed entity during the last financial year;	Negligible.
8.	Any other disclosures related to such agreements, viz., details of nominee on the board of directors of the listed entity, potential conflict of interest arising out of such agreements, etc;	NIL
9.	In case of issuance of shares to the parties, details of issue price, class of shares issued;	50,000 Equity Shares of Jawaharpur Firozabad Transmission Limited presently held by M/s REC Transmission Projects Company Limited (RECTPCL) and its nominees, have been transferred to M/s Power Grid Corporation of India Limited and their nominees.

10.	Whether the transaction would fall within related party transactions? If yes, whether the same is done at arms' length?	The transaction does not fall within the purview of related party transaction.
11.	Whether, the said parties are related to promoter/promoter group/group companies in any manner. If yes, nature of relationship;	The Share Purchase Agreement has been signed between REC Transmission Projects Company Limited, Jawaharpur Firozabad Transmission Limited and Power Grid Corporation of India Limited. Jawaharpur Firozabad Transmission Limited is a wholly owned subsidiary of RECTPCL, which in turn is a wholly owned subsidiary of REC Limited, a Government of India enterprise. Further, PGCIL is a Government of India Enterprise under Ministry of Power and listed on National Stock Exchange of India Limited & BSE Limited.
12.	Significant terms of the agreement (in brief) special rights like right to appoint directors, first right to share subscription in case of issuance of shares, right to restrict any change in capital structure etc.	The Share Purchase Agreement between REC Transmission Projects Company Limited, Jawaharpur Firozabad Transmission Limited and Power Grid Corporation of India Limited, has been signed on December 21, 2018 and it contains the basic covenants relating to transfer of 50,000 equity shares from RECTPCL to M/s Power Grid Corporation of India Limited.
13.	Shareholding, if any, in the entity with whom the agreement is executed;	REC does not hold any shares in the entities with whom the agreement is executed.
14.	Purpose of entering into the agreement;	The Share Purchase Agreement between REC Transmission Projects Company Limited, Jawaharpur Firozabad Transmission Limited and Power Grid Corporation of India Limited, has been signed on December 21, 2018 for transfer of 50,000 equity shares from RECTPCL to M/s Power Grid Corporation of India Limited, the successful bidder selected through Tariff Based Competitive Bidding Process.
15.	Name(s) of parties with whom the agreement is entered	

We request you to take the above clarification on record. Kindly let us know in case any further clarification is required in this regard.

Thanking you,

Yours faithfully,



(J.S. Amitabh)
General Manager & Company Secretary