



सौभाग्य

प्रधानमंत्री सहज बिजली हर घर योजना

SEC-1/187(2)/2018/266

Dated: March 9, 2018

Listing Department, National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051.	Corporate Relationship Department BSE Limited 1 st Floor, Phiroze Jeejeebhoy Towers Dalal Street, Fort, Mumbai – 400 001.
Scrip Code-- RECLTD	Scrip Code—532955

Sub: Clarification on announcement relating to Sale and transfer of WR-NR Power Transmission Limited.

Ref. Our letter no. SEC-1/187(2)/2017/2656 dated March 6, 2018.

Dear Sir(s),

This is with reference to your e-mail dated March 8, 2018 seeking certain clarifications on the proposed sale and transfer of WR-NR Power Transmission Limited, a wholly-owned subsidiary of RECTPCL and also of REC (in terms of Section 2(87) of the Companies Act, 2013) to Power Grid Corporation of India Limited.

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	The proposal for sale and transfer of WR-NR Power 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 in terms of Tariff based Competitive-bidding Guidelines for Transmission

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

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

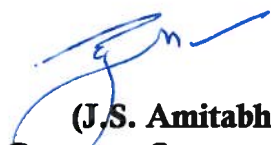
	entity with respect to such slump sale.	Service issued by Ministry of Power, Government of India. Further, the consideration for sale and transfer of SPV is also determined in accordance with the Guidelines/ directions issued, from time to time, by the Ministry of Power, Government of India.
2	Whether the transaction would fall within related party transactions? If yes, whether the same is done at "arm's length";	The sale and transfer of WR-NR Power Transmission Limited is being done in favour of Power Grid Corporation of India Limited, which has emerged as the successful bidder through Tariff Based Competitive Bidding (TBCB) process, to establish inter-state transmission projects. Further, the transaction does not fall within the purview of related party transaction.
3	Brief details of buyers and whether any of the buyers belong to the promoter / promoter group / group companies. If yes, details thereof.	WR-NR Power Transmission Limited is proposed to be transferred to Power Grid Corporation of India Limited, which has emerged as the successful bidder through Tariff Based Competitive Bidding (TBCB) process to establish inter-state transmission projects. Power Grid Corporation of India Limited, a listed "Navaratna" Central Public Sector Enterprise. It is Central Transmission Utility (CTU) and largest Electric Power Transmission Utility of India. Power grid is consistently rated "Excellent" under Memorandum of Understanding with Ministry of Power since 1993-94. Further, it is informed that President of India is promoter of Rural Electrification Corporation Limited as well as Power Grid Corporation of India Limited. However, it is pertinent to mention that the as per provision of first proviso of sub-section (1) of Section 188 (Related Party transactions) of the Companies Act, 2013, REC and Power grid will not treated as group companies/ related parties.
4	Consideration received from such sale/disposal.	RECTPCL will receive a sale consideration of ₹ 14.02 crore consisting of ₹ 10.76 crore towards professional fee for Bid Process Coordination, ₹ 0.05 crore towards cost of acquiring 50,000 equity shares of ₹ 10/- each of WR-NR Power Transmission Limited at par value and balance amount towards reimbursement of expenditure incurred on the project by RECTPCL and interest cost etc., from the successful bidder.

5	The expected date of completion of sale/disposal;	The sale of WR-NR Power Transmission Limited is expected to be completed during the financial year 2017-18.
6	Date on which the agreement for sale has been entered into;	The agreement with M/s Power Grid Corporation of India Limited for sale and transfer of WR-NR Power Transmission Limited will be entered after receipt of sale consideration.
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.

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