

**NCLT CONVENED MEETING OF THE SECURED CREDITORS OF
ESSAR POWER TRANSMISSION COMPANY LIMITED**

***[Convened pursuant to Order dated 6th July, 2023 of the Hon'ble National Company
Law Tribunal, Indore bench]***

ESSAR POWER TRANSMISSION COMPANY LIMITED

CIN: U99999MP2005PLC052837

**Regd. Office: ESSAR POWER M P LIMITED, POWER PLANT, VILLAGE BANDHAURA,
POST KARSUALAL, SINGRAULI, MADHYA PRADESH 486886**

Tel.: 91 22 6660 1100, Fax: 91 22 2495 4787

Website: www.essar.com E-mail: powersec@essarpower.co.in

**NOTICE CONVENING MEETING OF THE SECURED CREDITORS OF ESSAR POWER
TRANSMISSION COMPANY LIMITED**

[Convened pursuant to Order dated 6th July 2023 of the Hon'ble National Company Law
Tribunal, Indore Bench]

Registered Office	:	Essar Power M P Limited, Power Plant, Village Bandhaura, Post Karsualal, Singrauli, Madhya Pradesh 486886
Tel No	:	Tel.: 91 22 6660 1100, Fax: 91 22 2495 4787
CIN	:	CIN: U99999MP2005PLC052837
Website Email	:	Website: www.essar.com E-mail: powersec@essarpower.co.in

Day	:	Wednesday
Date	:	16 th August 2023
Time	:	11:30 AM
Mode	:	Physical Meeting
Venue	:	21, Feroz Gandhi Road, Lajpat Nagar III, Opposite Apollo Pharmacy, New Delhi-110024

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BEFORE THE NATIONAL COMPANY LAW TRIBUNAL, INDORE BENCH

C.A. (CAA) NO. 3/MP OF 2023

In the matter of the Companies Act, 2013;

AND

In the matter of Application under Sections 230 - 232 and other relevant provisions of the Companies Act, 2013;

AND

In the matter of Scheme of Arrangement of Essar Power Transmission Company Limited

Essar Power Transmission Company Limited,
a Public Company incorporated under the
Companies Act, 1956 having CIN
U99999MP2005PLC052837, and its registered
office at Essar Power M P Limited, Power
Plant, Village Bandhaura, Post Karsualal
Singrauli, Madhya Pradesh 486886

...Demerged Company

FORM NO. CAA2

NOTICE CONVENING THE TRIBUNAL CONVENED MEETING OF THE SECURED CREDITORS OF ESSAR POWER TRANSMISSION COMPANY LIMITED

To,
The Secured Creditors of Essar Power Transmission Company Limited

(“Applicant”/ “Demerged Company”).

Notice is hereby given that by an order dated 6th July 2023 the National Company Law Tribunal, Indore Bench (“**NCLT**”), and such order (“**Order**”) has directed a meeting of secured creditors of Essar Power Transmission Company Limited (“**Demerged Company**”) to be held for the purpose of considering, and if thought fit, approving with or without modification, the proposed scheme of arrangement between the Demerged Company and Essar Transco Limited (“**Resulting Company**”) and their respective shareholders, pursuant to the provisions of Sections 230 - 232 of the Companies Act, 2013 (“**Act**”) (the “**Scheme**”).

In pursuance of the Order and as directed therein, further notice is hereby given that a meeting of secured creditors of the Demerged Company will be held at 21, Feroz Gandhi Road, Lajpat Nagar III, Opposite Apollo Pharmacy, New Delhi-110024, on 16th August,

2023 (Wednesday) at 11:30 AM (“**Meeting**”), at which place, date and time, the secured creditors are requested to attend the Meeting.

Persons entitled to attend and vote at the Meeting, may vote in person or by proxy, provided that all proxies in the prescribed form are deposited at the registered office of the Demerged Company at Essar Power M P Limited, Power Plant, Village Bandhaura, Post Karsualal, Singrauli, Madhya Pradesh 486886 or received by email at powersec@essarpower.co.in, not later than 48 hours before the aforesaid Meeting i.e., by 14th August 2023 11:30 AM.

Copies of the Scheme, this Notice, the Explanatory Statement under Section 230 of the Act and all documents referred to therein can be accessed on the website of the Demerged Company, www.essar.com and can also be obtained free of charge at the registered office of the Demerged Company at Essar Power M P Limited, Power Plant, Village Bandhaura, Post Karsualal, Singrauli, Madhya Pradesh - 486886 or from the authorized representative of the Demerged Company, Mr. Mohit Rai, at 21, Feroz Gandhi Road, Lajpat Nagar III, Opposite Apollo Pharmacy, New Delhi-110024, on all days, except Saturday, Sunday and public holidays, between 11:00 A.M. and 1:00 P.M., up to and including the date of the Meeting.

The following resolution is proposed under Section 230(3) of the Act (including any statutory modification(s) or re-enactment thereof for the time being in force), the provisions of the Memorandum of Association and Articles of Association of the Demerged Company, for the purpose of considering, and if thought fit, to assent/ dissent for the following resolution:

“RESOLVED THAT pursuant to the provisions of Sections 230 - 232 of the Companies Act, 2013, and any other applicable provisions of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 and any other rules, circulars and notifications made under the Companies Act, 2013 as may be applicable and relevant provisions of other applicable laws, the Memorandum of Association and Articles of Association of the Company, and subject to the approval of the National Company Law Tribunal, Indore Bench and such other approvals, permissions and sanctions of regulatory or governmental and other authorities or tribunal, as may be necessary, and subject to such conditions and modifications as may be prescribed or imposed by the National Company Law Tribunal, Indore Bench, or by any regulatory or other authorities or tribunal, while granting such consents, approvals and permissions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the “**Board**”, which term shall be deemed to mean and include one or more committee(s) constituted/to be constituted by the board of directors or any other person authorised by it to exercise its powers including the powers conferred by this resolution), the scheme of arrangement between Essar Power Transmission Company Limited, a public company, having its registered office at Essar Power M P Limited, Power Plant, Village Bandhaura, Post Karsualal, Singrauli, Madhya Pradesh 486886 and Essar Transco Limited, a public company, having its registered office at Essar House 11 K K Keshavrao Khadye Marg, Mahalaxmi, Mumbai 400034 and their respective shareholders (“**Scheme**”), enclosed with this notice, be and is hereby approved.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolution and for removal of any difficulties or doubts, the Board, be and is hereby authorized to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary, expedient, usual or proper, and to settle any questions or difficulties or doubts that may arise, including passing of such accounting entries and /or making such adjustments in the books of accounts as considered necessary to give effect to the above resolution, settling of any questions or difficulties arising under the Scheme or in regard to and of the meaning or interpretation of the Scheme or implementation thereof or in any matter whatsoever connected therewith, and to do all acts, deeds and things as may be necessary, desirable

or expedient for carrying the Scheme into effect or to carry out such modifications/directions as may be required and/or imposed and/or permitted by the National Company Law Tribunal, Indore Bench while sanctioning the Scheme, or by any governmental authorities, or to approve withdrawal (and where applicable, re-filing) of the Scheme at any stage for any reason including in case any changes and/or modifications are suggested/required to be made in the Scheme or any condition suggested, required or imposed, whether by any shareholder, creditor, the National Company Law Tribunal, and/or any other authority, are in its view not acceptable to company, and/or if the Scheme cannot be implemented otherwise, and to do all such acts, deeds and things as it may deem necessary and desirable in connection therewith and incidental thereto.”

TAKE NOTICE THAT in pursuance of the Order, a Meeting of the secured creditors is scheduled to be held on 16th August 2023 (Wednesday) at 11:30 AM at 21, Feroz Gandhi Road, Lajpat Nagar III, Opposite Apollo Pharmacy, New Delhi-110024 through physical mode. The voting rights of the secured creditors shall be in proportion to their outstanding amount in the Demerged Company as on 31st March 2023. Secured creditors of the Demerged Company may cast their vote in person during the Meeting by way of the ballot paper available at the venue of the Meeting.

TAKE FURTHER NOTICE THAT the resolution for approval of the Scheme, if passed by a majority in number representing three-fourths in value of secured creditors of the Demerged Company casting their votes, as aforesaid, shall be deemed to have been duly passed on Wednesday, 16th August 2023 i.e. the date of the Meeting of the Secured creditors of the Demerged Company under Sections 230 to 232 of the Act. The Board of Directors of the Demerged Company at its meeting held on 15th May 2023 approved the Scheme, subject to *inter alia* approval by the requisite majority of the secured creditors of the Company as may be required, and subject to the subsequent sanction of the NCLT and of such other competent statutory/ regulatory authorities as may be required.

TAKE FURTHER NOTICE THAT a copy of the Explanatory Statement under Section 230 of the Act, read with Section 102 of the Act and Rule 6(3) of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 along with a copy of the Scheme and other annexures including Proxy Form and Attendance Slip are enclosed herewith. In compliance with the Order and the Act, the notice of this Meeting, together with the documents accompanying the same, are being sent physically by permitted modes and/ or by way of email, to the secured creditors of the Demerged Company, to their last known addresses as are available with the Demerged Company.

TAKE FURTHER NOTICE THAT copies of the Scheme, this Notice, the Explanatory Statement under Section 230 of the Act and all documents referred to therein can be accessed on the website of the Demerged Company, www.essar.com, and can also be obtained free of charge at the registered office of the Demerged Company at Essar Power M P Limited, Power Plant, Village Bandhaura, Post Karsualal, Singrauli, Madhya Pradesh – 486886 or from the authorized representative of the Demerged Company, Mr. Mohit Rai, at 21, Feroz Gandhi Road, Lajpat Nagar III, Opposite Apollo Pharmacy, New Delhi-110024, on all days, except Saturday, Sunday and public holidays, between 11:00 A.M. and 1:00 P.M., up to and including the date of the Meeting.

TAKE FURTHER NOTE THAT the NCLT has appointed Mr. V S Verma, Independent Director of the Demerged Company, and in his absence, Dr R C Mohanty, Independent Director of the Demerged Company, and in his absence Mr. Kush, Director of the Demerged Company, and in his absence, Mr. Kapil Singla, Whole Time Director of the Demerged Company, as the Chairperson of the Meeting.

TAKE FURTHER NOTE THAT the NCLT has appointed Mr. Sunil Zore, Company Secretary in Practice (membership No. 2214/COP NO. 11837) as the Scrutinizer of the Meeting.

Dated at this 13th day of July, 2023

Sd/-

Mr. V.S. Verma
Chairperson appointed for the Meeting
DIN: 07843461

Registered Office
Essar Power M P Limited, Power Plant,
Village Bandhaura, Post Karsualal,
Singrauli, Madhya Pradesh 486886.
Website: www.essar.com,
E-mail: powersec@essarpower.co.in
Tel.: 91 22 6660 1100, **Fax:** 91 22 2495 4787

Notes:

1. Only such secured creditors of the Demerged Company may attend and vote (either in person or by proxy) at the Meeting, whose names appear in the Chartered Accountant's certificate certifying the list of secured creditors of the Demerged Company as on 31st March, 2023 as had been filed with the Tribunal in C.A. (CAA) NO.3/MP OF 2023. A person/ entity who is not a secured creditor on such date should treat the notice for information purposes only and shall not be entitled to avail the facility of voting at the venue of the Meeting.
2. A secured creditor entitled to attend and vote at the Meeting is entitled to appoint a proxy(ies) to attend and vote instead of himself/herself and such proxies need not be a secured creditor of the Demerged Company. Proxies, to be effective shall be in the prescribed form, duly filled, stamped, signed and deposited by the person entitled to attend and vote at the said Meeting, or by his authorised representative, not less than 48 (forty-eight) hours before the commencement of the Meeting i.e., 14th August 2023 11:30 AM at the registered office of the Demerged Company or received by email at powersec@essarpower.co.in. The form of proxy can be obtained free of charge at the registered office of the Demerged Company.
3. All alterations made in the form of proxy should be initialed.
4. A minor cannot be appointed as proxy.
5. The proxy of a secured creditor who is blind or incapable of writing will be accepted if such member has attached his/ her signature or mark thereto in presence of a witness who has signed the proxy form and added his/ her description and address. Provided that all insertions have been made by the witness at the request and in the presence of the secured creditor before the witness attached his/ her signature or mark.
6. The proxy of a secured creditor who does not know English may be accepted if it is executed in the manner prescribed in note 5, and the witness certifies that it was explained to the secured creditor in the language known to him/her and gives the secured creditor's name in English below the signature.
7. Secured Creditors attending the Meeting will be counted for the purpose of reckoning the quorum as per the terms of the Order of the NCLT. Pursuant to the Order, the quorum for the Meeting shall be 2 (two) persons present in person or through authorised representative. In case the required quorum as stated above is not present at the commencement of the Meeting, the Meeting shall be adjourned by 30 (thirty) minutes and thereafter the persons present shall be deemed to constitute the quorum. Secured creditors are requested to hand over the enclosed Attendance Slip, duly signed in accordance with their specimen signature(s) registered with the Demerged Company for admission to the meeting hall.
8. The authorized representative of a body corporate which is a secured creditor of the Demerged Company may attend and vote at the said Meeting provided a certified true copy of the resolution of the board of directors or other governing body of the body corporate authorizing such representative to attend and vote at the said Meeting is deposited at the registered office of the Demerged Company or received by email at powersec@essarpower.co.in at least 48 (forty-eight) hours before the time fixed for the Meeting i.e., by 14th August 2023, 11:30 AM. Further, the authorized representative and any persons voting by proxy are requested to carry a copy of valid proof of identity at the Meeting.

9. The Notice, together with the documents accompanying the same, is being sent to all the secured creditors by permitted mode whose names appear in the Chartered Accountant's certificate certifying the list of secured creditors of the Demerged Company as on 31st March 2023 as had been filed with the Tribunal in Company Scheme Application C.A. (CAA) NO. 3/MP OF 2023.
10. The Notice convening the aforesaid Meeting will be published through advertisement in Times of India (Delhi Edition and Madhya Pradesh Edition) in English language, and the Dainik Bhaskar (Singrauli Edition, and Madhya Pradesh and Delhi Edition) in Hindi indicating the day, date, place and time of the Meeting and stating that the copies of the Scheme, the Explanatory Statement required to be furnished pursuant to Sections 230 - 232 of the Act and the form of proxy shall be provided free of charge at the registered office of the Demerged Company.
11. Notice of the Meeting along with all other documents are uploaded on the Demerged Company's website www.essar.com and as directed by the Hon'ble NCLT by its order dated 6th July 2023, Notice is being sent to the secured creditors of the Demerged Company as on 31st March, 2023, physically by permitted modes and/or by way of email.
12. The Scrutinizer appointed for the Meeting will submit his/ her consolidated report to the Chairperson of the meeting after scrutinizing the voting made by secured creditors in the Meeting.
13. The results, together with scrutinizer's report, will be announced on or before 19th August 2023 and will be placed on the website of the Company at www.essar.com.

Encl: As above

BEFORE THE NATIONAL COMPANY LAW TRIBUNAL, INDORE BENCH

C.A. (CAA) NO. 3/MP OF 2023

In the matter of the Companies Act, 2013;

AND

In the matter of Application under Sections 230 - 232 and other relevant provisions of the Companies Act, 2013;

AND

In the matter of Scheme of Arrangement of Essar Power Transmission Company Limited.

Essar Power Transmission Company Limited,
a Public Company incorporated under the
Companies Act, 1956 having CIN
U99999MP2005PLC052837, and its registered
office at Essar Power M P Limited, Power
Plant, Village Bandhaura, Post Karsualal
Singrauli, Madhya Pradesh 486886

...Demerged Company

EXPLANATORY STATEMENT UNDER SECTIONS 230(3) AND 102 OF THE COMPANIES ACT, 2013 READ WITH RULE 6 OF THE COMPANIES (COMPROMISES, ARRANGEMENTS AND AMALGAMATIONS) RULES, 2016 TO THE NOTICE OF THE TRIBUNAL CONVENED MEETING OF THE SECURED CREDITORS OF ESSAR POWER TRANSMISSION COMPANY LIMITED.

1. Pursuant to an order dated 6th July 2023, passed by the National Company Law Tribunal, Indore Bench ("**NCLT**") in the above mentioned Company Scheme Application **C.A. (CAA) NO. 3/MP OF 2023 ("Order")**, a physical meeting of the secured creditors of Essar Power Transmission Company Limited (the "**Demerged Company**") is being at 21, Feroz Gandhi Road, Lajpat Nagar III, Opposite Apollo Pharmacy, New Delhi-110024 on 16th August 2023 (Wednesday) at 11:30 AM ("**Meeting**") for the purpose of considering, and if thought fit, approving, with or without modification, the scheme of arrangement between the Demerged Company and Resulting Company and their respective shareholders, pursuant to the provisions of Sections 230 - 232 of the Companies Act, 2013 ("**Act**"), and any other applicable provisions of the Act, as applicable (including any statutory modification(s) or re-enactment thereof, for the time being in force) (the "**Scheme**"). The Scheme has been approved by the Board of Directors of the Demerged Company ("**Board**") at their meeting held on 15th May 2023. A copy of the Scheme is enclosed as **Annexure I**.

2. The Scheme envisages the transfer and vesting by way of demerger (as defined in Section 2(19AA) of the Income-tax Act, 1961) of the undertaking, business, activities, operations, assets and liabilities, in relation to or pertaining to the Stage II Transmission network i.e., the 336.7 km long 400 kV D/C (Quad moose conductor) transmission line from the thermal power plant at Mahan, Madhya Pradesh and all ancillary equipment and machinery related to the said transmission line ("**Stage II Transmission Undertaking**") by the Demerged company to Essar Transco Limited ("**Resulting Company**"), with effect from 1st April 2023 i.e. the Appointed Date (transfer of the Stage II Transmission Undertaking referred to as "**Demerger**"), pursuant to Sections 230 to 232, and in accordance with Sections 13, 14, 42, 61, 180, 188 and all other provisions of the Act (including any statutory modification(s) or re-enactment thereof) as applicable, for the time being in force. As consideration of the Demerger, the Resulting Company shall issue to the shareholders of the Demerged Company compulsorily convertible cumulative participating preference shares of face value Rs. 10/- (Indian Rupees Ten only) each ("**CCCPPS**") in the ratio of 3 (three) CCCPPS credited as fully paid up for every 4 (four) equity shares of face value Rs. 10/- (Indian Rupees Ten only) each fully paid up and held by such equity shareholders in the Demerged Company, and various other matters consequential to or otherwise integrally connected with the above pursuant to the provisions of Sections 230 - 232 of the Act, and any other applicable provisions of the Act, as applicable (including any statutory modification(s) or re-enactment thereof), for the time being in force.
3. The proposed Scheme was placed before the audit committee of the Demerged Company ("**Audit Committee**") at its meeting held on 15th May 2023. On the basis of its evaluation and independent judgment and consideration of the share entitlement ratio report submitted by Niranjana Kumar, Registered Valuer- Securities or Financial Assets (the "**Share Entitlement Report**"), the Audit Committee approved and recommended the Scheme to the Board. Copy of the Share Entitlement Report is enclosed as **Annexure II**.
4. The Board, at their meeting dated 15th May 2023, took into account the Share Entitlement Report and the independent recommendations of the Audit Committee and on the basis of their independent judgment, approved the Scheme.
5. Secured creditors attending the Meeting will be counted for the purpose of reckoning the quorum as per the terms of the Order of the NCLT. Further, the Order also directs that in case the required quorum for the Meeting is not present at the commencement of the Meeting, then the Meeting shall be adjourned by 30 (thirty) minutes and thereafter the persons present at the Meeting shall be deemed to constitute the quorum.
6. In terms of the Order, the NCLT has appointed Mr. V.S. Verma, Independent Director of the Demerged Company to be the Chairperson of the Meeting, and in his absence, Dr R C Mohanty, Independent Director of the Demerged Company, and in his absence Mr. Kush, Director of the Demerged Company, and in his absence, Mr. Kapil Singla, Whole Time Director of the Demerged Company, as the Chairperson of the Meeting.
7. The Demerged Company has filed the Scheme with the Registrar of Companies, Gwalior in Form No. GNL-1.
8. In accordance with the provisions of Section 230-232 of the Act, the Scheme shall be considered approved by the secured creditors only if the Scheme is approved by majority of secured creditors representing three-fourths in value of the secured creditors of the Demerged Company voting in the meeting.

9. **Details as per Rule 6(3) of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016**

(i) Details of the order of the NCLT directing the calling, convening and conducting of the Meeting:

Please refer to paragraph no. 1 of this Explanatory Statement for date of the Order and the date, time and venue of the Meeting.

(ii) Details of the Demerged Company and Resulting Company

Sr. No.	Particulars	Essar Power Transmission Company Limited (Demerged Company)	Essar Transco Limited (Resulting Company)
1.	Corporate Identification Number	U99999MP2005PLC052837	U40106MH2022PLC395692
2.	Permanent Account Number	AABCE6085B	AAHCE3796R
3.	Date of Incorporation	07/12/2005	20/12/2022
4.	Type of Company	Public Limited Company	Public Limited Company
5.	Registered office address and e-mail address	Essar Power M P Limited, Power Plant, Village Bandhaura, Post Karsualal Singrauli, Madhya Pradesh 486886	Essar House 11 K K Keshavrao Khadye Marg Mahalaxmi Mumbai Maharashtra 400034
6.	Name of the stock exchange(s) where securities of company(ies) are listed	Not listed on any stock exchange.	Not listed on any stock exchange.

(iii) Other Particulars of the Demerged Company as per Rule 6(3) of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016

(a) *Summary of the main objects as per the Memorandum of Association and main business carried on by the Demerged Company*

The Demerged Company is primarily engaged in planning, promoting and developing an integrated and efficient power transmission system network and is an "Interstate Transmission Licensee" under the Electricity Act, 2003.

The objects of the Demerged Company as stated in its memorandum of association include the following:

1. *To plan, promote and develop an integrated and efficient power transmission system network in all its aspects including planning, investigation, research, design and engineering, preparation of preliminary, feasibility and definite project reports, construction, operation and maintenance of transmission lines, sub-stations, communication facilities*

and appurtenant works, co-ordination of integrated operation of such transmission systems with the grid system, providing consultancy services in power systems field, execution of turn-key jobs for other utilities / organizations, wheeling of power, purchase and sale of power in accordance with the policies, guidelines and objectives laid down by the Central Government from time to time.

- 2. To carry on in the electricity supply market, all or any of the businesses of procurers, generators, suppliers, distributors, transformers, converters, transmitters, producers, manufacturers, processors, developers, stores, carriers, importers & exporters of and dealers in electricity, and any products or by-products derived from or connected with any products derived from, or connected with any such business (including without limitation steam) and any products derived from, or connected with any other form of energy, including without limitation heat, solar, wind, hydro, wave, tidal, geothermal and biological or any other motive power*
 - 3. To plan, locate, design, establish, build, construct, equip, operate, make, use, administer, manage and maintain, service, improve, inspect, enlarge, alter, protect, develop, extend, repair, replace, refurbish, pull down and remove, and carry out works in respect of the whole or any part or parts of any electricity generating station (including without limitation to the generality of the foregoing combined heat and power stations or stations powered by renewable sources of energy), all assets employed on any electricity generation or transmission system networks and on any distribution or supply system, generating sets, sub-station, transformer station, pumping station, fuel processing facility, building, plant, equipment, electric main works and any facilities ancillary to the operation or use of the aforesaid or any of them including production, treatment, processing, conversion, loading and storage facilities (including enrichment facilities and waste-storage facilities and underground and offshore storage facilities), factories, refineries, buildings (including those which are part of combined heat and power schemes, structures, showrooms, offices, works, warehouses, plants, platforms, derricks, transmission towers or pylons, rigs, wind structures, dams and associated structures, testing sites, offshore wave structures, installations (including without limitations solar power and geothermal installations), depots, distribution stations, laboratories, research stations, terminals, reservoirs, water courses, tunnels, airports and facilities and structures of all kinds, whether for the purpose of the Company or for sale, letting or hire to, or in return for any consideration from any company, firm or person and to procure the clearance of sites for the same, and to contribute or assist in or carry out any part of any such operation, and to purchase or otherwise acquire, lease, charter, and take or let on hire any of the same and to contribute to or assist in, or carry out any part or any operation in respect of the same and to acquire, operate and maintain the licenses, consents, authorisations, easements and other rights capable or possibly capable of facilitating the aforesaid.*
 - 4. To buy or generate for its own use or distribution or otherwise, steam, heat, light electricity, gas or other motive power and for that purpose levy, sell or manufacture cables, wires, dynamos, motor convertors or generators.*
- (b) Details of change of name, registered office and objects of the Demerged Company during the last five years*

Change of Name: Nil

Change of Registered Office:

Sr. No.	Particulars of change	The address of the registered office of the company is situated with effect from
1	Shifting of registered office from the state of Delhi to State of Madhya Pradesh	24 th August 2020

Change of objects: Nil

- (c) *Details of the capital structure of the Demerged Company including authorised, issued, subscribed and paid up share capital*

Pre-Scheme Share Capital: The authorized, issued, subscribed and paid up share capital of the Demerged Company as at 13th July 2023 is as under:

Share Capital	Amount (In Rs.)
Authorized Share Capital	
1,50,00,00,000 equity shares of Rs. 10 each	15,00,00,00,000
50,00,00,00,000 preference shares of Rs. 10 each	5,00,00,00,000
TOTAL	20,00,00,00,000
Issued, subscribed and paid-up Share Capital	
59,70,36,000 equity shares of Rs. 10 each fully paid up	5,97,03,60,000
TOTAL	5,97,03,60,000

Subsequent to 13th July 2023, till date, there has been no change in the authorized, issued, subscribed and paid up share capital of the Demerged Company.

Post-Scheme Capital Structure:

Upon the Scheme becoming effective and with effect from the Appointed Date, the authorised share capital of the Demerged Company shall stand reduced to the extent of Rs. 1000,00,00,000/- (Indian Rupees One Thousand Crore only) comprising of 75,00,00,000 (seventy five crore) equity shares having a face value of Rs. 10/- (Indian Rupees Ten only), and 25,00,00,000 (twenty five crore) of preference shares having a face value of Rs. 10/- (Indian Rupees Ten only). The said reduced share capital shall stand transferred to and consolidated with the authorised share capital of the Resulting Company, without any further act or deed and simultaneously with a re-classification of the authorised share capital of the Resulting Company in accordance with the provisions of Section 61 of the Act. The duty and fees paid by the Demerged Company on its authorised share capital shall be set off against any duty and fee payable by the Resulting Company on its authorised capital. Balance fees/duties, if any, payable after the aforesaid adjustment, by the Resulting Company shall be duly paid upon the sanctioning of the Scheme.

The pre-Scheme and post-Scheme shareholding patterns of the Demerged Company are attached at **Annexure VII**.

(d) *Details of Promoters and Directors as on 13th July 2023.*

Details of the shareholder(s) of the Demerged Company are as follows:

Sr. No.	Name	Address
1.	Essar Power Limited	27th KM, Surat Hazira Road, Hazira, Gujarat 394270

Details of the Directors of the Demerged Company, are as follows:

Sr. No.	Name of Director	DIN	Designation	Residential Address
1.	Dr R C Mohanty	06636497	Independent Director	B-154, BDA Colony, Baramunda, Bhubaneswar-751003, Orissa.
2.	Mr. Virendra Singh Verma	07843461	Independent Director	B-01, Swati Apartments, 12, IP Extn, Delhi 110 092
3.	Ms. Shruti Verma	09273343	Wholetime Director	D-246, Gaur Green Avenue, Abhay Khand II, Indrapuram, Shipra Sun City, Ghaziabad ,UP - 201014
4.	Mr. Kush	08128153	Non-Executive Director	16/902, East End Apartments, Opp New Ashok Nagar Metro Station, Mayur Vihar Phase – 1 Extension, Vasundhara Enclave, Preet Vihar East, Delhi – 110096
5.	Mr. Kapil Singla	08147088	Wholetime Director	Flat No 405, SMR Vinay Sky City, Opposite Hyd Public School, Ramanthapur,

				Hyderabad – 500013
6.	Mr. Puthiyarkattu Shivaraman Hariharan	08657652	Nominee Director	104, Sadar Apartment, Mayur Vihar Phase 1 Extension , New Delhi – 110091
7.	Mr. Lav Kumar	08885048	Wholetime Director	Flat No-B-2, Subhadra Enclave, Ashok Kunj Road, Opposite Ashok Road, Gate No.-03, Argora, Doranda, Ranchi, Jharkhand – 834002
8.	Mr. Partha Sarathi Bhattacharya	08905996	Wholetime Director	Flat No X-17/33, Emyrean Vista Phase-2, Gumgaon, 120/2, Kotewada, Gumgaon, Nagpur - 441122

- (e) *The date of the Board Meeting of the Demerged Company at which the Scheme was approved by the Board of Directors including the name of the Directors who voted in favour of the resolution, who voted against the resolution and who did not vote or participate on such resolution:*

Details of the Directors and their votes for the resolution passed on 15th May 2023 are as follows:

Sr. No	Names of the Director of the Company	Voted in favour/ against/ abstain
1.	Dr R C Mohanty	Favour
2.	Mr. Virendra Singh Verma	Favour
3.	Ms. Shruti Verma	Favour
4.	Mr. Kapil Singla	Favour
5.	Mr. Puthiyarkattu Shivaraman Hariharan	Abstain
6.	Mr. Lav Kumar	Favour
7.	Mr. Partha Sarathi Bhattacharya	Favour

Mr. Kush was granted leave of absence for the meeting.

- (f) *Unsecured Creditors*

As on 15th May 2023, the Demerged Company has 58 (fifty-eight) unsecured creditors and amount due to such unsecured creditors is Rs. 42,39,18,181

(Indian Rupees Forty-Two Crores Thirty Nine Lakhs Eighteen Thousand One Hundred Eighty One only).

(g) *Interest of Directors, Key Managerial Personnel and their respective relatives*

None of the Directors, the Key Managerial Personnel (as defined under the Act and rules formed thereunder) of the Demerged Company and their respective relatives (as defined under the Act and rules formed thereunder) have any interests, financial or otherwise in the Scheme except to the extent of their directorship or shareholding (as nominees of the promoter shareholder, if any).

(h) *Disclosure about the effect of the Scheme on Directors, Key Managerial Personnel (KMP), and other stakeholders:*

Sr. No.	Category of Stakeholder	Effect of the Scheme on Stakeholder
1.	Employees and Key Managerial Personnel	In terms of Clause 15 of Scheme in Section 1 (Part II) of the Scheme, the Employees (as described in the scheme) of the Demerged Company pertaining to Stage II Transmission Undertaking shall be deemed to have become the employees/ Key Managerial Personnel of the Resulting Company with effect from the Appointed Date on terms and conditions not less favourable than those on which they are employed by the Demerged Company and without any interruption of, or break in, service as a result of the transfer of the Stage II Transmission Undertaking (as described in the Scheme).

2.	Equity Shareholders and Promoters of the Company	<p>The Demerged Company only has equity shareholders. Shareholding of the shareholders of the Demerged Company will not be diluted as a result of the Scheme.</p> <p>In terms of Section 4 of Part II of the Scheme in consideration of demerger, the Resulting Company shall, without any further act or deed, issue and allot to such members of the Demerged Company whose name is recorded in the register of members as a shareholder of the Demerged Company as on Record Date (as defined in the Scheme and also in Para V(b) of this Statement), CCCPPS in the Resulting Company in the ratio of 3 (three) CCCPPS in the Resulting Company of face value Rs. 10/- (Indian Rupees Ten only) credited as fully paid up for every 4 (four) equity shares of face value Rs. 10/- (Indian Rupees Ten only) each fully paid up held by such member in the Demerged Company, (“the Entitlement Ratio”) (as per Clause 25 of the Scheme).</p> <p>Further, as per Clause 27 of the Scheme, in case any shareholder’s holding/ entitlement in the Resulting Company is such that such shareholder becomes entitled to a fraction of the CCCPPS issued pursuant to the Clause 25 of the Scheme, the Resulting Company shall not issue fractional certificates to such shareholders. Any fraction equal to or more than 0.5 arising out of such allotment shall be rounded off to the next higher integer and fraction less than 0.5 shall be rounded off to the earlier lower integer.</p> <p>The Share Entitlement Report prepared by Niranjana Kumar, Registered Valuer – Securities or Financial Assets (IBBI Registration No. IBBI/RV/06/2018/10137), confirms that the Entitlement Ratio is fair and appropriate and the economic interest of the shareholders of the Demerged Company would remain same and not vary post the implementation of the proposed demerger. Accordingly, the Scheme is in the best interests of the shareholders.</p>
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(i) *Investigations or Proceedings Pending against the Demerged Company*

No investigations or proceedings have been instituted or are pending in relation to the Demerged Company under the Act.

(iv) **Other Particulars of the Resulting Company as per Rule 6(3) of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016**

- (a) *Summary of the main objects as per the Memorandum of Association and main business carried on by Resulting Company.*

Essar Transco Limited (Resulting Company) is a wholly owned subsidiary of the Demerged Company, which has been newly incorporated with the following objective:

1. *To plan, promote and develop an integrated and efficient power transmission system network in all its aspects including planning, investigation, research, design and engineering, preparation of preliminary, feasibility and definite project reports, construction, operation and maintenance of transmission lines, sub-stations, communication facilities and appurtenant works, co-ordination of integrated operation of such transmission systems with the grid system, providing consultancy services in power systems field, execution of turn-key jobs for other utilities / organisations, wheeling of power, purchase and sale of power in accordance with the policies, guidelines and objectives laid down by the Central Government from time to time.*

- (b) *Details of change of name, registered office and objects of the Resulting Company during the last five years*

Change of name: Nil

Change of Registered Office: The Resulting Company is in the process of shifting its registered office from the state of Maharashtra to the state of Madhya Pradesh.

Change of objects: Nil

- (c) *Details of the capital structure including authorized, issued, subscribed and paid up share capital*

Pre-Scheme Share Capital: The share capital structure of Resulting Company as on 13th July 2023, is as under:

Share Capital	Amount (In Rs.)
<u>Authorized Share Capital</u>	
50,000 equity shares of Rs. 10 each	5,00,000
TOTAL	5,00,000
<u>Issued, subscribed and paid-up Share Capital</u>	
50,000 equity shares of Rs. 10 each , fully paid up	5,00,000
TOTAL	5,00,000

Subsequent to 13th July 2023, till date, there has been no change in the authorised, issued, subscribed and paid up share capital of the Resulting Company.

Post Scheme Capital Structure:

As mentioned in the “*Post-Scheme Capital Structure*” of the Demerged Company, upon the Scheme becoming effective and with effect from the Appointed Date, the authorised share capital of the Demerged Company to the extent of Rs. 1000,00,00,000/- (Indian Rupees One Thousand Crore only) comprising of 75,00,00,000 (seventy five crore) equity shares having a face value of Rs. 10/- (Indian Rupees Ten only), and 25,00,00,000 (twenty five crore) of preference shares having a face value of Rs. 10/- (Indian Rupees Ten only), shall stand transferred to and consolidated with the authorised share capital of the Resulting Company, without any further act or deed and simultaneously with a re-classification of the authorised share capital of the Resulting Company in accordance with the provisions of Section 61 of the Act.

Further, upon the Scheme becoming effective, the Resulting Company shall issue to the existing equity shareholders of Demerged Company 44,77,77,000 (forty four crores seventy seven lakhs seventy seven thousand) CCCPPS of Rs. 10/- (Indian Rupees Ten only) each in Resulting Company, pursuant to the Scheme.

The pre-Scheme and post-Scheme shareholding patterns of the Resulting Company are attached at **Annexure VII**.

(d) *Details of the Promoters and Directors along with their addresses*

The entire share capital of Resulting Company as on 13th July 2023 is held by the Demerged Company and its nominee shareholders.

As on 13th July 2023, the Resulting Company has 3 (three) directors. The details of such Directors are set forth below:

Sr. No.	Name of Director	Designation	Address
1.	Rajmohan Thirunavukarasu DIN-07949704	Director	402, Sucasa, Plot No. 376, Sector 19, Koparkhairane, Navi Mumbai – 400709
2.	Kapil Singla DIN-08147088	Director	Flat No. 405, SMR Vinay Sky City, Ramanthapur Main Road, Opp. Hyderabad Public School, Ramanthapur, Amberpet, Hyderabad 500013, Telangana
3.	Partha Sarathi Bhattacharya DIN-08905996	Director	Flat No X-17/33, Empyrean Vista Phase-2, Gumgaon, 120/2, Kotewada, Gumgaon, Nagpur – 441122

(e) *The date of the Board Meeting of 12th May 2023 at which the Scheme was approved by the Board of Directors including the name of the Directors who voted in favour of the resolution, who voted against the resolution and who did not or participate on such resolution:*

Details of Directors of Resulting Company who voted on the resolution passed on 12th May 2023 are as follows:

Sr. No.	Names of the Directors as on 12 th May 2023	Voted in favor/ against/ Abstain
1.	Rajmohan Thirunavukarasu DIN-07949704	Favour
2.	Kapil Singla DIN-08147088	Favour
3.	Partha Sarathi Bhattacharya DIN-08905996	Favour

(f) *Secured and Unsecured Creditors*

As on 15th May 2023, the Resulting Company has no secured creditors.

(g) *Interest of Directors, Key Managerial Personnel and their respective relatives*

None of the Directors, the Key Managerial Personnel (as defined under the Act and rules framed thereunder) of Resulting Company and their respective Relatives (as defined under the Act and rules framed thereunder) have any interests, financial or otherwise in the Scheme, except to the extent of their directorship or shareholding (as nominees of the promoter shareholder), if any.

(h) *Disclosure about effect of the Scheme on material interests of Directors, Key Managerial Personnel, and other stakeholders:*

Sr. No.	Category of Stakeholder	Effect of the Scheme on Stakeholder
1.	Key Managerial Personnel / Employees of Resultant Company	In terms of Clause 15 of Scheme, upon the Effective Date (as defined in the Scheme), all employees of the Demerged Company employed in relation to the Stage II Transmission Undertaking shall be deemed to have become the employees of the Resulting Company, on terms and conditions not less favourable than those on which they are employed by the Demerged Company and without any interruption of, or break in, service as a result of the transfer of the Stage II Transmission Undertaking. The Scheme will not have any impact the existing employees and key managerial personnel of the Company.
2.	Equity shareholders: Promoters of the Resultant Company	In terms of Section 4 of Part II of the Scheme, in consideration of demerger, the Resulting Company shall, without any further act or deed, issue and allot to such

Sr. No.	Category of Stakeholder	Effect of the Scheme on Stakeholder
		<p>members of the Demerged Company whose name is recorded in the register of members as a shareholder of the Demerged Company as on Record Date, CCCPPS (as defined in the scheme) in the Resulting Company in the ratio of 3 (three) CCCPPS in the Resulting Company of face value Rs. 10/- (Indian Rupees Ten only) each credited as fully paid-up for every 4 (four) equity shares of face value Rs. 10/- (Indian Rupees Ten only) each fully paid up held by such member in the Demerged Company (the “Entitlement Ratio”). (clause 25 of the Scheme).</p> <p>Further, as per Clause 27 of the Scheme, in case any shareholder’s holding/ entitlement in the Resulting Company is such that such shareholder becomes entitled to a fraction of the CCCPPS issued pursuant to the Clause 25 of the Scheme, the Resulting Company shall not issue fractional certificates to such shareholders. Any fraction equal to or more than 0.5 arising out of such allotment shall be rounded off to the next higher integer and fraction less than 0.5 shall be rounded off to the earlier lower integer.</p> <p>Upon conversion, 1 (One) CCCPPS of Rs. 10/- (Indian Rupees Ten only) each shall convert to 1 (One) equity Share of Rs. 10/- (Indian Rupees Ten only) each in the Resulting Company.</p> <p>The existing shares of the Resulting Company shall not be impacted by the demerger. Further, the Share Entitlement Report that the share entitlement ratio can be considered appropriate and fair for the proposed demerger as the economic interest of the ultimate shareholders of the Resulting Company i.e. Essar Power Limited, the holding company of the Demerged Company, would</p>

Sr. No.	Category of Stakeholder	Effect of the Scheme on Stakeholder
		<p>remain the same and not vary post the implementation of the proposed demerger.</p> <p>Accordingly, the Scheme is in the best interests of the shareholders.</p>

(i) *Investigations or Proceedings Pending Against the Resulting Company*

No investigation or proceedings have been instituted or are pending in relation to the Demerged Company and Resulting Company under the Act.

(v) Other details regarding the Scheme required as per Rule 6(3) of the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016

(a) *Relationship between the Demerged Company and Resulting Company.:*

Resulting Company is a wholly owned subsidiary of the Demerged Company.

(b) *Appointed Date, Effective Date and Record Date and Share Exchange Ratio:*

Appointed Date: Appointed date under the Scheme means the opening of business on 1st April 2023 or such other date as the NCLT may direct/allow.

Effective Date: shall mean the last of the dates of the following on which the below matters occur or have been fulfilled or waived:

- (i) The day on which the last of the consents, approvals, permissions, resolutions, assignments and Orders set out in Clause 39 shall be obtained or passed and the actions set out in Clause 39 shall be completed; and
- (ii) The day on which all necessary certified copies of Orders under Section 230 to Section 232 of the Act shall be duly filed with the Registrar of Companies.

Record Date: Record Date under the Scheme means the date to be fixed by the Board of Directors of the Resulting Company for the purpose of determining the equity shareholders of the Demerged Company to whom CCCPPS of the Resulting Company shall be allotted;

Share Exchange Ratio: Share Exchange Ratio under the Scheme (referred to as "Entitlement Ratio" in the Scheme) is 3 (three) CCCPPS in the Resulting Company of face value Rs. 10/- (Indian Rupees Ten only) each credited as fully paid up for every 4 (four) equity shares of face value Rs. 10/- (Indian Rupees Ten only) each fully paid up held by such member in the Demerged Company.

(c) *Consideration for the demerger of Demerged Company's Stage II Transmission Undertaking*

In consideration of Demerger, the Resulting Company shall, without any further act or deed, issue and allot to such members of the Demerged Company whose name is recorded in the register of members as a shareholder of the Demerged Company as on Record Date, CCCPPS in the Resulting Company as per the Entitlement Ratio. The CCCPPS shall be subject to terms set out in Annexure A of the Scheme.

(d) *Summary of Share Exchange Ratio Report*

The share exchange ratio (referred to as "*Entitlement Ratio*" in the Scheme) has been recommended by Niranjana Kumar, Registered Valuer – Securities or Financial Assets IBBI Registration No. IBBI/RV/06/2018/10137 ("**Valuer**") vide the Share Entitlement Report issued to the Demerged Company.

Pursuant to its analysis of the information provided by the management of the Demerged Company, the Valuer is of the view that share exchange ratio set out in the Scheme will not have any bearing on the ultimate economic interest post implementation of the proposed demerger, since the ultimate beneficiary would in addition to its equity shareholding receive CCCPPS from the Resulting Company and would enjoy 100% interest in both the Demerged Company as well as Resulting Company. Therefore, the Valuer has not independently carried out the fair valuation of CCCPPS to be issued for the purpose of our analysis. The recommendation of the share entitlement ratio has been approved by the Board, Audit Committee of the Demerged Company, and board of directors of Resulting Company. Copy of the Share Entitlement Report is enclosed as **Annexure II**.

(e) *Details of capital restructuring*

Please refer to paragraph (iii)(c) and paragraph (iv)(c) above.

(f) *Details of debt restructuring*

There is no debt restructuring being undertaken pursuant to the Scheme.

(g) *Summary of the Accounting Treatment*

The Demerged Company shall follow the accounting treatment in accordance with Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act and/or as per generally accepted accounting principles applicable to the Demerged Company. Please refer to Section 6 of the Scheme for more details. Further, certificate for proposed accounting treatment under the Scheme obtained by the Demerged Company from SS Kothari Mehta & Company, Statutory Auditors is being made available for physical inspection by the secured creditors.

(h) *Rationale of the Scheme of Arrangement, and the benefit of the Scheme of Arrangement as perceived by the Board of Directors of the Demerged Company*

The Demerged Company currently operates the following two inter-state transmission system networks are independent and standalone in nature and operate between different sources and points of delivery which are as follows:

- (i) Stage I Transmission network (approximate line length being 104.6 km), which supplies electricity primarily to the steel plant of ArcelorMittal Nippon Steel India Limited in Hazira, Surat, Gujarat from the switchyard of NTPC Limited at Gandhar, Gujarat; and
- (ii) Stage II Transmission network (approximate line length being 336.7 km), connects the Mahan Thermal power plant operated by Mahan Energen Limited to Sipat pooling sub-station.

Scheme is intended for the segregation of the Stage II Transmission Undertaking of the Demerged Company from the Remaining Business (as defined in the Scheme) of the Demerged Company, in accordance with Sections 230 to 232 and other relevant provisions of the Act (as may be applicable) read with Section 2(19AA) and other relevant provisions of the Income-tax Act, 1961 (as may be applicable), whereby the business of owning, operating and maintaining the Stage II Transmission Undertaking shall be vested in and to the Resulting Company and the Demerged Company shall continue to own, operate and maintain the Remaining Business .

The Scheme is intended to achieve, *inter alia*, greater efficiency in operations, and increased focus and attention to the Stage II Transmission network in a manner that is compliant with all the statutory and regulatory requirements. The Scheme will also create separate management platforms for the distinct and standalone Stage I Transmission network and Stage II Transmission network, which will enable achievement of long-term objective of strengthening the operations and financials of the Remaining Business and Stage II Transmission Undertaking, and enable suitable investments to be made in Remaining Business and Stage II Transmission Undertaking, respectively, by potentially interested investors. In view of the long-term objectives and plans set forth by the Demerged Company and Resulting Company, it is considered desirable and expedient to reorganise and reconstruct the Demerged Company by demerging the Stage II Transmission Undertaking into the Resulting Company in the manner and on the terms and conditions contained in this Scheme.

The Scheme would, *inter-alia*, have the following benefits;

- (i) Focused and concentrated approach in maintaining Stage II Transmission Undertaking from the standpoint of the Resulting Company;
- (ii) Enable the Resulting Company and the Demerged Company to independently maximize opportunities for strategic partnership and flexibility of fund-raising, capability for future growth and expansion and creation of a structure geared to take advantage of market opportunities for further consolidation or expansion; and
- (iii) The businesses and activities of each of the Companies will be carried out more economically, conveniently and advantageously following the Scheme and the same will have beneficial results for the Companies, their shareholders and all other concerned stakeholders.

(i) *Details of approvals, sanctions or no-objection(s) from regulatory or any other governmental authorities in relation to the Scheme*

- (i) The Scheme was filed by the Demerged Company with the NCLT, Indore Bench on 17th May 2023 and the NCLT, Indore Bench has given directions to convene Meetings(s) *vide* an Order dated 6th July 2023.
- (ii) The Scheme is subject to approval by majority of persons representing three-fourth in value of the equity shareholders and creditors of the Demerged Company, voting in person or by proxy or by remote e-voting or by the postal ballot, in terms of Sections 230-232 of the Act.
- (iii) Further, the effectiveness of the Scheme shall be subject to any other governmental approvals, as applicable.

(j) *Details of availability of the following documents for obtaining extracts from or making or obtaining copies*

The following documents will be available for obtaining extract from or for making or obtaining copies of or for inspection by the secured creditors of the Demerged Company at its registered office at Essar Power M P Limited, Power Plant, Village Bandhaura, Post Karsualal Singrauli, Madhya Pradesh 486886 on all days, except Saturday, Sunday and public holidays between 11.00 AM to 1.00 PM, up to and including on any working day up to the date of the Meeting. Further, copies of the following documents will also be available for obtaining extract from or for making or obtaining copies of or for inspection by the shareholders of the Demerged Company with the authorized representative of the Demerged Company, Mr. Mohit Rai, at 21, Feroz Gandhi Road, Lajpat Nagar III, Opposite Apollo Pharmacy, New Delhi-110024 on all days, except Saturday, Sunday and public holidays, between 11:00 A.M. and 1:00 P.M., up to and including the date of the Meeting:

- (i) Certified copy of the order dated 6th July 2023 passed by the NCLT, Indore Bench in CA(CAA)/3(MP)2023 directing the Demerged Company, to convene the respective meetings;
- (ii) Copy of the Scheme;
- (iii) Copies of the Memorandum of Association and Articles of Association of the Demerged Company and Resulting Company;
- (iv) Copies of the Share Entitlement Report;
- (v) Supplementary Accounting Statement of the Demerged Company for the Financial Year ended 31st March 2023 in accordance with Section 232(2)(e) of the Act;
- (vi) Copies of latest audited financial statements of Resulting Company;
- (vii) The Register of Directors' Shareholding of the Demerged Company;
- (viii) Copies of the Register of Directors' Shareholding of the Resulting Company;

- (ix) Copy of the certificates issued by auditors of the Demerged Company and Resulting Company to the effect that the accounting treatment, if any, proposed in the Scheme is in conformity with the Accounting Standards prescribed under Section 133 of the Act;
- (x) Resolution passed by the Board of Directors of the Demerged Company on 15th May 2023 for approving the Scheme;
- (xi) Copies of Form No. GNL-1 filed by the Demerged Company with the Registrar of Companies, Gwalior along with challans, evidencing filing of the Scheme.

10. **The relevant clauses of the Scheme are as under:**

“PART I – GENERAL

1. **PREAMBLE**

- 1.1. *This Scheme of Arrangement (the “Scheme”) is presented under Section 230-232 and other applicable provisions of the Act (as defined hereinafter), amongst **Essar Power Transmission Company Limited** (the “Demerged Company”), **Essar Transco Limited** (the “Resulting Company”) and their respective shareholders, for the demerger of Stage II Transmission Undertaking (as defined hereinafter) of the Demerged Company into the Resulting Company.*

2. **BACKGROUND**

- 2.1. *The Demerged Company is a public limited company incorporated under the Companies Act, 1956, with CIN U99999MP2005PLC052837, having its registered office at Essar Power M P Limited, Power Plant, Village Bandhaura, Post Karsualal, Singrauli, Madhya Pradesh – 486886. The Demerged Company is primarily engaged in planning, promoting and developing an integrated and efficient power transmission system network and is an “Interstate Transmission Licensee” under the Electricity Act, 2003.*
- 2.2. *The Resulting Company is a public limited company incorporated under the Companies Act, 2013, with CIN U40106MH2022PLC395692, currently having its registered office at Essar House, 11, KK (Keshavrao Khadye) Marg, Mahalaxmi, Mumbai, Maharashtra, 400034. The Resulting Company has been incorporated with the objective of undertaking the business of planning, promoting and developing integrated and efficient power transmission system networks. In the event the Resulting Company changes its registered office in accordance with the Act, the new registered office of the Resulting Company shall be deemed to be the registered office of the Resulting Company for the purposes of this Scheme and all matters related thereto.*

3. **RATIONALE**

- 3.1. *The Demerged Company was granted an inter-state transmission license by the Central Electricity Regulatory Commission, vide Order (as defined hereinafter) dated April 10, 2008 in Petition No. 157 of 2007 (i.e., License No.4/Transmission/CERC) (hereinafter referred to as the “ISTS License”).*
- 3.2. *The Demerged Company currently owns, operates and maintains primarily two inter-state electricity transmission system networks, namely, Stage I Transmission network (as defined hereinafter) and Stage II Transmission network (as defined hereinafter). The aforementioned two inter-state transmission system networks are independent and standalone in nature and operate between different sources and points of delivery which are as follows:*
- (i) *Stage I Transmission network (approximate line length being 104.6 km), which primarily supplies electricity to the steel plant of ArcelorMittal Nippon Steel India Limited in Hazira, Surat, Gujarat from the switchyard of NTPC Limited at Gandhar, Gujarat; and*
 - (ii) *Stage II Transmission network (approximate line length being 336.7 km), connects the Mahan Thermal power plant operated by Mahan Energen Limited to Sipat pooling sub-station.*
- 3.3. *This Scheme is intended for the segregation of the Remaining Business (as defined hereinafter) and Stage II Transmission Undertaking of the Demerged Company, in accordance with Sections 230 to 232 and other relevant provisions of the Act (as may be applicable) read with Section 2(19AA) and other relevant provisions of the IT Act (as defined hereinafter) (as may be applicable), whereby the business of owning, operating and maintaining the Stage II Transmission Undertaking shall be vested in and to the Resulting Company and the Demerged Company shall continue to own, operate and maintain the Remaining Business.*
- 3.4. *The Scheme is intended to achieve, inter alia, greater efficiency in operations, and increased focus and attention to the Stage II Transmission network in a manner that is compliant with all the statutory and regulatory requirements. The Scheme will also create separate management platforms for the distinct and standalone Stage I Transmission network and Stage II Transmission network, which will enable achievement of long term objective of strengthening the operations and financials of the Remaining Business and Stage II Transmission Undertaking, and enable suitable investments to be made in Remaining Business and Stage II Transmission Undertaking, respectively, by potentially interested investors. In view of the long-term objectives and plans set forth by the Demerged Company and Resulting Company, it is considered desirable and expedient to reorganise and reconstruct the Demerged Company by demerging the Stage II Transmission Undertaking into the Resulting Company in the manner and on the terms and conditions contained in this Scheme.*
- 3.5. *The Scheme would, inter-alia, have the following benefits:*

- (i) *Focused and concentrated approach in maintaining Stage II Transmission Undertaking from the standpoint of the Resulting Company;*
 - (ii) *Enable the Resulting Company and the Demerged Company to independently maximize opportunities for strategic partnership and flexibility of fund-raising, capability for future growth and expansion and creation of a structure geared to take advantage of market opportunities for further consolidation or expansion; and*
 - (iii) *The businesses and activities of each of the Companies (as defined hereinafter) will be carried out more economically, conveniently and advantageously following the Scheme and the same will have beneficial results for the Companies, their shareholders and all other concerned stakeholders.*
- 3.6. *Accordingly, to achieve the aforesaid objectives, the Board of Directors of the Demerged Company and the Resulting Company have decided to make requisite application and / or petition to NCLT (as defined hereinafter) under Section 230-232 of the Act in the manner provided for in this Scheme.*
- 3.7. *Pursuant to the Demerger (as defined hereinafter):*
- (i) *All the properties of the Stage II Transmission Undertaking immediately before the Demerger shall become the properties of the Resulting Company by virtue of the Demerger;*
 - (ii) *All the liabilities related to the Stage II Transmission Undertaking immediately before the Demerger shall become the liabilities of the Resulting Company by virtue of the Demerger;*
 - (iii) *The properties and the liabilities of the Stage II Transmission Undertaking as set out in (i) and (ii) above shall be transferred to the Resulting Company at such values as determined in accordance with applicable Accounting Standards;*
 - (iv) *The Resulting Company shall, in consideration of the Demerger, issue CCCPPS (as defined hereinafter) to all the shareholders of the Demerged Company on a proportionate basis in accordance with the Entitlement Ratio (term defined hereinafter); and*
 - (v) *The transfer of the Stage II Transmission Undertaking shall be on a going concern basis.*
4. *This Scheme has been drawn up to comply with the conditions relating to “demerger” as specified under Section 2(19AA) and other relevant provisions of the IT Act. If any term or provision of the Scheme is found or interpreted to be inconsistent with the said provisions, including resulting from an amendment of law or for any other reason whatsoever,*

the Scheme may be modified in the manner provided in this Scheme to the extent determined necessary to comply with Section 2(19AA) and other provisions of the IT Act. Such modification will however not affect other parts of the Scheme.

5. **PARTS OF THE SCHEME**

5.1. *This Scheme is divided into the following parts:*

- (i) **Part I**, which deals with the introduction, definitions and interpretation, and share capital;
- (ii) **Part II**, which deals with the Demerger of the Stage II Transmission Undertaking into the Resulting Company; and
- (iii) **Part III**, which deals with general terms and conditions applicable to the Scheme.

6. **Definitions**

In this Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the following meaning:

“Accounting Standards” shall mean the Indian Accounting Standard and/ or the Generally Accepted Accounting Principles basis which the Resulting Company and/ or the Demerged Company is required to prepare its books of accounts in accordance with the applicable provisions of the Act and Rules made thereunder;

“Act” shall mean the Companies Act, 2013, the rules, regulations, notifications, circulars and directions made or issued thereunder;

“Appointed Date” shall mean the opening hours of business on April 1, 2023 or such other date as may be mutually agreed by the Demerged Company and the Resulting Company or such other date as the NCLT may direct/ allow;

“Applicable Law” or **“Law”** shall mean any applicable statute, law, regulation, ordinance, rule, judgment, order, decree, clearance, approval from the concerned authority, directive, guideline, press note, policy, requirement, or other governmental restriction or any similar form of decision, or determination by, or any interpretation or administration of any of the foregoing by, any Government Authority;

“Board of Directors” in relation to each of the Companies, as the case may be, shall mean the board of directors of such Company and, unless it be repugnant to the context, includes a duly authorised committee of directors;

“CCCPPS” shall mean compulsorily convertible cumulative participating preference shares each having a face value of Rs. 10/- (Indian Rupees Ten only) each and issued on the terms as set out in **Annexure A** (Terms of CCCPPS);

“Companies” shall mean the Demerged Company and the Resulting Company;

“Contract” shall mean any agreement, contract, obligation, promise, understanding, subcontract, lease, instrument, note, warranty, insurance policy, benefit plan or legally binding commitment or undertaking of any nature, whether written or oral or express or implied;

“Demerged Company” shall have the meaning set forth in Clause 1.1;

“Demerged Liabilities” shall mean and include the following:

- (i) The debts, liabilities, obligations incurred and duties of any kind, nature or description (including contingent liabilities) which arise out of the activities or operations of the Stage II Transmission Undertaking;
- (ii) Any specific loans or borrowings (including debentures) raised, incurred and utilised solely for the activities or operations of the Stage II Transmission Undertaking; and
- (iii) In cases, other than those referred to in clause (i) and (ii) above, (a) so much of the amounts payable against the optionally convertible debentures issued by the Demerged Company, as stand in the same proportion as the costs and expenses (including project costs) incurred by the Demerged Company for the Stage II Transmission Undertaking bears to the total value of the costs and expenses (including project costs) incurred by the Demerged Company for the Stage II Undertaking and the Remaining Business; and (b) so much of the amounts of other general or multipurpose borrowings, if any, of the Demerged Company as stand in the same proportion which the value of the assets transferred in the Demerger bears to the total value of the assets of such Demerged Company immediately before the Demerger;

“Demerger” means the transfer pursuant to this Scheme of Arrangement of the Stage II Transmission Undertaking to the Resulting Company, pursuant to the terms and conditions set out in this Scheme;

“Effective Date” shall mean the last of the dates of the following on which the below matters occur or have been fulfilled or waived:

- (i) *The day on which the last of the consents, approvals, permissions, resolutions, assignments and Orders set out in Clause 39 shall be obtained or passed and the actions set out in Clause 39 shall be completed; and*
- (ii) *The day on which all necessary certified copies of Orders under Section 230 to Section 232 of the Act shall be duly filed with the Registrar of Companies.*

References in this Scheme to the date of “coming into effect of this Scheme” or “effectiveness of this Scheme” shall mean the Effective Date. For avoidance of doubt, it is hereby clarified that upon occurrence of the Effective Date, the Scheme shall be deemed to be in effect from the Appointed Date;

“Employee Benefit Funds” shall have the meaning set forth in Clause 15.2;

“Employees” shall mean all employees of the Demerged Company employed or contracted in relation to the Stage II Transmission Undertaking as on the Effective Date;

“Encumbrance” shall mean:

- (i) *Any mortgage, charge (whether fixed or floating), pledge, equitable interest, lien, hypothecation, assignment, deed of trust, title retention, security interest, encumbrance of any kind securing or conferring any priority of payment in respect of any obligation of any person;*
- (ii) *Any proxy, power of attorney, voting trust, interest, option, right of other persons, right of set off, right of first offer, refusal or transfer restriction in favour of any person;*
- (iii) *Any adverse claim as to title, possession or use, conditional sale contract, co-sale contract or trust (other title exception of whatsoever nature);*
- (iv) *Other commitment, restriction, limitation or encumbrance of any kind or nature whatsoever including restriction on use, voting rights, transfer, receipt of income or exercise of any other attribute of ownership; and / or*
- (v) *A Contract, whether conditional or otherwise, to give or refrain from giving any of the foregoing;*

and the term “Encumber” shall be construed accordingly;

“Entitlement Ratio” shall have the meaning set forth in Clause 25 of the Scheme;

“Governmental Approvals” shall mean any permission, approval, consent, license, permit, order, decree, authorization, registration, filing, notification, exemption or ruling to or from or with any Governmental Authority;

“Governmental Authority” shall mean any nation or government or any province, state or any other political subdivision thereof, any entity, authority or body exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any government authority, agency, department, board, commission or instrumentality, of any other jurisdiction in which any of the Companies is resident, any court, tribunal or arbitrator and any securities exchange or body or authority regulating such securities exchange, or any company, business, enterprise or other entity owned or controlled by any of the foregoing;

“IT Act” shall mean the Income-tax Act, 1961, including any modifications or reenactments or amendments thereof from time to time;

“NCLT” shall mean the relevant National Company Law Tribunal having jurisdiction in relation to the Companies and/ or the National Company Law Appellate Tribunal as constituted and authorised as per the provisions of the Act for approving any scheme of arrangement, compromise or reconstruction of companies under Sections 230 to 232 of the Act, and shall include, if applicable, such other forum or authority as may be vested with the powers of a tribunal for the purpose of Sections 230 to 232 of the Act, as may be applicable;

“Order” shall mean any order, injunction, judgment, decree, ruling, writ, assessment or award of a court, arbitration body or panel or NCLT or other Governmental Authority;

“Record Date” means the date to be fixed by the Board of Directors of the Resulting Company for the purpose of determining the equity shareholders of the Demerged Company to whom CCCPPS of the Resulting Company shall be allotted;

“Records” shall mean records, files, papers, engineering and process information, computer programmes, manuals, data, catalogues, quotations, sales and advertising materials, list of present and former tenants and suppliers, vendors, tenant pricing information, vouchers, registers, ledgers, databases, documents and other books and records, in each case, in any media or format including machine readable or electronic media / format and other records;

“Registrar of Companies” means the relevant Registrar of Companies having territorial jurisdiction in the state(s) in which the respective registered offices of the Companies are located;

“Remaining Business” shall mean the Stage I Transmission business, and all other undertakings, businesses, activities, operations, assets and liabilities (including investments in shares and securities and identified assets and bank balances) of the Demerged Company, other than those comprised in the Stage II Transmission Undertaking;

“Resulting Company” shall have the meaning set forth in Clause 1.1 above;

“Rules” shall mean to the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016;

“Scheme” or **“the Scheme”** or **“this Scheme”** shall mean this scheme of arrangement including any modification or amendment hereto, made in accordance with the terms hereof;

“Stage I Transmission” shall mean the 104.6 km long 400 kV D/C transmission line (twin conductor) from the NTPC Limited's switchyard at Gandhar to Hazira, and all ancillary equipment and machinery related to the said transmission line, and Stage I Transmission business to be interpreted to mean all current and future business relating to the owning, operating and managing the Stage I Transmission;

“Stage II Transmission” shall mean the 336.7 km long 400 kV D/C (Quad moose conductor) transmission line from the thermal power plant at Mahan, Madhya Pradesh to Sipat pooling sub-station and all ancillary equipment and machinery related to the said transmission line, and Stage II Transmission business to be interpreted to mean all current and future business relating to the owning, operating and managing the Stage II Transmission;

“Stage II Transmission Undertaking” shall mean the undertaking, business, activities, operations and assets and liabilities which relate thereto, or are necessary thereof and pertaining to the Stage II Transmission business and without limitation include the following:

- (i) all the assets and properties (whether movable or immovable, tangible or intangible, current or non-current, real or personal, in possession or reversion, corporeal or incorporeal, present, future or contingent of whatsoever nature) related to or pertaining to the Stage II Transmission business, including without limitation, all lands (whether leasehold or freehold), plants, machinery, equipment, buildings and structures, offices, residential and other premises, manufacturing units, inventories and stock (including motor vehicles, generators, water pumps, spare parts, springs, lamps, chains, frames etc.) current assets (including financial assets, sundry debtors, bills

of exchange, loans and advances), investments of all kinds (including shares, scrips, stocks, bonds, debenture stocks, units or pass through certificates), cash and bank accounts (including bank balances), contingent rights or benefits, benefits of any deposits, receivables, advances or deposits paid by or deemed to have been paid in connection with or in relation to the Stage II Transmission business, financial assets, benefit of any bank guarantees, performance guarantees and letters of credit, leases (including lease rights), hire purchase contracts and assets, lending contracts, receivables and liabilities related thereto, rights and benefits under any agreement, contracts and arrangements and all other interests in connection with or relating to the Stage II Transmission business, benefit of any security arrangements or under any guarantees, reversions, powers, leases, tenancies in relation to the office and/or residential properties for the employees or other persons, vehicles, share of any joint assets, and other facilities, fixed and other assets, rights to use and avail of telephones, telexes, facsimile, email, internet, leased line connections and installations, utilities, electricity and other services, reserves, provisions, funds, benefits of assets or properties or other interest held in trust, registrations, contracts, engagements, arrangements of all kind, privileges and all other rights, easements, privileges, liberties and advantages of whatsoever nature and wheresoever situate belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of or enjoyed in connection with or relating to the Stage II Transmission business and all other interests of whatsoever nature belonging to or in the ownership, power, possession or the control of or vested in or granted in favour of or held for the benefit of or enjoyed in connection with or relating to the Stage II Transmission business, whether in India or abroad;

- (ii) all permits, quotas, rights, entitlements, letters of intent, expressions of interest, municipal permissions, Governmental Approvals, consents, subsidies, benefit of any deposits, privileges, tax related assets, (including but not limited to credits, such as advance tax, self-assessment tax, minimum alternate tax credit, unabsorbed tax depreciation, tax losses, deferred tax assets/liabilities, tax deducted/collected at source, Good and Services Tax (“GST”) input credits, service tax input credits, CENVAT credits, value added/ sales tax/ entry tax credits or set offs and tax refunds, but not including any such assets related to income-tax prior to Appointed Date) all other rights including sales tax deferrals and exemptions and other benefits, lease rights, receivables, and liabilities related thereto, licenses, powers and facilities of every kind, nature and description whatsoever, rights to use and avail of*

telephones, telexes, facsimile connections and installations, utilities, electricity and other services, provisions and all other interests in connection with or relating to the Stage II Transmission business;

- (iii) all agreements, contracts, permits, quotas, rights, entitlements, tariff benefits, right of way, transmission license, industrial and other licenses, bids, tenders, letters of intent, expressions of interest, development rights (whether vested or potential and whether under agreements or otherwise), municipal permissions, approvals, plans, consents, subsidies, privileges, income tax benefits and exemptions, all other rights including sales tax deferrals and exemptions and other benefits, receivables, and liabilities related thereto, licenses, powers and facilities of every kind, nature and description whatsoever, provisions and benefits of all agreements, contracts and arrangements and all other interests in connection with or relating to the Stage II Transmission business;*
- (iv) all earnest moneys and/or security deposits paid by or received by the Demerged Company in connection with or relating to the Stage II Transmission business;*
- (v) all the Employees and all liabilities with regard to them, including with respect to payment of gratuity, superannuation, provident fund and others, if any;*
- (vi) all Records and data pertaining to the Stage II Transmission business;*
- (vii) advantages of whatsoever nature and wheresoever situated, belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of or enjoyed by the Demerged Company in relation to the Stage II Transmission business, and all intellectual property rights (whether owned, licensed or otherwise, and whether registered or unregistered) in respect of the following:
 - (a) all copyrights in relation to tenant lists, marketing materials related to the Stage II Transmission business;*
 - (b) all designs (including building designs) connected with the Stage II Transmission business; and*
 - (c) all know-how and trade secrets (including data analytics) connected with the Stage II Transmission business; and**
- (viii) the Demerged Liabilities, whether secured or unsecured; and*

“Taxation” or “Tax” or “Taxes” shall mean all forms of taxes (direct or indirect) and statutory, governmental, state, provincial, local governmental or municipal impositions, duties, contributions and levies, surcharges, cess, duties and whether levied by reference to income, profits, book profits, gains, net wealth, asset values, turnover, added value or otherwise and shall further include but not be limited to payments in respect of or on account of Tax, whether by way of

deduction / collection at source, advance tax, minimum alternate tax, sales and value added, goods and services tax, input tax, withholding, payroll, excise and property taxes, stamp duty or otherwise or attributable directly or primarily to the Demerged Company and the Resulting Company and all penalties, charges, costs and interest relating thereto.

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PART II – DEMERGER

SECTION 1 – TRANSFER AND VESTING OF THE STAGE II TRANSMISSION UNDERTAKING

9. Transfer of Undertaking

9.1 *Upon the coming into effect of the Scheme and with effect from the Appointed Date, the Stage II Transmission Undertaking shall, pursuant to the sanction of the Scheme by the NCLT and pursuant to the provisions of Sections 230 to 232 of the Act and other provisions of Applicable Law, if any, be and stand transferred to and vested in the Resulting Company, as a going concern without any further act, instrument, deed, matter or thing so as to become, the undertaking of the Resulting Company by virtue of and in the manner provided in this Scheme.*

10. Transfer and vesting of assets

10.1 *Upon the coming into effect of this Scheme and with effect from the Appointed Date, the Stage II Transmission Undertaking (including all the estate, assets, investments, rights, claims, title, interest and authorities including accretions and appurtenances of the Stage II Transmission Undertaking) shall, subject to the provisions of this Clause 10 in relation to the mode of transfer and vesting and pursuant to Sections 230 to Section 232 of the Act and without any further act or deed or instrument, be demerged from the Demerged Company and be transferred to and vested in and be deemed to have been transferred to and vested in the Resulting Company so as to become as and from the Appointed Date, the estate, assets, rights, claims, title, interest and authorities of the Resulting Company, subject to the provisions of this Scheme in relation to Encumbrances in favour of banks and/or financial institutions.*

10.2 *In respect of such assets of the Stage II Transmission Undertaking as are immovable properties (if any), with effect from the Appointed Date, all such immovable properties (including but not limited to the land, buildings, offices, factories, sites, tenancy rights, right of way, related thereto, and other immovable property, including accretions and appurtenances), whether or not included in the books of the*

Demerged Company, whether freehold or leasehold or on a license basis (including but not limited to any other document of title, rights, interest and easements in relation thereto, and any shares in cooperative housing societies associated with such immoveable property) shall stand transferred to and vested in and be deemed to have been transferred to and vested in the Resulting Company, without any act or deed or instrument to be done or executed by the Demerged Company and/ or the Resulting Company. However, any assets of the Stage II Transmission Undertaking which are in the nature of immovable property vested with the Demerged Company may be transferred to the Resulting Company either under the Scheme (as aforesaid) or by way of a separate conveyance or agreement (if required) without payment of any additional consideration.

- 10.3 *In respect of such of the assets of the Stage II Transmission Undertaking as are movable in nature or are otherwise capable of being transferred by delivery of possession or by endorsement and delivery, the same shall be so transferred by the Demerged Company, respectively, upon the coming into effect of the Scheme, and shall become the property of the Resulting Company as an integral part of the Stage II Transmission Undertaking with effect from the Appointed Date pursuant to the provisions of Sections 230 to Section 232 of the Act without requiring any act or deed or instrument of conveyance for transfer of the same, subject to the provisions of this Scheme in relation to Encumbrances in favour of banks and/or financial institutions.*
- 10.4 *In respect of movables of the Stage II Transmission Undertaking, other than those dealt with in Clause 10.3 above including sundry debts, receivables, bills, credits, loans and advances, if any, whether recoverable in cash or in kind or for value to be received, bank balances, investments, earnest money and deposits with any Governmental Authority, quasi-governmental authority, local or other authority or body or with any company or other person, the same shall on and from the Appointed Date stand transferred to and vested in the Resulting Company and be deemed to have been transferred to and vested in the Resulting Company without any notice or other intimation to the debtors (although the Resulting Company may without being obliged and if it so deems appropriate at its sole discretion, give notice in such form as it may deem fit and proper, to each person, debtor, or depositor, as the case may be, that the said debt, loan, advance, balance or deposit pertaining to the Stage II Transmission Undertaking stands transferred and vested in the Resulting Company).*
- 10.5 *In respect of such of the assets belonging to the Stage II Transmission Undertaking other than those referred to in Clauses 10.2, 10.3 and*

- 10.4 above, the same shall, as more particularly provided in Clause 10.1 above, without any further act, instrument or deed, be transferred to and vested in the Resulting Company and be deemed to have been transferred to and vested in the Resulting Company upon the coming into effect of the Scheme and with effect from the Appointed Date pursuant to the provisions of Section 230 to Section 232 of the Act.*
- 10.6 *All assets, rights, title, interest and investments of the Demerged Company in relation to the Stage II Transmission Undertaking shall also, without any further act, instrument or deed stand transferred to and vested in and be deemed to have been transferred to and vested in the Resulting Company upon the coming into effect of this Scheme and with effect from the Appointed Date pursuant to the provisions of Section 230 to Section 232 of the Act.*
- 10.7 *Any asset or property acquired or received or receivable by the Demerged Company after the date of approval of this Scheme by the Board of Directors of the Demerged Company but prior to the Effective Date pertaining to the Stage II Transmission Undertaking shall upon the coming into effect of this Scheme, also without any further act, instrument or deed stand transferred to and vested in or be deemed to have been transferred to or vested in the Resulting Company upon the coming into effect of this Scheme and with effect from the Appointed Date, pursuant to the provisions of Sections 230 to Section 232 of the Act.*
- 10.8 *For the avoidance of doubt, upon the coming into effect of this Scheme and with effect from the Appointed Date, pursuant to the provisions of Section 230 to Section 232 of the Act, all the rights, title, interest and claims of the Demerged Company in any property in relation to the Stage II Transmission Undertaking shall, pursuant to Section 232(4) of the Act, be transferred to and vested in or be deemed to have been transferred to and vested in the Resulting Company automatically without requirement of any further act or deed or instrument.*
- 10.9 *The balance sheet of the Stage II Transmission Undertaking, as on the Appointed Date shall jointly be drawn up by the Board of Directors of the Demerged Company and the Resulting Company. It is hereby clarified that any question which may arise as to whether a specified asset or a liability pertains or does not pertain to the Stage II Transmission Undertaking or whether it arises out of the operations or activities of the Stage II Transmission Undertaking shall be decided mutually by the Board of Directors of the Demerged Company and the Resulting Company.*
11. **Transfer of contracts, deeds, etc.**

- 11.1 *Upon the coming into effect of this Scheme and subject to the provisions of this Scheme including Clause 12, all Contracts, and Records in relation to the Stage II Transmission Undertaking to which the Demerged Company is a party or to the benefit of the Demerged Company may be eligible, and which are subsisting or have effect immediately before the Effective Date, shall continue in full force and effect against or in favour, as the case may be, of the Resulting Company and may be enforced as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a party or beneficiary or obligee thereto.*
- 11.2 *Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Stage II Transmission Undertaking occurs by virtue of this Scheme itself, the Resulting Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required under any Law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations or other writings or tripartite arrangements with any party to any contract or arrangement to which the Demerged Company is a party solely on account of the Stage II Transmission Undertaking, or any writings as may be necessary in order to give formal effect to the provisions of this Scheme. The Resulting Company shall be deemed to be authorised to execute any such writings on behalf of the Demerged Company and to carry out or perform all such formalities or compliances referred to above on the part of the Demerged Company to be carried out or performed, provided that such writings are solely for the purpose of Stage II Transmission Undertaking and do not impose any obligations or liabilities on Remaining Business or the Demerged Company.*
- 11.3 *For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme and from the Appointed Date all Governmental Approvals, consents, permissions, licenses, certificates, clearances, authorities, powers of attorney given by, issued to or executed in relation to the Stage II Transmission Undertaking, shall stand transferred to the Resulting Company as if the same were originally given by, issued to or executed in favour of the Resulting Company, and the Resulting Company shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to the Resulting Company. The Resulting Company shall make applications to any Governmental Authority as may be necessary in this behalf.*
- 11.4 *Without prejudice to the aforesaid, it is clarified that if any assets (estate, claims, rights, title, interest in or authorities relating to such assets) or any Contract, deeds, bonds, agreements, schemes, arrangements, licenses or other instruments of whatsoever nature in*

relation to each of the Stage II Transmission Undertaking which the Demerged Company owns or to which the Demerged Company is a party to, cannot be transferred to the Resulting Company for any reason whatsoever, the Demerged Company shall hold such asset or Contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of the Resulting Company, in so far as it is permissible to do so, till such time as the transfer is effected.

12. Transfer of Liabilities

- 12.1 *Upon the coming into effect of this Scheme, all Demerged Liabilities shall, without any further act or deed, stand transferred to and be deemed to be transferred to the Resulting Company and the Resulting Company shall meet, discharge and satisfy the same to the extent they are outstanding as on the Effective Date.*
- 12.2 *Where any of the Demerged Liabilities have been discharged by the Demerged Company on or after the approval of this Scheme by the Board of Directors of the Demerged Company and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Resulting Company.*
- 12.3 *Upon the coming into effect of the Scheme, all Demerged Liabilities shall be deemed to have been raised, used or incurred for and on behalf of the Resulting Company and to the extent they are outstanding on the Effective Date, shall also without any further act or deed be and stand transferred to and be deemed to be transferred to the Resulting Company and shall become the loans, debts, liabilities, duties and obligations of the Resulting Company.*
- 12.4 *In so far as the existing Encumbrances in respect of the Demerged Liabilities are concerned, such Encumbrances shall, without any further act, instrument or deed be modified and shall be extended to and shall operate only over the assets comprised in the Stage II Transmission Undertaking which have been Encumbered in respect of the Demerged Liabilities as transferred to the Resulting Company pursuant to this Scheme. Provided that if any of the assets comprised in the Stage II Transmission Undertaking, which are being transferred to the Resulting Company pursuant to this Scheme, have not been Encumbered in respect of the Demerged Liabilities, such assets shall remain unencumbered, and the existing Encumbrances referred to above shall not be extended to and shall not operate over such assets. The absence of any formal amendment which may be required by a lender or trustee or third party shall not affect the operation of the above.*

- 12.5 *Without prejudice to the provisions of the foregoing Clauses and upon the effectiveness of the Scheme, the Demerged Company and the Resulting Company shall execute any instrument(s) and/or document(s) and/or do all the acts and deeds as may be required, including the filing of necessary particulars and/or modification(s) of charge, with the respective Registrar of Companies to give formal effect to the above provisions, if required.*
- 12.6 *Upon the coming into effect of this Scheme, the Resulting Company alone shall be liable to perform all obligations in respect of the Demerged Liabilities, which have been transferred to it in terms of this Scheme, and the Demerged Company shall not have any obligations in respect of such Demerged Liabilities.*
- 12.7 *It is expressly provided that, save as mentioned in this Clause 12, no other term or condition of the liabilities transferred to the Resulting Company as part of the Scheme is modified by virtue of this Scheme except to the extent that such amendment is required by necessary implication.*
- 12.8 *The provisions of this Clause 12 shall operate, notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any security document, all of which instruments, deeds or writings shall stand modified and/or superseded by the foregoing provisions.*

13. ***Legal, Taxation and other proceedings***

- 13.1 *Upon the coming into effect of this Scheme, with effect from Appointed Date all suits, actions, and other proceedings including legal and taxation proceedings, (including before any statutory or quasi-judicial authority or tribunal) by or against the Demerged Company in relation to Stage II Transmission Undertaking, whether pending and/or arising on or before the Effective Date or which may be instituted thereafter, shall be continued and/or enforced by or against the Resulting Company as effectually and in the same manner and to the same extent as if the same had been instituted and/or pending and/or arising by or against the Resulting Company.*
- 13.2 *The Resulting Company shall have all legal, taxation or other proceedings initiated by or against the Demerged Company in relation to the Stage II Transmission Undertaking transferred to its name as soon as is reasonably possible after the Effective Date or amended, as the case may be applicable, and to have the same continued, prosecuted and enforced by or against the Resulting Company.*

- 13.3 *Except as otherwise provided herein, the Demerged Company shall in no event be responsible or liable in relation to any legal or other proceedings that stand transferred to the Resulting Company. The Resulting Company shall be replaced or added as party to such proceedings and shall prosecute or defend such proceeding at its own cost and the liability of the Demerged Company shall consequently stand nullified.*
- 13.4 *Any proceedings instituted, after the Effective Date, to the extent that they pertain to the Stage II Transmission Undertaking shall be initiated by or against (as the case may be) the Resulting Company, and the Resulting Company shall defend the same at its own cost. If at any time after the Effective Date, the Demerged Company is in receipt of any demand, claim, notice and/or is impleaded as a party in any proceeding by Governmental Authorities or any person, in each case in relation to the Stage II Transmission Undertaking, in view of the transfer and vesting of the Stage II Transmission Undertaking, the Demerged Company shall promptly notify the Resulting Company by way of a written notice of such proceedings, and upon receipt of such notification, Resulting Company shall take all steps to replace the Demerged Company with the Resulting Company in such an event only with respect to claims or matters which pertain to the Stage II Transmission Undertaking (and the Demerged Company shall cooperate with the Resulting Company in this process). However, in case the Resulting Company is unable to be replaced in place of the Demerged Company in such proceedings, the Demerged Company shall defend the same or deal with such demand in accordance with the directions and instructions of the Resulting Company and the Resulting Company shall reimburse and indemnify the Demerged Company against all liabilities and obligations incurred by the Demerged Company in respect thereof.*

14. Tax

- 14.1. *All Taxes paid or payable in relation to or in connection with the operations and profits of the Stage II Transmission Undertaking before the Appointed Date, shall be on account of the Demerged Company. With effect from the Appointed Date, all Taxes in relation to or in connection with the operations and profits of the Stage II Transmission Undertaking before the Appointed Date, including all or any refunds/ input credit/ claims/ tax losses/unabsorbed depreciation relating thereto shall be treated as the asset/ liability or refunds/ input credit/ claims/ tax losses/ unabsorbed depreciation, as the case may be, of the Resulting Company.*
- 14.2. *In so far as various incentives, subsidies, exemptions, all indirect tax related benefits, including goods and service tax benefits, income tax*

holiday/ benefit/ losses and other benefits or exemptions or privileges enjoyed, granted by any Governmental Authority or by any other person, or availed of by Demerged Company for, in relation to or in connection with the Stage II Transmission Undertaking are concerned, the same shall, without any further act or deed, vest with and be available to the Resulting Company on the same terms and conditions as if the same had been allotted and/ or granted and/ or sanctioned and/ or allowed to Resulting Company.

- 14.3.** *The Demerged Company and the Resulting Company are expressly permitted to file/revise their tax returns including income tax returns, tax deducted at source (“TDS”) certificates, TDS returns, GST returns / returns in terms of the Applicable Law, and shall have the right to claim refunds, advance tax credits, TDS credits, GST credits, credit of foreign taxes paid/withheld etc., if any, (except as specifically provided in relation to the Remaining Business) on the basis of the accounts of the Stage II Transmission Undertaking as vested with the Resulting Company upon the coming into effect of this Scheme, in terms of the Applicable Law.*
- 14.4.** *It is hereby clarified that the ability of the Resulting Company to claim minimum alternate tax credit under Section 115JAA of the IT Act shall not be impacted as a result of the matters set out in the Scheme.*
- 14.5.** *The Demerged Company and the Resulting Company, after filing the revised tax returns, may revise their tax returns, electronically or physically, after taking credit for taxes paid including TDS / tax collected at source (“TCS”) certificates/ returns, wealth tax returns, service tax, excise duty, sales tax, value added tax, GST, entry tax, cess, professional tax or any other statutory returns, if required, and shall be entitled to claim credit for advance tax paid, claim for sum(s) prescribed under Section 43B of the IT Act on payment basis, claim for deduction of provisions written back by the Demerged Company pertaining to Stage II Transmission Undertaking previously disallowed in the hands of the Demerged Company under the IT Act, minimum alternate tax credit, credit of foreign tax paid/withheld, if any, pertaining to Stage II Transmission Undertaking of the Demerged Company, consequent to implementation of this Scheme and where necessary to give effect to this Scheme, even if the prescribed time limit for filing or revising such returns have lapsed without incurring any liability on account of interest, penalty or any other sum to claim refunds, advance tax credits, excise and service tax credits, set off, etc., on the basis of the accounts of the Stage II Transmission Undertaking of the Demerged Company, upon the coming into effect of this Scheme.*
- 14.6.** *The Resulting Company will be the successor of the Demerged Company vis-à-vis the Stage II Transmission Undertaking and*

therefore, shall be deemed to be the beneficiary of any Tax credits whether central, state or local, availed vis-a-vis the Stage II Transmission Undertaking and the obligations, if any, for payment of Taxes on any assets of the Stage II Transmission Undertaking, shall be deemed to have been availed by the Resulting Company or as the case may be deemed to be the obligations of the Resulting Company.

- 14.7.** *With effect from the Appointed Date and upon the Scheme becoming effective, all Taxes receivable/payable by the Demerged Company relating to the Stage II Transmission Undertaking including all or any refunds/credit/claims/Tax losses /unabsorbed depreciation relating thereto shall be treated as the asset/liability or refunds/credit/claims/tax losses /unabsorbed depreciation, as the case may be, of the Resulting Company.*

15. Employees

- 15.1.** *Upon the coming into effect of this Scheme, the Employees (if any) shall become the employees of the Resulting Company with effect from the Appointed Date, and, subject to the provisions hereof, on terms and conditions not less favourable than those on which they are employed by the Demerged Company and without any interruption of, or break in, service as a result of the transfer of the Stage II Transmission Undertaking. The Resulting Company agrees that for the purpose of payment of any compensation, gratuity and other terminal benefits, the past services of the Employees with the Demerged Company shall also be taken into account and agrees and undertakes to pay the same as and when payable.*
- 15.2.** *In so far as the existing provident fund and gratuity benefits created by the Demerged Company inter alia for its employees (including employees of the Stage II Transmission Undertaking) are concerned (collectively referred to as the "Employee Benefit Funds"), such proportion of the investments made in the Employee Benefit Funds and liabilities which are referable to the Employees shall be held for their benefit pursuant to this Scheme in the manner provided hereinafter. The Employee Benefit Funds shall, subject to the necessary approvals and permissions and at the discretion of the Resulting Company, either be continued as separate funds of the Resulting Company for the benefit of the employees of the Stage II Transmission Undertaking or be transferred to and merged with other similar funds of the Resulting Company. In the event that the Resulting Company does not have its own fund in respect of any of the aforesaid matters, the Resulting Company may, subject to necessary approvals and permissions, continue to contribute in respect of the Employees to the respective Employee Benefit Funds or discharge such liabilities of the Demerged Company, until such time that the Resulting*

Company creates its own fund, at which time the Employee Benefit Funds, investments, contributions and liabilities pertaining to the Employees shall be transferred to the funds created by the Resulting Company.

- 15.3. *In relation to any other fund (including any funds set up by the government for employee benefits) created or existing for the benefit of the Employees, the Resulting Company shall stand substituted for the Demerged Company, for all purposes whatsoever, including in relation to the obligation to make contributions to the said funds in accordance with the provisions of such scheme, funds, bylaws, etc. in respect of the Employees.*
- 15.4. *In so far as the existing benefits or funds created by the Demerged Company for the employees of the Remaining Business are concerned, the same shall continue and the Demerged Company shall continue to contribute to such benefits or funds in accordance with the provisions thereof, and such benefits or funds, if any, shall be held inter alia for the benefit of the employees of the Remaining Business and the Resulting Company shall have no liability in respect thereof.*

SECTION 4 – CONSIDERATION

23. *The provisions of this Section 4 shall operate notwithstanding anything to the contrary in this Scheme.*
24. *In consideration of the transfer and vesting of the Stage II Transmission Undertaking by the Demerged Company to the Resulting Company in accordance with the provisions of this Scheme and as an integral part of this Scheme, the Resulting Company shall issue CCCPPS in the manner set out in Clause 25 to Clause 30 below. It is clarified that the consent of the shareholders of the Resulting Company to the Scheme shall be deemed to be sufficient for the issuance of shares by the Resulting Company in accordance with this Section 4, and no further resolutions under Section 13, 14, 42 and 62 or any other applicable provisions of the Act would be required to be separately passed.*
25. *In consideration of Demerger, the Resulting Company shall, without any further act or deed, issue and allot to such members of the Demerged Company whose name is recorded in the register of members as a shareholder of the Demerged Company as on Record Date, CCCPPS in the Resulting Company in the ratio of 3 (three) CCCPPS in the Resulting Company of face value Rs. 10/- (Indian Rupees Ten only) each credited as fully paid-up for every 4 (four) equity shares of face value Rs. 10/- (Indian Rupees Ten only) each fully paid up held by such member in the Demerged Company (the “**Entitlement Ratio**”). The*

CCCPPS shall be subject to the terms set out in **Annexure A** of this Scheme.

26. *The CCCPPS shall be issued in dematerialized form by the Resulting Company, provided that the details of the depository accounts of the members of the Demerged Company are made available to the Resulting Company by the Demerged Company at least 10 (Ten) working days prior to the Effective Date. In the event that such details are not available with the Resulting Company, it shall issue CCCPPS to the members of the Demerged Company in physical form.*
27. *In case any shareholder's holding/ entitlement in the Resulting Company is such that such shareholder becomes entitled to a fraction of the CCCPPS issued pursuant to Clause 25 above, the Resulting Company shall not issue fractional certificates to such shareholders. Any fraction equal to or more than 0.5 arising out of such allotment shall be rounded off to the next higher integer and fraction less than 0.5 shall be rounded off to the earlier lower integer.*
28. *In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of the Demerged Company, the Board of Directors of the Demerged Company shall be empowered in appropriate cases, prior to or even subsequent to the relevant Record Date, to effectuate such a transfer in the Demerged Company as if such changes in registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transferor of the share in the Resulting Company and in relation to the shares issued by the Resulting Company after the effectiveness of this Scheme. The Board of Directors of the Demerged Company shall be empowered to remove such difficulties as may arise in the course of implementation of this Scheme and registration of new members in the Resulting Company on account of difficulties faced in the transaction period.*
29. *Prior to allotment of the CCCPPS pursuant to this Scheme, if necessary, the Resulting Company shall, to the extent required, increase the authorised share capital of the Resulting Company prior to the Record Date, by creation of at least such number and value of CCCPPS, as may be necessary to satisfy its obligations under the Scheme, and as may be desirable, expedient and necessary in this regard, and the Memorandum and/ or Articles of Association of the Resulting Company shall stand amended accordingly.*
30. *CCCPPS to be issued by the Resulting Company pursuant to Clause 25 in respect of such of the equity shares of the Demerged Company which are held in abeyance under the provisions of Section 126 of the Act or otherwise shall, pending allotment or settlement of dispute by order of court, NCLT or otherwise, also be kept in abeyance by the Resulting Company.*

31. REORGANIZATION OF SHARE CAPITAL OF THE DEMERGED COMPANY AND THE RESULTING COMPANY

31.1 Upon the Scheme becoming effective and with the Appointed Date, the authorised share capital of the Demerged Company to the extent of Rs. 1000,00,00,000/- (Indian Rupees One Thousand Crore only) comprising of 75,00,00,000 (Seventy Five Crore) equity shares having a face value of Rs. 10/- (Indian Rupees Ten only), and 25,00,00,000 (Twenty Five Crore) of preference shares having a face value of Rs. 10/- (Indian Rupees Ten only), shall stand transferred to and consolidated with the authorised share capital of the Resulting Company, without any further act or deed and simultaneously with a re-classification of the authorised share capital of the Resulting Company in accordance with the provisions of Section 61 of the Act and the duty and fees paid by the Demerged Company on its authorised share capital shall be set off against any duty and fee payable by the Resulting Company on its authorised capital. Balance fees/duties, if any, payable after the aforesaid adjustment, by the Resulting Company shall be duly paid upon the sanctioning of the Scheme.

31.2 Upon this Scheme coming into effect and with effect from the Appointed Date (and consequent to transfer of a part of the existing authorised share capital if the Demerged Company to the Resulting Company under Clause 31.1 above), the authorised share capital of the Demerged Company shall stand reduced by 75,00,00,000 (Seventy Five Crore) equity shares of Rs. 10/- (Indian Rupees Ten only) each and 25,00,00,000 (Twenty Five Crore) preference shares of Rs. 10/- (Indian Rupees Ten Only). Such reduced authorised share capital shall stand transferred to the Resulting Company.

31.3 Revised Clause V of the Memorandum of Association of the Demerged Company, post giving effect to above transfer, shall stand modified and be substituted by the following:

“The Authorised Share Capital of the Company is Rs. 1,000,00,00,000 (Rupees One Thousand Crore) divided into 75,00,00,000 (Seventy Five Crore) Equity Shares of Rs. 10 (Rupees Ten) each aggregating to Rs. 750,00,00,000 (Rupees Seven Hundred Fifty Crore) and 25,00,00,000 (Twenty Five Crore) Preference Shares of Rs. 10 (Rupees Ten) each aggregating to Rs. 250,00,00,000 (Rupees Two Hundred Fifty Crore) with power to increase or reduce the capital of the Company and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify, amalgamate or abrogate in such manner as may

be for the time being provided by the Articles of Association of the Company.”

31.4 *Revised Clause V of the Memorandum of Association of the Resulting Company, post giving effect to above transfer, shall stand modified and be substituted by the following:*

“(a) The Authorised Share Capital of the Company is Rs. 1000,05,00,000 (Rupees One Thousand Crore Five Lakhs) divided into (a) 50,00,50,000 (Fifty Crore Fifty Thousand) equity shares of Rs. 10 (Rupees Ten) each aggregating to Rs. 500,05,00,000 (Rupees Five Hundred Crore Five Lakhs); and (b) 50,00,00,000 (Fifty Crore) Preference Shares of Rs. 10 (Rupees Ten) each aggregating to Rs. 500,00,00,000 (Rupees Five Hundred Crore) with power to increase or reduce the capital of the Company and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify, amalgamate or abrogate in such manner as may be for the time being provided by the Articles of Association of the Company.”

31.5 *The reclassification of share capital of the Demerged Company and the Resulting Company pursuant to this Clause 31 shall take effect from the Appointed Date on the effectiveness of the Scheme, without any further act or deed. For the avoidance of doubt, it is hereby clarified that the consent of the shareholders of the Demerged Company and the Resulting Company to this Scheme shall be sufficient for the purposes of effecting the aforesaid reclassification of share capital and amendments in the Memorandum of Association of the Demerged Company and the Resulting Company and that no further resolutions, whether under the applicable provisions of the Act (including Section 13, 61 and 64 of the Act) or under the Articles of Association, shall be required to be separately passed.”*

39. SCHEME CONDITIONAL

This Scheme is conditional upon and subject to:

- (i) This Scheme being approved by the respective requisite majorities of the various classes of members and creditors and/ or creditors (where applicable) of the Companies as required under the Act and the requisite orders of the NCLT, or dispensation having been received from the NCLT in relation to obtaining such approval from the members and/ or creditors;*
- (ii) The acquisition of Stage II Transmission Undertaking on a going concern basis by the Resulting Company with its associated assets and liabilities;*

(iii) the NCLT having accorded their sanction to the in terms of Sections 230 to Section 232 and other relevant provisions of the Act; and

(iv) such approvals and sanctions of the NCLT, including the items as may be required and/ or directed by the NCLT or any Governmental Authority or as may be required by Law in respect of the Scheme being obtained.”

The features set out above being only the salient features of the Scheme, which are subject to details set out in the Scheme, the secured creditors are requested to read the entire text of the Scheme (annexed herewith) to get fully acquainted with the provisions thereof and the rationale and objectives of the Scheme.

A copy of the proposed Scheme is attached as **Annexure I** to this Explanatory Statement. The Scheme is not prejudicial to the interest of the shareholders and creditors of the Demerged Company.

11. Documents required to be circulated for the Meeting under Section 232(2) of the Act:

As required under Section 232(2) of the Act, the following documents are being circulated with this notice and the explanatory statement:

- (i) Scheme, enclosed as **Annexure I**;
- (ii) Share Entitlement Report, enclosed as **Annexures II** ;
- (iii) Report adopted by the Board of the Demerged Company pursuant to the provisions of Section 232(2)(c) of the Companies Act, 2013, enclosed as **Annexure III**;
- (iv) Report adopted by the Board of the Resulting Company pursuant to the provisions of Section 232(2)(c) of the Companies Act, 2013, enclosed as **Annexure IV**;
- (v) Supplementary Accounting Statement of the Demerged Company for the Financial Year ended 31st March 2023 in accordance with Section 232(2)(e) of the Act, enclosed as **Annexure V**;
- (vi) Audited Financial Statements of the Resulting Company for the Financial Year ended 31st March 2023 enclosed as **Annexure VI**;
- (i) Pre-Scheme and Post-Scheme shareholding pattern of the Demerged Company and the Resulting Company, as applicable enclosed as **Annexure VII**; and
- (ii) Copies of form GNL-1 filed by Demerged Company with the Registrar of Companies, Gwalior enclosed as **Annexure VIII**.

Dated at this 13th day of July 2023

Sd/-
Mr. V.S. Verma
Chairperson appointed for the Meeting
DIN: 07843461

Registered Office
Essar Power M P Limited, Power Plant,
Village Bandhaura, Post Karsualal,
Singrauli, Madhya Pradesh 486886.
Website: www.essar.com,
E-mail: powersec@essarpower.co.in
Tel.: 91 22 6660 1100, **Fax:** 91 22 2495 4787

SCHEME OF ARRANGEMENT

AMONGST

ESSAR POWER TRANSMISSION COMPANY LIMITED ... **Demerged Company**

ESSAR TRANSCO LIMITED ... **Resulting Company**

And

their Respective Shareholders

Under Sections 230-232 of the Companies Act, 2013 and other applicable provisions of the Companies Act, 2013 and rules thereunder (to the extent notified).

PART I – GENERAL

1. PREAMBLE

- 1.1 This Scheme of Arrangement (the “**Scheme**”) is presented under Section 230-232 and other applicable provisions of the Act (*as defined hereinafter*), amongst **Essar Power Transmission Company Limited** (the “**Demerged Company**”), **Essar Transco Limited** (the “**Resulting Company**”) and their respective shareholders, for the demerger of Stage II Transmission Undertaking (*as defined hereinafter*) of the Demerged Company into the Resulting Company.

2. BACKGROUND

- 2.1 The Demerged Company is a public limited company incorporated under the Companies Act, 1956, with CIN U99999MP2005PLC052837, having its registered office at Essar Power M P Limited, Power Plant, Village Bandhaura, Post Karsualal Singrauli, Singrauli, Madhya Pradesh – 486886. The Demerged Company is primarily engaged in planning, promoting and developing an integrated and efficient power transmission system network and is an “Interstate Transmission Licensee” under the Electricity Act, 2003.

2.2 The Resulting Company is a public limited company incorporated under the Companies Act, 2013, with CIN U40106MH2022PLC395692, currently having its registered office at Essar House, 11, KK (Keshavrao Khadye) Marg, Mahalaxmi, Mumbai, Maharashtra, 400034. The Resulting Company has been incorporated with the objective of undertaking the business of planning, promoting and developing integrated and efficient power transmission system networks. In the event the Resulting Company changes its registered office in accordance with the Act, the new registered office of the Resulting Company shall be deemed to be the registered office of the Resulting Company for the purposes of this Scheme and all matters related thereto.

3. RATIONALE

3.1 The Demerged Company was granted an inter-state transmission license by the Central Electricity Regulatory Commission, *vide* Order (*as defined hereinafter*) dated April 10, 2008 in Petition No. 157 of 2007 (i.e., License No.4/Transmission/CERC) (*hereinafter referred to as the “ISTS License”*).

3.2 The Demerged Company currently owns, operates and maintains primarily two inter-state electricity transmission system networks, namely, Stage I Transmission network (*as defined hereinafter*) and Stage II Transmission network (*as defined hereinafter*). The aforementioned two inter-state transmission system networks are independent and standalone in nature and operate between different sources and points of delivery which are as follows:

(i) Stage I Transmission network (approximate line length being 104.6 km), which primarily supplies electricity to the steel plant of ArcelorMittal Nippon Steel India Limited in Hazira, Surat, Gujarat from the switchyard of NTPC Limited at Gandhar, Gujarat; and

(ii) Stage II Transmission network (approximate line length being 336.7 km), connects the Mahan Thermal power plant operated by Mahan Energen Limited to Sipat pooling sub-station.

3.3 This Scheme is intended for the segregation of the Remaining Business (*as defined hereinafter*) and Stage II Transmission Undertaking of the Demerged Company, in accordance with Sections 230 to 232 and other relevant provisions of the Act (as may be applicable) read with Section 2(19AA) and other relevant provisions of the IT Act (*as defined hereinafter*) (as may be applicable), whereby the business of owning, operating and maintaining the Stage II Transmission Undertaking shall be vested in and to the Resulting Company and the Demerged Company shall continue to own, operate and maintain the Remaining Business.

3.4 The Scheme is intended to achieve, *inter alia*, greater efficiency in operations, and increased focus and attention to the Stage II Transmission network in a manner that is compliant with all the statutory and regulatory requirements. The Scheme will also create separate management platforms for the distinct and standalone Stage I

Transmission network and Stage II Transmission network, which will enable achievement of long term objective of strengthening the operations and financials of the Remaining Business and Stage II Transmission Undertaking, and enable suitable investments to be made in Remaining Business and Stage II Transmission Undertaking, respectively, by potentially interested investors. In view of the long-term objectives and plans set forth by the Demerged Company and Resulting Company, it is considered desirable and expedient to reorganise and reconstruct the Demerged Company by demerging the Stage II Transmission Undertaking into the Resulting Company in the manner and on the terms and conditions contained in this Scheme.

- 3.5 The Scheme would, *inter-alia*, have the following benefits:
- (i) Focused and concentrated approach in maintaining Stage II Transmission Undertaking from the standpoint of the Resulting Company;
 - (ii) Enable the Resulting Company and the Demerged Company to independently maximize opportunities for strategic partnership and flexibility of fund-raising, capability for future growth and expansion and creation of a structure geared to take advantage of market opportunities for further consolidation or expansion; and
 - (iii) The businesses and activities of each of the Companies (*as defined hereinafter*) will be carried out more economically, conveniently and advantageously following the Scheme and the same will have beneficial results for the Companies, their shareholders and all other concerned stakeholders.
- 3.6 Accordingly, to achieve the aforesaid objectives, the Board of Directors of the Demerged Company and the Resulting Company have decided to make requisite application and / or petition to NCLT (*as defined hereinafter*) under Section 230-232 of the Act in the manner provided for in this Scheme.
- 3.7 Pursuant to the Demerger (*as defined hereinafter*):
- (i) All the properties of the Stage II Transmission Undertaking immediately before the Demerger shall become the properties of the Resulting Company by virtue of the Demerger;
 - (ii) All the liabilities related to the Stage II Transmission Undertaking immediately before the Demerger shall become the liabilities of the Resulting Company by virtue of the Demerger;
 - (iii) The properties and the liabilities of the Stage II Transmission Undertaking as set out in (i) and (ii) above shall be transferred to the Resulting Company at such values as determined in accordance with applicable Accounting Standards;
 - (iv) The Resulting Company shall, in consideration of the Demerger, issue CCCPPS (*as defined hereinafter*) to all the shareholders of the Demerged Company on a

proportionate basis in accordance with the Entitlement Ratio (*term defined hereinafter*); and

- (v) The transfer of the Stage II Transmission Undertaking shall be on a going concern basis.

- 4. This Scheme has been drawn up to comply with the conditions relating to “*demerger*” as specified under Section 2(19AA) and other relevant provisions of the IT Act. If any term or provision of the Scheme is found or interpreted to be inconsistent with the said provisions, including resulting from an amendment of law or for any other reason whatsoever, the Scheme may be modified in the manner provided in this Scheme to the extent determined necessary to comply with Section 2(19AA) and other provisions of the IT Act. Such modification will however not affect other parts of the Scheme.

5. PARTS OF THE SCHEME

- 5.1 This Scheme is divided into the following parts:

- (i) **Part I**, which deals with the introduction, definitions and interpretation, and share capital;
- (ii) **Part II**, which deals with the Demerger of the Stage II Transmission Undertaking into the Resulting Company; and
- (iii) **Part III**, which deals with general terms and conditions applicable to the Scheme.

6. DEFINITIONS AND INTERPRETATION

6.1 Definitions

In this Scheme, unless repugnant to the meaning or context thereof, the following expressions shall have the following meaning:

“**Accounting Standards**” shall mean the Indian Accounting Standard and/ or the Generally Accepted Accounting Principles basis which the Resulting Company and/ or the Demerged Company is required to prepare its books of accounts in accordance with the applicable provisions of the Act and Rules made thereunder;

“**Act**” shall mean the Companies Act, 2013, the rules, regulations, notifications, circulars and directions made or issued thereunder;

“**Appointed Date**” shall mean the opening hours of business on April 1, 2023 or such other date as may be mutually agreed by the Demerged Company and the Resulting Company or such other date as the NCLT may direct/ allow;

“**Applicable Law**” or “**Law**” shall mean any applicable statute, law, regulation, ordinance, rule, judgment, order, decree, clearance, approval from the concerned authority, directive, guideline, press note, policy, requirement, or other governmental restriction or any similar form of decision, or determination by, or any interpretation or administration of any of the foregoing by, any Government Authority;

“**Board of Directors**” in relation to each of the Companies, as the case may be, shall mean the board of directors of such Company and, unless it be repugnant to the context, includes a duly authorised committee of directors;

“**CCCPPS**” shall mean compulsorily convertible cumulative participating preference shares each having a face value of INR 10/- (Indian Rupees Ten only) each and issued on the terms as set out in **Annexure A** (*Terms of CCCPPS*);

“**Companies**” shall mean the Demerged Company and the Resulting Company;

“**Contract**” shall mean any agreement, contract, obligation, promise, understanding, subcontract, lease, instrument, note, warranty, insurance policy, benefit plan or legally binding commitment or undertaking of any nature, whether written or oral or express or implied;

“**Demerged Company**” shall have the meaning set forth in Clause 1.1;

“**Demerged Liabilities**” shall mean and include the following:

- (i) The debts, liabilities, obligations incurred and duties of any kind, nature or description (including contingent liabilities) which arise out of the activities or operations of the Stage II Transmission Undertaking;
- (ii) Any specific loans or borrowings (including debentures) raised, incurred and utilised solely for the activities or operations of the Stage II Transmission Undertaking; and
- (iii) In cases, other than those referred to in clause (i) and (ii) above, (a) so much of the amounts payable against the optionally convertible debentures issued by the Demerged Company, as stand in the same proportion as the costs and expenses (including project costs) incurred by the Demerged Company for the Stage II Transmission Undertaking bears to the total value of the costs and expenses (including project costs) incurred by the Demerged Company for the Stage II Undertaking and the Remaining Business; and (b) so much of the amounts of other general or multipurpose borrowings, if any, of the Demerged Company as stand in the same proportion which the value of the assets transferred in the Demerger bears to the total value of the assets of such Demerged Company immediately before the Demerger;

“**Demerger**” means the transfer pursuant to this Scheme of Arrangement of the Stage II Transmission Undertaking to the Resulting Company, pursuant to the terms and conditions set out in this Scheme;

“**Effective Date**” shall mean the last of the dates of the following on which the below matters occur or have been fulfilled or waived:

- (i) The day on which the last of the consents, approvals, permissions, resolutions, assignments and Orders set out in Clause 39 shall be obtained or passed and the actions set out in Clause 39 shall be completed; and
- (ii) The day on which all necessary certified copies of Orders under Section 230 to Section 232 of the Act shall be duly filed with the Registrar of Companies.

References in this Scheme to the date of “coming into effect of this Scheme” or “effectiveness of this Scheme” shall mean the Effective Date. For avoidance of doubt, it is hereby clarified that upon occurrence of the Effective Date, the Scheme shall be deemed to be in effect from the Appointed Date;

“**Employee Benefit Funds**” shall have the meaning set forth in Clause 15.2;

“**Employees**” shall mean all employees of the Demerged Company employed or contracted in relation to the Stage II Transmission Undertaking as on the Effective Date;

“**Encumbrance**” shall mean:

- (i) Any mortgage, charge (whether fixed or floating), pledge, equitable interest, lien, hypothecation, assignment, deed of trust, title retention, security interest, encumbrance of any kind securing or conferring any priority of payment in respect of any obligation of any person;
- (ii) Any proxy, power of attorney, voting trust, interest, option, right of other persons, right of set off, right of first offer, refusal or transfer restriction in favour of any person;
- (iii) Any adverse claim as to title, possession or use, conditional sale contract, co-sale contract or trust (other title exception of whatsoever nature);
- (iv) Other commitment, restriction, limitation or encumbrance of any kind or nature whatsoever including restriction on use, voting rights, transfer, receipt of income or exercise of any other attribute of ownership; and / or
- (v) A Contract, whether conditional or otherwise, to give or refrain from giving any of the foregoing;

and the term “**Encumber**” shall be construed accordingly;

“Entitlement Ratio” shall have the meaning set forth in Clause 25 of the Scheme;

“Governmental Approvals” shall mean any permission, approval, consent, license, permit, order, decree, authorization, registration, filing, notification, exemption or ruling to or from or with any Governmental Authority;

“Governmental Authority” shall mean any nation or government or any province, state or any other political subdivision thereof, any entity, authority or body exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including any government authority, agency, department, board, commission or instrumentality, of any other jurisdiction in which any of the Companies is resident, any court, tribunal or arbitrator and any securities exchange or body or authority regulating such securities exchange, or any company, business, enterprise or other entity owned or controlled by any of the foregoing;

“IT Act” shall mean the Income-tax Act, 1961, including any modifications or reenactments or amendments thereof from time to time;

“NCLT” shall mean the relevant National Company Law Tribunal having jurisdiction in relation to the Companies and/ or the National Company Law Appellate Tribunal as constituted and authorised as per the provisions of the Act for approving any scheme of arrangement, compromise or reconstruction of companies under Sections 230 to 232 of the Act, and shall include, if applicable, such other forum or authority as may be vested with the powers of a tribunal for the purpose of Sections 230 to 232 of the Act, as may be applicable;

“Order” shall mean any order, injunction, judgment, decree, ruling, writ, assessment or award of a court, arbitration body or panel or NCLT or other Governmental Authority;

“Record Date” means the date to be fixed by the Board of Directors of the Resulting Company for the purpose of determining the equity shareholders of the Demerged Company to whom CCCPPS of the Resulting Company shall be allotted;

“Records” shall mean records, files, papers, engineering and process information, computer programmes, manuals, data, catalogues, quotations, sales and advertising materials, list of present and former tenants and suppliers, vendors, tenant pricing information, vouchers, registers, ledgers, databases, documents and other books and records, in each case, in any media or format including machine readable or electronic media / format and other records;

“Registrar of Companies” means the relevant Registrar of Companies having territorial jurisdiction in the state(s) in which the respective registered offices of the Companies are located;

“Remaining Business” shall mean the Stage I Transmission business, and all other undertakings, businesses, activities, operations, assets and liabilities (including investments in shares and securities and identified assets and bank balances) of the Demerged Company, other than those comprised in the Stage II Transmission Undertaking;

“Resulting Company” shall have the meaning set forth in Clause 1.1 above;

“Rules” shall mean to the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016;

“Scheme” or **“the Scheme”** or **“this Scheme”** shall mean this scheme of arrangement including any modification or amendment hereto, made in accordance with the terms hereof;

“Stage I Transmission” shall mean the 104.6 km long 400 kV D/C transmission line (twin conductor) from the NTPC Limited’s switchyard at Gandhar to Hazira, and all ancillary equipment and machinery related to the said transmission line, and Stage I Transmission business to be interpreted to mean all current and future business relating to the owning, operating and managing the Stage I Transmission;

“Stage II Transmission” shall mean the 336.7 km long 400 kV D/C (Quad moose conductor) transmission line from the thermal power plant at Mahan, Madhya Pradesh to Sipat pooling sub-station and all ancillary equipment and machinery related to the said transmission line, and Stage II Transmission business to be interpreted to mean all current and future business relating to the owning, operating and managing the Stage II Transmission;

“Stage II Transmission Undertaking” shall mean the undertaking, business, activities, operations and assets and liabilities which relate thereto, or are necessary thereof and pertaining to the Stage II Transmission business and without limitation include the following:

- (i) all the assets and properties (whether movable or immovable, tangible or intangible, current or non-current, real or personal, in possession or reversion, corporeal or incorporeal, present, future or contingent of whatsoever nature) related to or pertaining to the Stage II Transmission business, including without limitation, all lands (whether leasehold or freehold), plants, machinery, equipment, buildings and structures, offices, residential and other premises, manufacturing units, inventories and stock (including motor vehicles, generators, water pumps, spare parts, springs, lamps, chains, frames etc.) current assets (including financial assets, sundry debtors, bills of exchange, loans and advances), investments of all kinds (including shares, scrips, stocks, bonds, debenture stocks, units or pass through certificates), cash and bank accounts (including bank balances), contingent rights or benefits, benefits of any deposits, receivables, advances or deposits paid by or deemed to have been

paid in connection with or in relation to the Stage II Transmission business, financial assets, benefit of any bank guarantees, performance guarantees and letters of credit, leases (including lease rights), hire purchase contracts and assets, lending contracts, receivables and liabilities related thereto, rights and benefits under any agreement, contracts and arrangements and all other interests in connection with or relating to the Stage II Transmission business, benefit of any security arrangements or under any guarantees, reversions, powers, leases, tenancies in relation to the office and/or residential properties for the employees or other persons, vehicles, share of any joint assets, and other facilities, fixed and other assets, rights to use and avail of telephones, telexes, facsimile, email, internet, leased line connections and installations, utilities, electricity and other services, reserves, provisions, funds, benefits of assets or properties or other interest held in trust, registrations, contracts, engagements, arrangements of all kind, privileges and all other rights, easements, privileges, liberties and advantages of whatsoever nature and wheresoever situate belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of or enjoyed in connection with or relating to the Stage II Transmission business and all other interests of whatsoever nature belonging to or in the ownership, power, possession or the control of or vested in or granted in favour of or held for the benefit of or enjoyed in connection with or relating to the Stage II Transmission business, whether in India or abroad;

- (ii) all permits, quotas, rights, entitlements, letters of intent, expressions of interest, municipal permissions, Governmental Approvals, consents, subsidies, benefit of any deposits, privileges, tax related assets, (including but not limited to credits, such as advance tax, self-assessment tax, minimum alternate tax credit, unabsorbed tax depreciation, tax losses, deferred tax assets/liabilities, tax deducted/collected at source, Good and Services Tax (“GST”) input credits, service tax input credits, CENVAT credits, value added/ sales tax/ entry tax credits or set offs and tax refunds, but not including any such assets related to income-tax prior to Appointed Date) all other rights including sales tax deferrals and exemptions and other benefits, lease rights, receivables, and liabilities related thereto, licenses, powers and facilities of every kind, nature and description whatsoever, rights to use and avail of telephones, telexes, facsimile connections and installations, utilities, electricity and other services, provisions and all other interests in connection with or relating to the Stage II Transmission business;
- (iii) all agreements, contracts, permits, quotas, rights, entitlements, tariff benefits, right of way, transmission license, industrial and other licenses, bids, tenders, letters of intent, expressions of interest, development rights (whether vested or potential and whether under agreements or otherwise), municipal permissions, approvals, plans, consents, subsidies, privileges, income tax benefits and exemptions, all other rights including sales tax deferrals and exemptions and other benefits, receivables, and liabilities related thereto, licenses, powers and facilities of every kind, nature and description whatsoever, provisions and

benefits of all agreements, contracts and arrangements and all other interests in connection with or relating to the Stage II Transmission business;

- (iv) all earnest moneys and/or security deposits paid by or received by the Demerged Company in connection with or relating to the Stage II Transmission business;
- (v) all the Employees and all liabilities with regard to them, including with respect to payment of gratuity, superannuation, provident fund and others, if any;
- (vi) all Records and data pertaining to the Stage II Transmission business;
- (vii) advantages of whatsoever nature and wheresoever situated, belonging to or in the ownership, power or possession and in the control of or vested in or granted in favour of or enjoyed by the Demerged Company in relation to the Stage II Transmission business, and all intellectual property rights (whether owned, licensed or otherwise, and whether registered or unregistered) in respect of the following:
 - a) all copyrights in relation to tenant lists, marketing materials related to the Stage II Transmission business;
 - b) all designs (including building designs) connected with the Stage II Transmission business; and
 - c) all know-how and trade secrets (including data analytics) connected with the Stage II Transmission business; and
- (viii) the Demerged Liabilities, whether secured or unsecured; and

“**Taxation**” or “**Tax**” or “**Taxes**” shall mean all forms of taxes (direct or indirect) and statutory, governmental, state, provincial, local governmental or municipal impositions, duties, contributions and levies, surcharges, cess, duties and whether levied by reference to income, profits, book profits, gains, net wealth, asset values, turnover, added value or otherwise and shall further include but not be limited to payments in respect of or on account of Tax, whether by way of deduction / collection at source, advance tax, minimum alternate tax, sales and value added, goods and services tax, input tax, withholding, payroll, excise and property taxes, stamp duty or otherwise or attributable directly or primarily to the Demerged Company and the Resulting Company and all penalties, charges, costs and interest relating thereto

6.2 Interpretation

All terms and words used but not defined in this Scheme shall, unless repugnant or contrary to the context or meaning, have the same meaning ascribed to them under the Act.

- (i) References to “Schedules”, “Clauses”, “Sections” and “Parts”, unless otherwise stated, are references to schedules, clauses, sections and parts of this Scheme.
- (ii) The headings herein shall not affect the construction of this Scheme.
- (iii) The singular shall include the plural and *vice versa*.
- (iv) Any phrase introduced by the terms “including”, “include”, “in particular” or any similar expression shall be construed without limitation.
- (v) References to a person shall include any individual, firm, body corporate (whether incorporated or not), government, state or agency of a state or any joint venture, association, partnership, works council or employee representatives body (whether or not having separate legal personality).
- (vi) References to any Applicable Law, rules, regulations, bye-laws, as the case may be, and any statutory modification or re-enactment thereof for the time being in force.

7. DATE OF TAKING EFFECT AND OPERATIVE DATE

- 7.1 The Scheme set out herein, in its present form, or with any modification(s) approved or imposed or directed by the NCLT or by any Governmental Authority, shall be effective from the Appointed Date but shall be operative from the Effective Date.

8. SHARE CAPITAL

8.1 Demerged Company

The share capital structure of the Demerged Company as on May 16, 2023 is as follows:

Authorised Share Capital	Amount (INR)
1,50,00,00,000 equity shares of INR 10 each	15,00,00,00,000
50,00,00,00,000 preference shares of INR 10 each	5,00,00,00,000
Total	20,00,00,00,000
Issued, Subscribed and Paid-up Share Capital	Amount (INR)
59,70,36,000 equity shares of INR 10 each	5,97,03,60,000
Total	5,97,03,60,000

8.2 Resulting Company

The share capital structure of the Resulting Company as on May 16, 2023 is as follows:

Authorised Share Capital	Amount (INR)
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50,000 equity shares of INR 10 each	5,00,000
Total	5,00,000
Issued, Subscribed and Paid-up Share Capital	Amount (INR)
50,000 equity shares of INR 10 each	5,00,000
Total	5,00,000

PART II – DEMERGER

SECTION 1 – TRANSFER AND VESTING OF THE STAGE II TRANSMISSION UNDERTAKING

9. Transfer of Undertaking

9.1 Upon the coming into effect of the Scheme and with effect from the Appointed Date, the Stage II Transmission Undertaking shall, pursuant to the sanction of the Scheme by the NCLT and pursuant to the provisions of Sections 230 to 232 of the Act and other provisions of Applicable Law, if any, be and stand transferred to and vested in the Resulting Company, as a going concern without any further act, instrument, deed, matter or thing so as to become, the undertaking of the Resulting Company by virtue of and in the manner provided in this Scheme.

10. Transfer and vesting of assets

10.1 Upon the coming into effect of this Scheme and with effect from the Appointed Date, the Stage II Transmission Undertaking (including all the estate, assets, investments, rights, claims, title, interest and authorities including accretions and appurtenances of the Stage II Transmission Undertaking) shall, subject to the provisions of this Clause 10 in relation to the mode of transfer and vesting and pursuant to Sections 230 to Section 232 of the Act and without any further act or deed or instrument, be demerged from the Demerged Company and be transferred to and vested in and be deemed to have been transferred to and vested in the Resulting Company so as to become as and from the Appointed Date, the estate, assets, rights, claims, title, interest and authorities of the Resulting Company, subject to the provisions of this Scheme in relation to Encumbrances in favour of banks and/or financial institutions.

10.2 In respect of such assets of the Stage II Transmission Undertaking as are immovable properties (if any), with effect from the Appointed Date, all such immovable properties (including but not limited to the land, buildings, offices, factories, sites, tenancy rights, right of way, related thereto, and other immovable property, including accretions and appurtenances), whether or not included in the books of the Demerged Company, whether freehold or leasehold or on a license basis (including but not limited to any other document of title, rights, interest and easements in relation thereto, and any shares in cooperative housing societies associated with such immovable property) shall stand transferred to and vested in and be deemed to have been transferred to and vested in the Resulting Company, without any act or deed or instrument to be done or executed by

the Demerged Company and/ or the Resulting Company. However, any assets of the Stage II Transmission Undertaking which are in the nature of immovable property vested with the Demerged Company may be transferred to the Resulting Company either under the Scheme (as aforesaid) or by way of a separate conveyance or agreement (if required) without payment of any additional consideration.

- 10.3 In respect of such of the assets of the Stage II Transmission Undertaking as are movable in nature or are otherwise capable of being transferred by delivery of possession or by endorsement and delivery, the same shall be so transferred by the Demerged Company, respectively, upon the coming into effect of the Scheme, and shall become the property of the Resulting Company as an integral part of the Stage II Transmission Undertaking with effect from the Appointed Date pursuant to the provisions of Sections 230 to Section 232 of the Act without requiring any act or deed or instrument of conveyance for transfer of the same, subject to the provisions of this Scheme in relation to Encumbrances in favour of banks and/or financial institutions.
- 10.4 In respect of movables of the Stage II Transmission Undertaking, other than those dealt with in Clause 10.3 above including sundry debts, receivables, bills, credits, loans and advances, if any, whether recoverable in cash or in kind or for value to be received, bank balances, investments, earnest money and deposits with any Governmental Authority, quasi-governmental authority, local or other authority or body or with any company or other person, the same shall on and from the Appointed Date stand transferred to and vested in the Resulting Company and be deemed to have been transferred to and vested in the Resulting Company without any notice or other intimation to the debtors (although the Resulting Company may without being obliged and if it so deems appropriate at its sole discretion, give notice in such form as it may deem fit and proper, to each person, debtor, or depositor, as the case may be, that the said debt, loan, advance, balance or deposit pertaining to the Stage II Transmission Undertaking stands transferred and vested in the Resulting Company).
- 10.5 In respect of such of the assets belonging to the Stage II Transmission Undertaking other than those referred to in Clauses 10.2, 10.3 and 10.4 above, the same shall, as more particularly provided in Clause 10.1 above, without any further act, instrument or deed, be transferred to and vested in the Resulting Company and be deemed to have been transferred to and vested in the Resulting Company upon the coming into effect of the Scheme and with effect from the Appointed Date pursuant to the provisions of Section 230 to Section 232 of the Act.
- 10.6 All assets, rights, title, interest and investments of the Demerged Company in relation to the Stage II Transmission Undertaking shall also, without any further act, instrument or deed stand transferred to and vested in and be deemed to have been transferred to and vested in the Resulting Company upon the coming into effect of this Scheme and with effect from the Appointed Date pursuant to the provisions of Section 230 to Section 232 of the Act.

- 10.7 Any asset or property acquired or received or receivable by the Demerged Company after the date of approval of this Scheme by the Board of Directors of the Demerged Company but prior to the Effective Date pertaining to the Stage II Transmission Undertaking shall upon the coming into effect of this Scheme, also without any further act, instrument or deed stand transferred to and vested in or be deemed to have been transferred to or vested in the Resulting Company upon the coming into effect of this Scheme and with effect from the Appointed Date, pursuant to the provisions of Sections 230 to Section 232 of the Act.
- 10.8 For the avoidance of doubt, upon the coming into effect of this Scheme and with effect from the Appointed Date, pursuant to the provisions of Section 230 to Section 232 of the Act, all the rights, title, interest and claims of the Demerged Company in any property in relation to the Stage II Transmission Undertaking shall, pursuant to Section 232(4) of the Act, be transferred to and vested in or be deemed to have been transferred to and vested in the Resulting Company automatically without requirement of any further act or deed or instrument.
- 10.9 The balance sheet of the Stage II Transmission Undertaking, as on the Appointed Date shall jointly be drawn up by the Board of Directors of the Demerged Company and the Resulting Company. It is hereby clarified that any question which may arise as to whether a specified asset or a liability pertains or does not pertain to the Stage II Transmission Undertaking or whether it arises out of the operations or activities of the Stage II Transmission Undertaking shall be decided mutually by the Board of Directors of the Demerged Company and the Resulting Company.
11. **Transfer of contracts, deeds, etc.**
- 11.1 Upon the coming into effect of this Scheme and subject to the provisions of this Scheme including Clause 12, all Contracts, and Records in relation to the Stage II Transmission Undertaking to which the Demerged Company is a party or to the benefit of the Demerged Company may be eligible, and which are subsisting or have effect immediately before the Effective Date, shall continue in full force and effect against or in favour, as the case may be, of the Resulting Company and may be enforced as fully and effectually as if, instead of the Demerged Company, the Resulting Company had been a party or beneficiary or obligee thereto.
- 11.2 Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Stage II Transmission Undertaking occurs by virtue of this Scheme itself, the Resulting Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required under any Law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations or other writings or tripartite arrangements with any party to any contract or arrangement to which the Demerged Company is a party solely on account of the Stage II Transmission Undertaking, or any writings as may be necessary in order to give formal effect to the provisions of this Scheme. The Resulting Company shall be deemed to be authorised to execute any such writings on behalf of the Demerged

Company and to carry out or perform all such formalities or compliances referred to above on the part of the Demerged Company to be carried out or performed, provided that such writings are solely for the purpose of Stage II Transmission Undertaking and do not impose any obligations or liabilities on Remaining Business or the Demerged Company.

- 11.3 For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme and from the Appointed Date all Governmental Approvals, consents, permissions, licenses, certificates, clearances, authorities, powers of attorney given by, issued to or executed in relation to the Stage II Transmission Undertaking, shall stand transferred to the Resulting Company as if the same were originally given by, issued to or executed in favour of the Resulting Company, and the Resulting Company shall be bound by the terms thereof, the obligations and duties thereunder, and the rights and benefits under the same shall be available to the Resulting Company. The Resulting Company shall make applications to any Governmental Authority as may be necessary in this behalf.
- 11.4 Without prejudice to the aforesaid, it is clarified that if any assets (estate, claims, rights, title, interest in or authorities relating to such assets) or any Contract, deeds, bonds, agreements, schemes, arrangements, licenses or other instruments of whatsoever nature in relation to each of the Stage II Transmission Undertaking which the Demerged Company owns or to which the Demerged Company is a party to, cannot be transferred to the Resulting Company for any reason whatsoever, the Demerged Company shall hold such asset or Contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in trust for the benefit of the Resulting Company, in so far as it is permissible to do so, till such time as the transfer is effected.

12. **Transfer of Liabilities**

- 12.1 Upon the coming into effect of this Scheme, all Demerged Liabilities shall, without any further act or deed, stand transferred to and be deemed to be transferred to the Resulting Company and the Resulting Company shall meet, discharge and satisfy the same to the extent they are outstanding as on the Effective Date.
- 12.2 Where any of the Demerged Liabilities have been discharged by the Demerged Company on or after the approval of this Scheme by the Board of Directors of the Demerged Company and prior to the Effective Date, such discharge shall be deemed to have been for and on account of the Resulting Company.
- 12.3 Upon the coming into effect of the Scheme, all Demerged Liabilities shall be deemed to have been raised, used or incurred for and on behalf of the Resulting Company and to the extent they are outstanding on the Effective Date, shall also without any further act or deed be and stand transferred to and be deemed to be transferred to the Resulting Company and shall become the loans, debts, liabilities, duties and obligations of the Resulting Company.

- 12.4 In so far as the existing Encumbrances in respect of the Demerged Liabilities are concerned, such Encumbrances shall, without any further act, instrument or deed be modified and shall be extended to and shall operate only over the assets comprised in the Stage II Transmission Undertaking which have been Encumbered in respect of the Demerged Liabilities as transferred to the Resulting Company pursuant to this Scheme. Provided that if any of the assets comprised in the Stage II Transmission Undertaking, which are being transferred to the Resulting Company pursuant to this Scheme, have not been Encumbered in respect of the Demerged Liabilities, such assets shall remain unencumbered, and the existing Encumbrances referred to above shall not be extended to and shall not operate over such assets. The absence of any formal amendment which may be required by a lender or trustee or third party shall not affect the operation of the above.
- 12.5 Without prejudice to the provisions of the foregoing Clauses and upon the effectiveness of the Scheme, the Demerged Company and the Resulting Company shall execute any instrument(s) and/or document(s) and/or do all the acts and deeds as may be required, including the filing of necessary particulars and/or modification(s) of charge, with the respective Registrar of Companies to give formal effect to the above provisions, if required.
- 12.6 Upon the coming into effect of this Scheme, the Resulting Company alone shall be liable to perform all obligations in respect of the Demerged Liabilities, which have been transferred to it in terms of this Scheme, and the Demerged Company shall not have any obligations in respect of such Demerged Liabilities.
- 12.7 It is expressly provided that, save as mentioned in this Clause 12, no other term or condition of the liabilities transferred to the Resulting Company as part of the Scheme is modified by virtue of this Scheme except to the extent that such amendment is required by necessary implication.
- 12.8 The provisions of this Clause 12 shall operate, notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any security document, all of which instruments, deeds or writings shall stand modified and/or superseded by the foregoing provisions.
13. **Legal, Taxation and other proceedings**
- 13.1 Upon the coming into effect of this Scheme, with effect from Appointed Date all suits, actions, and other proceedings including legal and taxation proceedings, (including before any statutory or quasi-judicial authority or tribunal) by or against the Demerged Company in relation to Stage II Transmission Undertaking, whether pending and/or arising on or before the Effective Date or which may be instituted thereafter, shall be continued and/or enforced by or against the Resulting Company as effectually and in the same manner and to the same extent as if the same had been instituted and/or pending and/or arising by or against the Resulting Company.

- 13.2 The Resulting Company shall have all legal, taxation or other proceedings initiated by or against the Demerged Company in relation to the Stage II Transmission Undertaking transferred to its name as soon as is reasonably possible after the Effective Date or amended, as the case may be applicable, and to have the same continued, prosecuted and enforced by or against the Resulting Company.
- 13.3 Except as otherwise provided herein, the Demerged Company shall in no event be responsible or liable in relation to any legal or other proceedings that stand transferred to the Resulting Company. The Resulting Company shall be replaced or added as party to such proceedings and shall prosecute or defend such proceeding at its own cost and the liability of the Demerged Company shall consequently stand nullified.
- 13.4 Any proceedings instituted, after the Effective Date, to the extent that they pertain to the Stage II Transmission Undertaking shall be initiated by or against (as the case may be) the Resulting Company, and the Resulting Company shall defend the same at its own cost. If at any time after the Effective Date, the Demerged Company is in receipt of any demand, claim, notice and/or is impleaded as a party in any proceeding by Governmental Authorities or any person, in each case in relation to the Stage II Transmission Undertaking, in view of the transfer and vesting of the Stage II Transmission Undertaking, the Demerged Company shall promptly notify the Resulting Company by way of a written notice of such proceedings, and upon receipt of such notification, Resulting Company shall take all steps to replace the Demerged Company with the Resulting Company in such an event only with respect to claims or matters which pertain to the Stage II Transmission Undertaking (and the Demerged Company shall co-operate with the Resulting Company in this process). However, in case the Resulting Company is unable to be replaced in place of the Demerged Company in such proceedings, the Demerged Company shall defend the same or deal with such demand in accordance with the directions and instructions of the Resulting Company and the Resulting Company shall reimburse and indemnify the Demerged Company against all liabilities and obligations incurred by the Demerged Company in respect thereof.

14. **Tax**

- 14.1 All Taxes paid or payable in relation to or in connection with the operations and profits of the Stage II Transmission Undertaking before the Appointed Date, shall be on account of the Demerged Company. With effect from the Appointed Date, all Taxes in relation to or in connection with the operations and profits of the Stage II Transmission Undertaking before the Appointed Date, including all or any refunds/ input credit/ claims/ tax losses/unabsorbed depreciation relating thereto shall be treated as the asset/ liability or refunds/ input credit/ claims/ tax losses/ unabsorbed depreciation, as the case may be, of the Resulting Company.
- 14.2 In so far as various incentives, subsidies, exemptions, all indirect tax related benefits, including goods and service tax benefits, income tax holiday/ benefit/ losses and other benefits or exemptions or privileges enjoyed, granted by any Governmental Authority

or by any other person, or availed of by Demerged Company for, in relation to or in connection with the Stage II Transmission Undertaking are concerned, the same shall, without any further act or deed, vest with and be available to the Resulting Company on the same terms and conditions as if the same had been allotted and/ or granted and/ or sanctioned and/ or allowed to Resulting Company.

- 14.3 The Demerged Company and the Resulting Company are expressly permitted to file/revise their tax returns including income tax returns, tax deducted at source (“TDS”) certificates, TDS returns, GST returns / returns in terms of the Applicable Law, and shall have the right to claim refunds, advance tax credits, TDS credits, GST credits, credit of foreign taxes paid/withheld etc., if any, (except as specifically provided in relation to the Remaining Business) on the basis of the accounts of the Stage II Transmission Undertaking as vested with the Resulting Company upon the coming into effect of this Scheme, in terms of the Applicable Law.
- 14.4 It is hereby clarified that the ability of the Resulting Company to claim minimum alternate tax credit under Section 115JAA of the IT Act shall not be impacted as a result of the matters set out in the Scheme.
- 14.5 The Demerged Company and the Resulting Company, after filing the revised tax returns, may revise their tax returns, electronically or physically, after taking credit for taxes paid including TDS / tax collected at source (“TCS”) certificates/ returns, wealth tax returns, service tax, excise duty, sales tax, value added tax, GST, entry tax, cess, professional tax or any other statutory returns, if required, and shall be entitled to claim credit for advance tax paid, claim for sum(s) prescribed under Section 43B of the IT Act on payment basis, claim for deduction of provisions written back by the Demerged Company pertaining to Stage II Transmission Undertaking previously disallowed in the hands of the Demerged Company under the IT Act, minimum alternate tax credit, credit of foreign tax paid/withheld, if any, pertaining to Stage II Transmission Undertaking of the Demerged Company, consequent to implementation of this Scheme and where necessary to give effect to this Scheme, even if the prescribed time limit for filing or revising such returns have lapsed without incurring any liability on account of interest, penalty or any other sum to claim refunds, advance tax credits, excise and service tax credits, set off, etc., on the basis of the accounts of the Stage II Transmission Undertaking of the Demerged Company, upon the coming into effect of this Scheme.
- 14.6 The Resulting Company will be the successor of the Demerged Company *vis-à-vis* the Stage II Transmission Undertaking and therefore, shall be deemed to be the beneficiary of any Tax credits whether central, state or local, availed *vis-a-vis* the Stage II Transmission Undertaking and the obligations, if any, for payment of Taxes on any assets of the Stage II Transmission Undertaking, shall be deemed to have been availed by the Resulting Company or as the case may be deemed to be the obligations of the Resulting Company.
- 14.7 With effect from the Appointed Date and upon the Scheme becoming effective, all

Taxes receivable/payable by the Demerged Company relating to the Stage II Transmission Undertaking including all or any refunds/credit/claims/Tax losses /unabsorbed depreciation relating thereto shall be treated as the asset/liability or refunds/credit/claims/tax losses /unabsorbed depreciation, as the case may be, of the Resulting Company.

15. **Employees**

- 15.1 Upon the coming into effect of this Scheme, the Employees (if any) shall become the employees of the Resulting Company with effect from the Appointed Date, and, subject to the provisions hereof, on terms and conditions not less favourable than those on which they are employed by the Demerged Company and without any interruption of, or break in, service as a result of the transfer of the Stage II Transmission Undertaking. The Resulting Company agrees that for the purpose of payment of any compensation, gratuity and other terminal benefits, the past services of the Employees with the Demerged Company shall also be taken into account and agrees and undertakes to pay the same as and when payable.
- 15.2 In so far as the existing provident fund and gratuity benefits created by the Demerged Company *inter alia* for its employees (including employees of the Stage II Transmission Undertaking) are concerned (collectively referred to as the “**Employee Benefit Funds**”), such proportion of the investments made in the Employee Benefit Funds and liabilities which are referable to the Employees shall be held for their benefit pursuant to this Scheme in the manner provided hereinafter. The Employee Benefit Funds shall, subject to the necessary approvals and permissions and at the discretion of the Resulting Company, either be continued as separate funds of the Resulting Company for the benefit of the employees of the Stage II Transmission Undertaking or be transferred to and merged with other similar funds of the Resulting Company. In the event that the Resulting Company does not have its own fund in respect of any of the aforesaid matters, the Resulting Company may, subject to necessary approvals and permissions, continue to contribute in respect of the Employees to the respective Employee Benefit Funds or discharge such liabilities of the Demerged Company, until such time that the Resulting Company creates its own fund, at which time the Employee Benefit Funds, investments, contributions and liabilities pertaining to the Employees shall be transferred to the funds created by the Resulting Company.
- 15.3 In relation to any other fund (including any funds set up by the government for employee benefits) created or existing for the benefit of the Employees, the Resulting Company shall stand substituted for the Demerged Company, for all purposes whatsoever, including in relation to the obligation to make contributions to the said funds in accordance with the provisions of such scheme, funds, bylaws, etc. in respect of the Employees.
- 15.4 In so far as the existing benefits or funds created by the Demerged Company for the employees of the Remaining Business are concerned, the same shall continue and the Demerged Company shall continue to contribute to such benefits or funds in accordance

with the provisions thereof, and such benefits or funds, if any, shall be held *inter alia* for the benefit of the employees of the Remaining Business and the Resulting Company shall have no liability in respect thereof.

SECTION 2 – CONDUCT OF BUSINESS UNTIL EFFECTIVE DATE

16. With effect from the date of filing of the Scheme and up to and including the Effective Date:
 - 16.1 The Demerged Company shall carry on and be deemed to have carried on all business and activities of the Stage II Transmission Undertaking and shall hold and stand possessed of and shall be deemed to hold and stand possessed of all its estates, properties, assets, rights, title, interest, authorities, contracts, leases, investments and strategic decisions for and on account of, and in trust for, the Resulting Company;
 - 16.2 All profits and income accruing or arising to the Demerged Company from the Stage II Transmission Undertaking, and losses and expenditure arising or incurred by it (including taxes, if any, accruing or paid in relation to any profits or income) for, in relation to, in connection with or pertaining to the Stage II Transmission Undertaking for the period commencing from the Appointed Date shall, for all purposes, be treated as and be deemed to be the profits, income, losses or expenditure (including taxes), as the case may be, of the Resulting Company;
 - 16.3 Any of the rights, powers, authorities or privileges exercised by the Demerged Company for, in relation to, in connection with or pertaining to the Stage II Transmission Undertaking shall be deemed to have been exercised by such Demerged Company for and on behalf of, and in trust for and as an agent of the Resulting Company. Similarly, any of the obligations, duties and commitments that have been undertaken or discharged by the Demerged Company for, in relation to or in connection with the Stage II Transmission Undertaking shall be deemed to have been undertaken for and on behalf of and as an agent for the Resulting Company; and
 - 16.4 All Taxes paid or payable by the Demerged Company in respect of the operations and/or the profits of the Stage II Transmission Undertaking before the Appointed Date, shall be on account of the Demerged Company and, insofar as it relates to the payment of Tax by the Demerged Company in respect of the profits or activities or operation of the Stage II Transmission Undertaking with effect from the Appointed Date, the same shall be deemed to be the corresponding item paid by the Resulting Company, and shall, in all proceedings, be dealt with accordingly.
17. Without prejudice to the generality of Clause 16 above, from the date of filing of the Scheme until the Effective Date, the Demerged Company (only with respect to the Stage II Transmission Undertaking) and the Resulting Company shall take, perform or undertake their respective businesses in the ordinary course as being carried out on or prior to the filing of the Scheme.

18. Subject to the terms of the Scheme, the transfer and vesting of the Stage II Transmission Undertaking as per the provisions of the Scheme shall not affect any transactions or proceedings already concluded by the Demerged Company on or before the Appointed Date or after the Appointed Date until the Effective Date, to the end and intent that the Resulting Company accepts and adopts all acts, deeds and things made, done and executed by the Demerged Company as acts, deeds and things made, done and executed by or on behalf of the Resulting Company.
19. On and after the Effective Date, the Demerged Company shall provide to the Resulting Company (upon reasonable written notice) access to inspect, examine and take copies of such Records kept by the Demerged Company in relation to the Stage II Transmission Undertaking which Resulting Company may consider necessary.

SECTION 3 – REMAINING BUSINESS

20. The Remaining Business and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by the Demerged Company subject to the provisions of this Scheme.
21. All legal, taxation or other proceedings whether civil or criminal (including before any statutory or quasi-judicial authority or tribunal) by or against the Demerged Company under any statute, whether pending on the Appointed Date or which may be instituted at any time thereafter, and in each case relating to the Remaining Business (including those relating to any property, right, power, liability, obligation or duties of the Demerged Company in respect of the Remaining Business) shall be continued and enforced by or against the Demerged Company after the Effective Date. If at any time after the Effective Date, the Resulting Company is in receipt of any demand, claim, notice and/or is impleaded as a party in any proceeding by Governmental Authorities or any person, in each case in relation to the Remaining Business, the Resulting Company shall promptly notify the Demerged Company by way of a written notice of such proceedings, and upon receipt of such notification, Demerged Company shall take all steps to replace the Resulting Company with the Demerged Company in such an event only with respect to claims or matters which pertain to the Remaining Business (and the Resulting Company shall co-operate with the Demerged Company in this process). However, in case the Demerged Company is unable to be replaced in place of the Resulting Company in such proceedings, the Resulting Company shall defend the same or deal with such demand in accordance with the directions and instructions of the Demerged Company and the Demerged Company shall reimburse and indemnify the Resulting Company against all liabilities and obligations incurred by the Resulting Company in respect thereof.
22. Up to and including till the Effective Date:
 - 22.1 the Demerged Company shall carry on and shall be deemed to have been carrying on all business and activities relating to the Remaining Business for and on its own behalf;
 - 22.2 all profits and income accruing or arising to the Demerged Company from the

Remaining Business, and losses and expenditure arising or incurred by it (including the effect of taxes, if any, accruing or paid in relation to any profits or income) in relation to, in connection with or pertaining to the Remaining Business shall, for all purposes, be treated as and be deemed to be the profits, income, losses or expenditure (including taxes), as the case may be, of the Demerged Company; and

- 22.3 all assets and properties acquired by the Demerged Company in relation to the Remaining Business on and after the Appointed Date shall belong to and continue to remain vested in the Demerged Company.

SECTION 4 – CONSIDERATION

23. The provisions of this Section 4 shall operate notwithstanding anything to the contrary in this Scheme.
24. In consideration of the transfer and vesting of the Stage II Transmission Undertaking by the Demerged Company to the Resulting Company in accordance with the provisions of this Scheme and as an integral part of this Scheme, the Resulting Company shall issue CCCPPS in the manner set out in Clause 25 to Clause 30 below. It is clarified that the consent of the shareholders of the Resulting Company to the Scheme shall be deemed to be sufficient for the issuance of shares by the Resulting Company in accordance with this Section 4, and no further resolutions under Section 13, 14, 42 and 62 or any other applicable provisions of the Act would be required to be separately passed.
25. In consideration of Demerger, the Resulting Company shall, without any further act or deed, issue and allot to such members of the Demerged Company whose name is recorded in the register of members as a shareholder of the Demerged Company as on Record Date, CCCPPS in the Resulting Company in the ratio of 3 (three) CCCPPS in the Resulting Company of face value INR 10/- (Indian Rupees Ten only) each credited as fully paid-up for every 4 (four) equity shares of face value INR 10/- (Indian Rupees Ten only) each fully paid up held by such member in the Demerged Company (the “**Entitlement Ratio**”). The CCCPPS shall be subject to the terms set out in **Annexure A** of this Scheme.
26. The CCCPPS shall be issued in dematerialized form by the Resulting Company, provided that the details of the depository accounts of the members of the Demerged Company are made available to the Resulting Company by the Demerged Company at least 10 (Ten) working days prior to the Effective Date. In the event that such details are not available with the Resulting Company, it shall issue CCCPPS to the members of the Demerged Company in physical form.
27. In case any shareholder’s holding/ entitlement in the Resulting Company is such that such shareholder becomes entitled to a fraction of the CCCPPS issued pursuant to Clause 25 above, the Resulting Company shall not issue fractional certificates to such shareholders. Any fraction equal to or more than 0.5 arising out of such allotment shall

be rounded off to the next higher integer and fraction less than 0.5 shall be rounded off to the earlier lower integer.

28. In the event of there being any pending share transfers, whether lodged or outstanding, of any shareholder of the Demerged Company, the Board of Directors of the Demerged Company shall be empowered in appropriate cases, prior to or even subsequent to the relevant Record Date, to effectuate such a transfer in the Demerged Company as if such changes in registered holder were operative as on the Record Date, in order to remove any difficulties arising to the transferor of the share in the Resulting Company and in relation to the shares issued by the Resulting Company after the effectiveness of this Scheme. The Board of Directors of the Demerged Company shall be empowered to remove such difficulties as may arise in the course of implementation of this Scheme and registration of new members in the Resulting Company on account of difficulties faced in the transaction period.
29. Prior to allotment of the CCCPPS pursuant to this Scheme, if necessary, the Resulting Company shall, to the extent required, increase the authorised share capital of the Resulting Company prior to the Record Date, by creation of at least such number and value of CCCPPS, as may be necessary to satisfy its obligations under the Scheme, and as may be desirable, expedient and necessary in this regard, and the Memorandum and/or Articles of Association of the Resulting Company shall stand amended accordingly.
30. CCCPPS to be issued by the Resulting Company pursuant to Clause 25 in respect of such of the equity shares of the Demerged Company which are held in abeyance under the provisions of Section 126 of the Act or otherwise shall, pending allotment or settlement of dispute by order of court, NCLT or otherwise, also be kept in abeyance by the Resulting Company.
31. **Reorganization of Share Capital of the Demerged Company and the Resulting Company**
 - 31.1 Upon the Scheme becoming effective and with the Appointed Date, the authorised share capital of the Demerged Company to the extent of INR 1000,00,00,000/- (Indian Rupees One Thousand Crore only) comprising of 75,00,00,000 (Seventy Five Crore) equity shares having a face value of INR 10/- (Indian Rupees Ten only), and 25,00,00,000 (Twenty Five Crore) of preference shares having a face value of INR 10/- (Indian Rupees Ten only), shall stand transferred to and consolidated with the authorised share capital of the Resulting Company, without any further act or deed and simultaneously with a re-classification of the authorised share capital of the Resulting Company in accordance with the provisions of Section 61 of the Act and the duty and fees paid by the Demerged Company on its authorised share capital shall be set off against any duty and fee payable by the Resulting Company on its authorised capital. Balance fees/duties, if any, payable after the aforesaid adjustment, by the Resulting Company shall be duly paid upon the sanctioning of the Scheme.

31.2 Upon this Scheme coming into effect and with effect from the Appointed Date (and consequent to transfer of a part of the existing authorised share capital of the Demerged Company to the Resulting Company under Clause 31.1 above), the authorised share capital of the Demerged Company shall stand reduced by 75,00,00,000 (Seventy Five Crore) equity shares of INR 10/- (Indian Rupees Ten only) each and 25,00,00,000 (Twenty Five Crore) preference shares of INR 10/- (Indian Rupees Ten only). Such reduced authorised share capital shall stand transferred to the Resulting Company.

31.3 Revised Clause V of the Memorandum of Association of the Demerged Company, post giving effect to above transfer, shall stand modified and be substituted by the following:

“The Authorised Share Capital of the Company is Rs. 1,000,00,00,000 (Rupees One Thousand Crore) divided into 75,00,00,000 (Seventy Five Crore) Equity Shares of Rs. 10 (Rupees Ten) each aggregating to Rs. 750,00,00,000 (Rupees Seven Hundred Fifty Crore) and 25,00,00,000 (Twenty Five Crore) Preference Shares of Rs. 10 (Rupees Ten) each aggregating to Rs. 250,00,00,000 (Rupees Two Hundred Fifty Crore) with power to increase or reduce the capital of the Company and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify, amalgamate or abrogate in such manner as may be for the time being provided by the Articles of Association of the Company.”

31.4 Revised Clause V of the Memorandum of Association of the Resulting Company, post giving effect to above transfer, shall stand modified and be substituted by the following:

“(a) The Authorised Share Capital of the Company is Rs. 1000,05,00,000 (Rupees One Thousand Crore Five Lakhs) divided into (a) 50,00,50,000 (Fifty Crore Fifty Thousand) equity shares of Rs. 10 (Rupees Ten) each aggregating to Rs. 500,05,00,000 (Rupees Five Hundred Crore Five Lakhs); and (b) 50,00,00,000 (Fifty Crore) Preference Shares of Rs. 10 (Rupees Ten) each aggregating to Rs. 500,00,00,000 (Rupees Five Hundred Crore) with power to increase or reduce the capital of the Company and to divide the shares in the capital for the time being into several classes and to attach thereto respectively such preferential, deferred, qualified or special rights, privileges or conditions as may be determined by or in accordance with the Articles of Association of the Company and to vary, modify, amalgamate or abrogate in such manner as may be for the time being provided by the Articles of Association of the Company.”

31.5 The reclassification of share capital of the Demerged Company and the Resulting Company pursuant to this Clause 31 shall take effect from the Appointed Date on the effectiveness of the Scheme, without any further act or deed. For the avoidance of doubt, it is hereby clarified that the consent of the shareholders of the Demerged Company and the Resulting Company to this Scheme shall be sufficient for the

purposes of effecting the aforesaid reclassification of share capital and amendments in the Memorandum of Association of the Demerged Company and the Resulting Company and that no further resolutions, whether under the applicable provisions of the Act (including Section 13, 61 and 64 of the Act) or under the Articles of Association, shall be required to be separately passed.

SECTION 5 – ACCOUNTING TREATMENT

32. Accounting treatment in the books of the Demerged Company

On effectiveness of the Scheme and with effect from the Appointed Date, the Demerged Company shall account for the transfer of the Stage II Transmission Undertaking in its books of accounts in accordance with the relevant Accounting Standards, as applicable, and notified under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India. Accordingly, the Demerged Company shall provide for the following treatment in its books of accounts:

- 32.1 All the assets, liabilities and reserves pertaining to the Stage II Transmission Undertaking, which cease to be the assets, liabilities and reserves of the Demerged Company pursuant to the Demerger, shall be reduced from the books of accounts of the Demerged Company at their respective carrying values as on the Appointed Date.
- 32.2 Any deficit arising out of Demerger of the Stage II Transmission Undertaking (being excess of assets over liabilities and existing reserves pertaining to the Stage II Transmission Undertaking and proportionate share capital) shall be adjusted against the retained earnings, in the books of the Demerged Company. Whereas any surplus arising out of Demerger of the Stage II Transmission Undertaking (being excess of liabilities, existing reserves, and proportionate share capital over assets pertaining to the Stage II Transmission Undertaking) will be adjusted against the retained earnings in the books of the Demerged Company.

33. Accounting treatment in the books of the Resulting Company

Upon the Scheme becoming effective, and with effect from Appointed Date, the Resulting Company shall account for the transfer and vesting of the Stage II Transmission Undertaking to the Resulting Company in its books of accounts in accordance with 'Pooling of Interest Method' of accounting as laid down in Appendix-C of Ind-AS 103 (Business Combinations of entities under common control) and other Accounting Standards, as applicable, and notified under Section 133 of the Act read with relevant rules issued thereunder and other accounting principles generally accepted in India. Accordingly, the Resulting Company shall provide for the following treatment in its books of accounts:

- 33.1 The Resulting Company shall record the assets, liabilities and reserves of the Stage II Transmission Undertaking, vested in it pursuant to this Scheme, at their respective carrying values as appearing in the books of the Demerged Company as per applicable

Accounting Standards, at the close of business of the day immediately preceding the Appointed Date. Further, the identity of the reserves shall be preserved and shall appear in the books of the Resulting Company in the same form in which they appeared in the books of the Demerged Company.

- 33.2 The Resulting Company shall issue CCCPPS to the shareholders of the Demerged Company as per Clause 23 to Clause 30 of this Scheme. These CCCPPS shall be issued and recorded at face value and accordingly the aggregate face value of the shares to be issued shall be credited to the Resulting Company's share capital account; and
- 33.3 The difference between the net assets and liabilities, including existing reserves, of the Stage II Transmission Undertaking taken over by the Resulting Company after considering the aggregate face value of CCCPPS issued by the Resulting Company on demerger will be debited or credited to Capital Reserve in the books of the Resulting Company as per applicable Accounting Standards.

PART III – GENERAL TERMS AND CONDITIONS

The provisions of this Part shall be applicable to Part II of this Scheme.

34. Applications

- 34.1 The Companies shall make necessary applications before the NCLT for the sanction of this Scheme under Section 230 to Section 232 of the Act.
- 34.2 The Resulting Company and the Demerged Company (as the case may be) shall be entitled, pending the effectiveness of the Scheme, to apply to any Governmental Authority, if required, under any Law for such consents and approvals which the Resulting Company may require to carry on the business transferred to it pursuant to this Scheme.
- 34.3 For the avoidance of doubt, it is hereby clarified that if the consent of any third party, or subject to Applicable Law and/ or requirement thereunder, any Governmental Authority is required to give effect to the Scheme, the said third party or Governmental Authority shall make and duly record the necessary substitution/endorsement in the name of the Resulting Company, as the case may be pursuant to the sanction of this Scheme, and upon this Scheme becoming effective in accordance with the provisions of the Act and with the terms hereof. For this purpose, the Demerged Company and/or the Resulting Company shall file appropriate applications/documents with relevant authorities concerned for information and record purposes.

35. Modifications to the Scheme and resolution of difficulties

- 35.1 The Companies (by their respective Board of Directors), may jointly and as mutually agreed in writing:
- (i) In their full and absolute discretion, assent to any alteration(s) or modification(s) to this Scheme which the NCLT may deem fit to approve or impose, and/or effect any other modification or amendment jointly and mutually agreed in writing, including, without limitation, any modifications to the accounting treatment set out in the Scheme due to any change in regulatory or compliance requirements being made applicable to the Companies or to the matters set forth in this Scheme, and to do all acts, deeds and things as may be necessary, desirable or expedient for the purposes of this Scheme;
 - (ii) Give such directions (acting jointly) as may be mutually agreed in writing as they may consider necessary to settle any question or difficulty arising under this Scheme or in regard to and of the meaning or interpretation of this Scheme or implementation thereof or in any matter whatsoever connected therewith (including any question or difficulty arising in connection with any insolvent shareholders, depositors or debenture holders of the respective companies), or to review the position relating to the satisfaction of various conditions of this

Scheme and if necessary, to waive any of those (to the extent permissible under Applicable Law);

- (iii) In their full and absolute discretion and by mutual agreement in writing, modify, vary or withdraw this Scheme prior to the Effective Date in any manner at any time; and
- (iv) Determine jointly by mutual agreement in writing whether any asset, liability, employee, legal or other proceedings pertains to the Stage II Transmission Undertaking or not, on the basis of any evidence that they may deem relevant for this purpose.

35.2 Any modification to the Scheme by the Demerged Company and/or the Resulting Company, after receipt of sanction by the NCLT in respect of the Scheme, shall be made only with the prior approval of the NCLT.

36. Scheme as an integral whole and severability

36.1 The provisions contained in this Scheme are inextricably inter-linked with the other provisions and the Scheme constitutes an integral whole. The Scheme would be given effect to only if it is approved in its entirety unless specifically agreed otherwise by the respective Board of Directors of the Companies.

36.2 If any part of this Scheme is found to be unworkable and / or unenforceable for any reason whatsoever, the same shall not, subject to the mutual agreement of the Companies in writing, affect the validity or implementation of the other parts and/or provisions of this Scheme.

37. Dividends

37.1 The Demerged Company and the Resulting Company shall be entitled to declare and pay dividends, whether interim or final, to their respective shareholders in respect of the period prior to the Effective Date. The shareholders of the Demerged Company shall not be entitled to dividend, if any, declared and paid by the Resulting Company to its shareholders for the accounting period prior to the Appointed Date.

37.2 It is clarified that the aforesaid provisions in respect of declaration of dividends are enabling provisions only and shall not be deemed to confer any right on any shareholder of a Company to demand or claim any dividends from such Company which, subject to the provisions of the Act, shall be entirely at the discretion of the respective Board of Directors of such Company, and subject to the approval, if required, of the shareholders of such Company.

38. Validity of Existing Resolutions

Upon the coming into effect of the Scheme, the resolutions, if any, of the Demerged

Company in relation to the Stage II Transmission Undertaking relating to any powers to borrow, make investments, give loans, give guarantees, etc. approved under the provisions of the Act or any other applicable statutory provisions, which are valid and subsisting on the Effective Date, shall continue to be valid and subsisting and be considered as resolutions of the Resulting Company, and if any such resolutions have any monetary limits approved under the provisions of the Act, or any other applicable statutory provisions, such limits shall be added to the limits, if any, under like resolutions passed by the Resulting Company, and shall constitute the aggregate of the said limits in the Resulting Company.

39. Scheme conditional

The coming into effect of this Scheme is conditional upon and subject to:

- (i) This Scheme being approved by the respective requisite majorities of the various classes of members and creditors (where applicable) of the Companies as required under the Act and the requisite orders of the NCLT, or dispensation having been received from the NCLT in relation to obtaining such approval from the members and/or creditors;
- (ii) The acquisition of Stage II Transmission Undertaking on a going concern basis by the Resulting Company with its associated assets and liabilities;
- (iii) The NCLT having accorded its sanction to the Scheme in terms of Sections 230 to Section 232 and other relevant provisions of the Act; and
- (iv) Such other approvals and sanctions as required from the NCLT, including the items as may be required and/ or directed by the NCLT or any Governmental Authority or as may be required by Law in respect of the Scheme being obtained.

40. WRONG POCKETS

Subject to Clauses 10.1, 11.1, 12.1, 13.1, 14.1 and 15.1 above:

- 40.1 no asset or liability of the Stage II Transmission Undertaking shall be retained by the Demerged Company on and after the Effective Date. If any asset or liability of the Stage II Transmission Undertaking is retained with the Demerged Company on and after the Effective Date, the Demerged Company shall take such actions as may be reasonably required to ensure that such asset or liability of the Stage II Transmission Undertaking is transferred to the Resulting Company promptly and for no further consideration, and the Resulting Company shall take back such asset or liability as soon as practicable. The Resulting Company shall bear all costs and expenses as may be required to be incurred by the Demerged Company, subject to the prior written consent of the Resulting Company, for giving effect to this Clause.

- 40.2 no asset or liability of the Remaining Business shall be transferred to the Resulting Company after the Effective Date pursuant to the Demerger. If any asset or liability of the Remaining Business is transferred to the Resulting Company pursuant to the Demerger, the Resulting Company shall take such actions as may be reasonably required to ensure that such asset or liability of the Remaining Business is transferred back to the Demerged Company, promptly and for no consideration, and the Demerged Company shall take back such asset or liability as soon as practicable. The Demerged Company shall bear all costs and expenses as may be incurred by each of the Demerged Company or the Resulting Company for giving effect to this Clause;
- 40.3 in the event the Demerged Company realizes any amounts after the Effective Date that form part of the Stage II Transmission Undertaking, it shall immediately make payment of such amounts to the Resulting Company. In the event the Resulting Company realizes any amounts after the Effective Date that form part of the Remaining Business, it shall immediately make payment of such amounts to the Demerged Company. It is clarified that all receivables relating to the Stage II Transmission Undertaking, for the period prior to the Effective Date, but received after the Effective Date, relate to the Stage II Transmission Undertaking and shall be paid to the Resulting Company for no additional consideration. If the Resulting Company realizes any amounts after the Effective Date that pertains to the Remaining Business, the Resulting Company shall immediately pay such amounts to the Demerged Company.

41. **Costs**

Except as stated above, all costs (including without limitation all applicable duties and cesses, and legal counsel fees) incurred by the Companies in connection with the Scheme shall be borne by the Demerged Company.

42. **Cooperation**

The Demerged Company and the Resulting Company, shall, at any time after this Scheme becomes effective in accordance with the provisions hereof, if so required under Applicable Law or otherwise, do all such acts or things as may be necessary to transfer/novate the approvals, consents, exemptions, registrations, no-objection certificates, permits, quotas, rights, entitlements, licenses and certificates which are required for completing the transfer of the Stage II Transmission Undertaking under the Scheme, and/ or operation of the Stage II Transmission Undertaking on and after the Effective Date.

Annexure A

Terms of CCCPPS

1. GENERAL TERMS

The Compulsorily Convertible Cumulative Participating Preference Shares (“CCCPPS”) shall be compulsorily convertible preference shares bearing the terms and conditions herein, are issued by the Company as fully paid up and are compulsorily

convertible into equity shares of the Company of the face value of INR 10 (Indian Rupees Ten only) (“**Equity Shares**”).

2. **ISSUE PRICE**

Each CCCPPS has a face value of INR 10 (Indian Rupees Ten only) per CCCPPS.

3. **DIVIDENDS**

The CCCPPS shall carry an annual fixed dividend, as and when declared, at the rate of 0.01% (zero point zero one per cent) of the profits of the Company. The right to receive dividend on the CCCPPS shall be cumulative in nature. CCCPPS shall have same participating rights to dividend as that of equity shares over and above the fixed dividend.

4. **VOTING**

The CCCPPS shall not carry any voting rights, except for those voting rights as provided under Section 47(2) of the Act.

5. **CONVERSION**

(a) Conversion Ratio

Subject to Applicable Law, 1 (one) CCCPPS shall convert to 1 Equity Share of the Company (“**Conversion Ratio**”).

(b) Conversion

- (i) **Mandatory Conversion:** The CCCPPS shall be deemed to have automatically and mandatorily converted to Equity Shares at the Conversion Ratio at the expiry of one day prior to 20 (twenty) years from the date of allotment of the CCCPPS.
- (ii) **Voluntary Conversion:** The CCCPPS can be voluntarily converted (in all or part) to Equity Shares of the Company at the option of the holder of the CCCPPS by issuance of Conversion Notice (*as defined hereinbelow*). Provided that any CCCPPS that have not been voluntarily converted into Equity Shares shall, compulsorily be converted into Equity Shares in accordance with paragraph 5(b)(i).
- (iii) **Liquidation:** CCCPPS shall be eligible to receive over and above the preferential share capital in the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding in the event of liquidation, at par with the equity shares.
- (iv) The conversion described in paragraphs 5(b)(i) above shall take place without any further act on the part of the holder of the CCCPPS. The

holder of the CCCPPS shall be deemed by the terms and conditions of the CCCPPS set out herein, to have authorised the Company to enter its name in the register of members for Equity Shares allotted to it on such conversion, unless such conversion is pursuant to the liquidation of the Company.

- (v) Equity shares to be issued upon conversion of CCCPPS shall rank *pari passu* with the existing equity shares.

(c) Conversion Process

- (i) The holder of CCCPPS may elect for conversion of the CCCPPS by issuing a written notice (“**Conversion Notice**”) to the Company indicating (i) its willingness to convert CCCPPS; and (ii) the number of CCCPPS in relation to which it wants to exercise its conversion rights.
- (ii) Upon receipt of the Conversion Notice, the Company shall undertake all actions necessary for converting the CCCPPS into Equity Shares (“**Converted Shares**”) as per the Conversion Ratio.
- (iii) Upon determination of the Converted Shares, the Company shall take all necessary corporate actions to complete such conversion, including the following:
 - (iv) Convene a meeting of the Board of Directors, at which meeting the Board of Directors shall approve the following: (i) the issuance and allotment of the Converted Shares; and (ii) the cancellation of the certificates representing CCCPPS.
 - (v) Issue the Converted Shares in dematerialised form. The Company shall bear the cost (including cost of any stamp duty) payable for issuance of Converted Shares in dematerialised form.
 - (vi) Update its register of members to reflect such conversion by recording the name of the holder of the CCCPPS as the owner of the Converted Shares.
 - (vii) Within the timeframe prescribed under Applicable Law, the Company shall make any and all corporate, secretarial and statutory filings, to be made to the Registrar of Companies, in connection with such conversion and allotment of the Equity Shares
 - (viii) Do all such acts and deeds as may be necessary.

6. NON-REDEMPTION

The CCCPPS shall not be redeemable.

7. TRANSFERABILITY

The CCCPPS shall be freely transferable by the CCCPPS holder to any person.

8. PREFERENTIAL RIGHTS

Subject to Applicable Law, the CCCPPS shall carry a preferential right over Equity Shares and other classes of preference shares of the Company for: (i) distributions of dividend; and (ii) repayment of the capital, of the amount of the share capital paid-up or deemed to have been paid-up by the holder of CCCPPS by subscribing to the CCCPPS, at the time of liquidation of the Company.

Date: 12 May 2023

To
The Board of Directors,
Essar Power Transmission Company Limited
Essar Power MP Limited, Power Plant,
Village Bandhaura,
Post Karsualal, Singrauli,
Madhya Pradesh – 486886.

To
The Board of Directors,
Essar Transco Limited
Essar House,
11 KK (Keshavrao Khadye) Marg,
Mahalaxmi, Mumbai,
Maharashtra – 400034.

Subject: Recommendation of fair share entitlement ratio for the proposed demerger of the “Stage II Transmission Network” of Essar Power Transmission Company Limited into Essar Transco Limited.

Dear Sir,

We refer to the engagement letter dated 8 May 2023 and discussions held with the Management of Essar Power Transmission Company Limited (hereinafter referred to as ‘EPTCL’ or ‘Demerged Company’) and Essar Transco Limited (hereinafter referred to as ‘ETL’ or ‘Resulting Company’), (hereinafter together referred to as ‘Companies’) wherein the Management of EPTCL and ETL (together referred to as ‘the Management’) has requested Niranjan Kumar, Registered Valuer-Securities or Financial Assets (‘NK’, ‘we’ or ‘us’) to recommend a fair share entitlement ratio for the proposed demerger of the “Stage II Transmission Network” of EPTCL (hereinafter referred to as ‘Stage II Transmission Undertaking’) into ETL.

Please find enclosed the report (comprising 10 pages) detailing our recommendation of fair share entitlement ratio for the proposed demerger and the assumptions used in our analysis.

This report sets out our scope of work, background, procedures performed by us, sources of information and our recommendation on the fair share entitlement ratio.

BACKGROUND, SCOPE AND PURPOSE OF THIS REPORT

Essar Power Transmission Company Limited (‘EPTCL’ or ‘Demerged Company’) is a wholly owned subsidiary of Essar Power Limited. It was incorporated on 7th December 2005. EPTCL is primarily engaged in planning, promoting and developing an integrated and efficient power transmission system network and is an “Interstate Transmission Licensee” under the Electricity Act, 2003. It currently owns, operates and maintains primarily two electricity transmission system networks, namely, Stage I Transmission and Stage II Transmission.

The two transmission system networks are independent and standalone in nature and operate between different sources and points of delivery which are as follows:

- (i) **Stage I Transmission Network** (approximate line length being 104.6 km), which supplies electricity to the steel plant of ArcelorMittal Nippon Steel India Limited in Hazira, Surat, Gujarat from the switchyard of NTPC Limited in Gandhar, Gujarat; and
- (ii) **Stage II Transmission Network** (approximate line length being 336.7 km), connects the Mahan Thermal power plant operated by Mahan Energen Limited to Sipat pooling sub-station.



Essar Transco Limited ('ETL' or 'Resulting Company') is a public company incorporated on 20th December 2022 having its registered office at Mumbai, Maharashtra. ETL has been incorporated for the purpose of planning, promoting and developing integrated and efficient power transmission system networks. We understand from the Management that ETL is at an advanced stage of transferring its registered office to Madhya Pradesh.

The Management of EPTCL is contemplating a proposal to demerge the 'Stage II Transmission Undertaking' into Essar Transco Limited (hereinafter referred to as 'proposed demerger') pursuant to the Scheme of Arrangement (hereinafter referred to as 'the Scheme') under section 230 to 232 and other applicable provisions of the Companies Act, 2013 ('the Act') read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 ('the Rules'), as amended from time to time.

As per the Scheme, as a consideration for the proposed demerger, the equity shareholders of EPTCL shall be entitled to receive 3 (Three) 0.01% Compulsorily Convertible Cumulative Participating Preference Shares ('CCPPS') of the Resulting Company of face value INR 10/- each fully paid-up for every 4 (Four) equity shares of face value INR 10/- each fully paid-up as per the share entitlement ratio as determined by the Board of Directors.

In connection with the above-mentioned proposed demerger, the Management has appointed NK to submit a report recommending a fair share entitlement ratio for the proposed demerger.

We understand that the appointed date for the proposed demerger is the opening business hours on 01 April 2023 or such other date as may be mutually agreed by the Demerged Company and the Resulting Company or such other date fixed or approved by the National Company Law Tribunal. We have carried out our analysis and discussion with the Management to determine the fair share entitlement ratio as at the report date ('Valuation Date').

We would like to emphasize that certain terms of the proposed demerger are stated in our report, however the detailed terms of the proposed demerger shall be more fully described and explained in the Scheme document to be submitted with relevant authorities in relation to the proposed demerger. Accordingly, the description of the terms and certain other information contained herein is qualified in its entirety by reference to the underlying Scheme.

The scope of our service is to determine the fair share entitlement ratio as at Valuation Date after considering the facts of the case and report on the same in accordance with generally accepted professional standards including ICAI Valuation Standards, 2018 issued by the Institute of Chartered Accountants of India (ICAI).

The Management has informed us that:

- a) There would not be any capital variation in the Demerged Company and Resulting Company till the proposed demerger becomes effective without the approval of the shareholders and other relevant authorities.
- b) There would be no significant variation between the draft scheme of arrangement and the final scheme approved and submitted with the relevant authorities.

This report is our deliverable for the said engagement and is subject to the scope, assumptions, exclusions, limitations and disclaimers detailed hereinafter. As such, the report is to be read in totality and in conjunction with the relevant documents referred to therein.



FINANCIAL BACKGROUND

Essar Power Transmission Company Limited

The Demerged Company is primarily engaged in planning, promoting and developing an integrated and efficient power transmission system network and is an “Interstate Transmission Licensee” under the Electricity Act, 2003. It currently operates Stage I Transmission Network (‘Remaining Business’) and Stage II Transmission Undertaking.

The equity shareholding pattern of EPTCL as at the report date is set out below:

Name of the Shareholder	No. of shares	Percentage (%)
Essar Power Limited	59,70,36,000	100.00%
Total (Face Value of INR 10 each)	59,70,36,000	100.0%

The snapshot of the provisional divisional statement of assets and liabilities & profit and loss statement of EPTCL as of 31st March 2023 is set out below:

Statement of Assets and Liabilities as at 31 March 2023

INR million

Particulars	Stage II Transmission Undertaking	Remaining Business	Total
Equity and Liabilities			
Share capital			5,970.4
Reserves and surplus			2,589.9
Net Worth	7,571.1	989.2	8,560.3
Non-current & current liabilities			
Borrowings	10,334.8	2,470.3	12,805.1
Deferred tax liabilities (net)	850.8	(258.7)	592.1
Long term provisions	0.7	4.0	4.7
Trade payables	5.9	21.0	26.8
Other liabilities	105.9	23.4	129.3
Total	18,869.2	3,249.1	22,118.3
Assets			
Non-current & current assets			
Property, plant and equipment	15,025.9	2,025.6	17,051.5
Intangible assets	158.6	314.2	472.7
Investments	0.5	0.6	1.1
Inventories	21.4	2.5	23.9
Trade receivables	3,016.7	487.9	3,504.6
Cash and cash equivalents	581.7	394.5	976.1
Current tax assets (net)	46.3	11.1	57.4
Other assets	18.2	12.8	31.0
Total	18,869.2	3,249.1	22,118.3

Source: Information provided by the Management of EPTCL.

Statement of Profit and Loss for the period ended 31 March 2023

INR million

Particulars	Stage II Transmission Undertaking	Remaining Business	Total
Revenue from operations	3,532.7	901.6	4,434.3
Expenses			
Employee benefit expenses	(15.0)	(81.0)	(96.0)
Other expenses	(177.1)	(75.4)	(252.4)
Total expenses	(192.1)	(156.3)	(348.4)
Operating EBITDA	3,340.7	745.2	4,085.9
Operating EBITDA (%)	95%	83%	92%
Depreciation and amortisation	(1,065.1)	(272.3)	(1,337.3)
Operating EBIT	2,275.6	472.9	2,748.5

Source: Information provided by the Management of EPTCL.



Essar Transco Limited

The Resulting Company is engaged in planning, promoting and developing integrated and efficient power transmission system networks. Also, ETL is in advanced stage of transferring its registered office to the state of Madhya Pradesh. ETL is a 100% step-down subsidiary of EPTCL having a share capital of 50,000 equity shares of face value INR 10/- each.

The snapshot of the provisional balance sheet of ETL as at 31st March 2023 is set out below:

Provisional Balance Sheet	
	INR million
Particulars as at 31 March 2023	Amount
Equity and Liabilities	
Shareholder's fund	
Share capital	0.5
Reserves and surplus	(0.1)
Current liabilities	
Other financial liabilities	0.0
Total equity and liabilities	0.5
Assets	
Current assets	
Cash and cash equivalents	0.5
Total assets	0.5

Source: Information provided by the Management.



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SOURCES OF INFORMATION

In connection with the valuation exercise, we have used and relied on the following sources of information:

A. Company specific information:

Information provided by the Management which includes:

- Audited financial statements of EPTCL for the financial year ended 31 March 2022;
- Provisional divisional statement of assets and liabilities of EPTCL as at 31st March 2023;
- Provisional balance sheet of ETL as of 31st March 2023;
- Latest shareholding pattern of EPTCL and ETL as at the report date;
- Discussion with the Management to understand the rationale and basis for arriving at the recommended share entitlement ratio;
- Copy of the draft scheme of arrangement; and
- Discussions and correspondence with the Management in connection with business operations, past trends, proposed future business plans and prospects of the Demerged Company and the Resulting Company etc.
- Such other information and documents as provided by the Management for the purpose of this engagement.

Besides the above listing, there may be other information provided by the Management which may not have been perused by us in detail, if not considered relevant for our defined scope.

We have also considered/obtained such other analysis, review, explanations and information considered reasonably necessary for our exercise, from the Management.



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PROCEDURES ADOPTED

Procedures used in our analysis included such substantive steps as we considered necessary under the circumstances, including, but not necessarily limited to the following:

- Considered the draft scheme of arrangement;
- Considered the audited financial statements of EPTCL for the financial year ended 31 March 2022;
- Considered the provisional divisional statement of asset and liabilities of EPTCL as at 31 March 2023;
- Considered the provisional balance sheet of ETL as of 31 March 2023;
- Considered the latest shareholding pattern of EPTCL and ETL as at the report date;
- Confirmation from the Management regarding no change is being proposed in the equity shareholding pattern between the report date and scheme implementation date of the Demerged Company and the Resulting Company;
- Determined the fair share entitlement ratio in discussions with the Management, for issue of CCCPPS of ETL to the shareholders of EPTCL as consideration for the proposed demerger;
- Discussions with the Management to obtain requisite explanation and clarification of data provided;
- Analysis of other facts and data as considered necessary; and
- Arrived at the final share entitlement ratio for the proposed demerger.



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We must emphasize that pursuant to the Scheme, upon completion of the proposed demerger, the resulting company shall issue CCCPPS to all the equity shareholders of the demerged company. Given that share exchange ratio would not have any bearing on the ultimate economic interest post implementation of the proposed demerger, since the ultimate beneficiary would in addition to its equity shareholding receive CCCPPS from the Resulting Company and would enjoy 100% interest in both the Demerged Company as well as Resulting Company. We have therefore independently not carried out the fair valuation of CCCPPS to be issued for the purpose of our analysis. The Management has recommended a share entitlement ratio of "3 (Three) 0.01% Compulsorily Convertible Cumulative Participating Preference Shares of ETL of face value of INR 10 each fully paid up shall be issued for every 4 (Four) equity shares held in EPTCL having face value of INR 10 each fully paid up", keeping in mind the future capital requirements of the Resulting Company, which in our opinion is reasonable given that the shareholding pattern and the beneficial interest pre and post demerger shall remain same and not vary and we have therefore not carried out any independent valuation of the subject business.

The report assumes that the Companies comply fully with relevant laws and regulations applicable in all its areas of operations and that the Companies will be managed in a competent and responsible manner. Further, except as specifically stated to the contrary, this report has given no consideration on to matters of a legal nature, including issues of legal title and compliance with local laws and litigation and other contingent liabilities that are not recorded in the financial statements of the Companies.

This report does not look into the business/ commercial reasons behind the proposed demerger nor the likely benefits arising out of the same. Similarly, the report does not address the relative merits of the proposed demerger as compared with any other alternative business transaction, or other alternatives, or whether or not such alternatives could be achieved or are available. This report is restricted to recommendation of share entitlement ratio for the proposed demerger only.

Certain terms of the proposed demerger are stated in our report, however the detailed terms of the proposed demerger shall be more fully described and explained in the Scheme document to be submitted with relevant authorities in relation to the proposed demerger. Accordingly, the description of the terms and certain other information contained herein is qualified in its entirety by reference to the Scheme document.

The fee for the Engagement is not contingent upon the results reported.

We owe responsibility only to the Board of Directors of EPTCL and ETL, who have appointed us, and nobody else. We do not accept any liability to any third party in relation to the issue of this report. It is understood that this analysis does not represent a fairness opinion. In no circumstance shall the liability of NK exceed the amount as agreed in our Engagement Letter.

This share entitlement ratio report is subject to the laws of India.

Neither the report nor its contents may be referred to or quoted in any registration statement, prospectus, offering memorandum, annual report, loan agreement or other agreement or document given to third parties, other than in connection with the purpose of recommending the share entitlement ratio for the proposed demerger and relevant filings with the statutory authorities with respect to the proposed demerger, without our prior written consent.



RATIONALE FOR SHARE ENTITLEMENT RATIO

As mentioned earlier, as a part of the Scheme, the Stage II Transmission Undertaking of EPTCL is proposed to be demerged into ETL. EPTCL has identified all the assets and liabilities of the Stage II Transmission Undertaking, which are to be taken over by and transferred to ETL.

We would like to emphasize that as at the report date, the ultimate shareholder of both the Demerged Company and Resulting Company is same i.e., both EPTCL and ETL are wholly owned by Essar Power Limited ('EPOL'). Based on our discussion with the Management, we understand that they do not have any plans to change the shareholding pattern prior to the scheme implementation. Accordingly, shareholders of EPTCL would continue to enjoy entire economic interest, rights and obligation in both the Demerged Company as well as the Resulting Company till the proposed demerger is implemented.

Post the proposed demerger, the Stage II Transmission Undertaking of EPTCL including the assets and liabilities would stand transferred to ETL which in turn would continue to be wholly owned by EPOL. Therefore, EPOL continues to enjoy the entire economic benefit over the demerging business even after the proposed demerger is implemented and any share entitlement ratio would not have any bearing on the ultimate economic interest post implementation of the proposed demerger.

Taking into account the above facts and circumstance, any share entitlement ratio can be considered appropriate and fair for the proposed demerger as the economic interest of the holding company i.e. EPOL would remain same and not vary post the implementation of the proposed demerger and we have therefore not carried out any independent valuation of the subject business. Accordingly, the Board of Directors have recommended the following share entitlement ratio:

"3 (Three) 0.01% of Compulsorily Convertible Cumulative Participating Preference Shares of ETL of face value of INR 10 each fully paid up shall be issued for every 4 (Four) equity shares held in EPTCL having face value of INR 10 each fully paid up".

Therefore, in our view, the above Share Entitlement Ratio recommended by the Board of Directors is fair and equitable, as inter-se economic interests, rights, obligation of the holding company of both the Demerged and Resulting Company i.e. EPOL pre-demerger and post demerger would remain same and not vary.

Key terms of CCCPPS proposed to be issued by ETL as consideration for this transaction:

Particulars	Description
Nature of Instrument	Compulsorily Convertible Cumulative Participating Preference Shares ('CCCPPS')
Face Value	INR 10 (Rupee Ten Only)
Dividend	0.01% per annum
Conversion Ratio	1 (One) CCCPPS shall be converted to 1 (one) equity share.
Maximum Tenure	20 years from the date of allotment of CCCPPS
Conversion terms - Optional Conversion	CCCPPS shall be deemed to have automatically and mandatorily converted to equity shares at the Conversion Ratio at the expiry of one day prior to 20 (Twenty) years from the date of allotment of the CCCPPS.
Conversion terms - Mandatory Conversion	CCCPPS can be voluntarily converted (in all or part) to equity shares at the option of the holder of the CCCPPS by issuance of Conversion Notice. Provided that any CCCPPS that have not been voluntarily converted into equity shares shall, compulsorily converted into Equity Shares at the expiry of one day prior to 20 (Twenty) years from the date of allotment of the CCCPPS.
Voting Rights	The CCCPPS shall not carry any voting rights, except for those voting rights which are provided under Section 47(2) of the Companies Act, 2013.



CONCLUSION

In the light of the above and on a consideration of all the relevant factors and circumstances and subject to our scope, limitations as mentioned above, we recommend the following fair share entitlement ratio of:

3 (Three) 0.01% Compulsorily Convertible Cumulative Participating Preference Shares of ETL of face value of INR 10 each fully paid up shall be issued for every **4 (Four)** equity shares held in EPTCL having face value of INR 10 each fully paid up.

Respectfully submitted,



Niranjn Kumar
Registered Valuer- Securities or Financial Assets
IBBI Registration Number: IBBI/RV/06/2018/10137
ICAIRVO/06/RV-P000021/2018-19
UDIN: 23121635BGUWTI1622

Date: 12 May 2023

Essar Power Transmission Company Limited
Essar House
11 K. K. Marg
Mahalaxmi
Mumbai - 400 034
India

Corporate Identity Number :
U99999MP2005PLC052837

T +91 22 6660 1100 / 4001 1100
F +91 22 2354 4787
www.essar.com

To,
The Board of Directors,
Essar Power Transmission Company Limited
Essar Power M. P. Limited, Power Plant, Village Bandhura,
Post Karsualal, Singrauli, Madhya Pradesh 486886

REPORT ADOPTED BY THE BOARD OF DIRECTORS OF ESSAR POWER TRANSMISSION COMPANY LIMITED IN ACCORDANCE WITH SECTION 232(2)(C) OF THE COMPANIES ACT, 2013

Background

The Board of Directors (“**the Board**”) of Essar Power Transmission Company Limited (“**Demerged Company**”) at its meeting held on May 15, 2023, approved the Scheme of Arrangement among the Demerged Company, Essar Transco Limited (“**Resulting Company**”), and their respective shareholders and creditors pursuant to Sections 230 to 232, other relevant provisions of the Companies Act, 2013, and Section 2(19AA) of the Income Tax Act, 1961 and other relevant provisions of the Income Tax Act, 1961 (“**Scheme**” or “**Draft Scheme**”).

The Scheme provides for the transfer by way of demerger of the undertaking, business, activities, operations, assets and liabilities, amongst other things as identified in the Scheme, which relate thereto, or are necessary thereof and pertain to the Stage II Transmission network i.e. the 336.7 km long 400 kV D/C (Quad moose conductor) transmission line from the thermal power plant at Mahan, Madhya Pradesh and all ancillary equipment and machinery related to the said transmission line (“**Stage II Transmission Undertaking**”) from the Demerged Company to the Resulting Company and the consequent issue of Compulsorily Convertible Cumulative Participating Preference Shares (“**CCCPs**”) by the Resulting Company to the persons who are shareholders of the Demerged Company as on Record Date (*as defined in the Scheme*) in the manner set out in the Scheme (the transaction being referred to as “**Demerger**”). The Stage II Transmission Undertaking shall be transferred as a going concern with effect from April 1, 2023 (“**Appointed Date**”).

The Scheme does not contemplate a corporate debt restructuring under Section 230(2)(c) of the Companies Act, 2013. All liabilities, including any optionally convertible debentures issued by the Demerged Company, related to the Stage II Transmission Undertaking immediately before the Demerger shall become the liabilities of the Resulting Company by virtue of the Demerger;

As per Section 232 (2)(c) of the Companies Act, 2013, a report is required to be adopted by the Directors explaining effect of arrangement and amalgamation on Equity Shareholders, Key Managerial Personnel (KMPs), Promoters and Non-Promoter Shareholders laying out in particular the Share Exchange Ratio (“**Report of the Board**”).

Having regard to the applicability of the aforesaid provisions, the Report of the Board is accordingly being made to comply with the provisions of Section 232(2)(c) of the Companies Act, 2013. For the purpose of preparing the Report of the Board, the Board perused the following documents and also took on record the same –

- (i) Draft Scheme.



Essar Power Transmission Company Limited

Registered Office Address : Essar Power M.P. Limited, Power Plant, Village Bandhura, Post Karsualal, Singrauli, Madhya Pradesh - 486 886, India.

- (ii) The share entitlement ratio report dated May 12, 2023 prepared by Niranjan Kumar, Registered Valuer – Securities or Financial Assets (IBBI Registration No. IBBI/RV/06/2018/10137), and their recommendation of the share entitlement ratio for the Demerger.
- (iii) Auditors' certificates issued by M/s. S. S. Kothari Mehta & Company (registration no. 101248W/W-100022), the Statutory Auditors of the Company, confirming that the accounting treatment under the Scheme is compliant with the accounting standards and applicable law.

Rationale of the Scheme

Demerged Company currently owns, operates and maintains primarily the following independent and standalone transmission networks:

- (i) Stage I Transmission network (approximate line length being 104.6 km), which primarily supplies electricity to the steel plant of ArcelorMittal Nippon Steel India Limited in Hazira, Surat, Gujarat from the switchyard of NTPC Limited in Gandhar, Gujarat; and
- (ii) Stage II Transmission network (approximate line length being 336.7 km), connects the Mahan Thermal power plant operated by Mahan Energen Limited to Sipat pooling sub-station.

The Scheme is intended to segregate the Stage II Transmission Undertaking from the Remaining Business (*as defined in the Scheme*) of the Demerged Company (which includes the Stage I Transmission Network), whereby the business of owning, operating and maintaining the Stage II Transmission Undertaking shall be consolidated with the Resulting Company. This will result in creation of separate management platforms for the distinct and standalone Stage I Transmission and Stage II Transmission networks, which will enable achievement of long term objectives of strengthening the operations and financials of the Remaining Business and Stage II Transmission Undertaking, and enable suitable investments to be made in the Remaining Business and Stage II Transmission Undertaking, respectively, by potentially interested investors. Once effective, the Demerger will have the following benefits:

- (i) Focused and concentrated approach in maintaining Stage II Transmission Undertaking from the standpoint of the Resulting Company;
- (ii) Enable the Resulting Company and the Demerged Company to independently maximize opportunities for strategic partnership and flexibility of fund-raising, capability for future growth and expansion and creation of a structure geared to take advantage of market opportunities for further consolidation or expansion; and
- (iii) The businesses and activities of each of the Demerged Company and the Resulting Company will be carried out more economically, conveniently, and advantageously following the Scheme and the same will have beneficial results for both companies, their shareholders and all other concerned stakeholders.

Effect of the Scheme in terms of Section 232(2)(c) of the Companies Act 2013:

Sr.	Effect of the Scheme on	
1	Employees and Key Managerial Personnel	In terms of Clause 15 in Section 1 (Part II) of the Scheme, the Employees (as described in the Scheme) of the Applicant pertaining to Stage II Transmission Undertaking shall become the employees/ key managerial personnel of the Resulting Company with effect from the Appointed Date on terms and conditions not



		less favourable than those on which they are employed by the Applicant and without any interruption of, or break in, service as a result of the transfer of the Stage II Transmission Undertaking (as described in the Scheme).
3	Equity shareholders : Promoters of the Company	The Demerged Company only has equity shareholders. Shareholding of the shareholders of the Demerged Company, will not be diluted as a result of the Scheme.
4	Equity shareholders : Non promoter shareholders of the Company	<p>In terms of Section 4 of Part II of the Scheme, in consideration of demerger, the Resulting Company shall, without any further act or deed, issue and allot to such members of the Demerged Company whose name is recorded in the register of members as a shareholder of the Demerged Company as on Record Date (<i>as defined in the Scheme</i>), CCCPPS in the Resulting Company in the ratio of 3 (three) CCCPPS in the Resulting Company of face value INR 10/- (Indian Rupees Ten only) each credited as fully paid-up for every 4 (four) equity shares of face value INR 10/- (Indian Rupees Ten only) each fully paid up held by such member in the Demerged Company (the "Entitlement Ratio") (<i>as per Clause 25 of the Scheme</i>).</p> <p>Further, as per Clause 27 of the Scheme, in case any shareholder's holding/ entitlement in the Resulting Company is such that such shareholder becomes entitled to a fraction of the CCCPPS issued pursuant to the Clause 25 of the Scheme, the Resulting Company shall not issue fractional certificates to such shareholders. Any fraction equal to or more than 0.5 arising out of such allotment shall be rounded off to the next higher integer and fraction less than 0.5 shall be rounded off to the earlier lower integer.</p> <p>The share entitlement ratio report dated May 12, 2023 prepared by Niranjn Kumar, Registered Valuer – Securities or Financial Assets (IBBI Registration No. IBBI/RV/06/2018/10137), confirms that the Entitlement Ratio is fair and appropriate and the economic interest of the shareholders of the Demerged Company would remain same and not vary post the implementation of the proposed demerger. Accordingly, the Scheme is in the best interests of the shareholders.</p>

Adoption of the Report by the Board

The Board has adapted this report after noting and considering the information set out in this report.

For and on behalf of the Board of Directors of Essar Power Transmission Company Limited


Prakash Khedekar
 Company Secretary
 Membership No. 15214
 Date: 16.05.2023



Essar Transco Limited

Essar House
11 K.K. Marg,
Mahalaxmi
Mumbai – 400 034
India

Tel: 91- 22- 6660 1100/4001 1100
Fax: 91 -22 – 2354 4787
website: www.essar.com

To,

The Board of Directors,
Essar Transco Limited
Essar House, 11, K. K. Marg,
Mahalaxmi, Mumbai 400034, Maharashtra

REPORT ADOPTED BY THE BOARD OF DIRECTORS OF ESSAR TRANSCO LIMITED IN ACCORDANCE WITH SECTION 232(2)(C) OF THE COMPANIES ACT, 2013:

Background

The Board of Directors (“**the Board**”) of Essar Transco Limited (“**Resulting Company**”) at its meeting held on May 12, 2023, approved the Scheme of Arrangement among Essar Power Transmission Company Limited (“**Demerged Company**”) and Essar Transco Limited (“**Resulting Company**”) and their respective shareholders pursuant to Sections 230 to 232, other relevant provisions of the Companies Act, 2013, and Section 2(19AA) of the Income Tax Act, 1961 and other relevant provisions of the Income Tax Act, 1961 (“**Scheme**” or “**Draft Scheme**”). The Scheme provides for a transfer by way of demerger of the Stage II Transmission Undertaking (as defined in the Scheme) from the Demerged Company to the Resulting Company and the consequent issue of preference shares by the Resulting Company to the shareholders of the Demerged Company as on Record Date (as defined in the Scheme) in the manner set out in the Scheme. As per Section 232 (2)(c) of the Companies Act, 2013, a report is required to be adopted by the Directors explaining effect of arrangement and amalgamation on Equity Shareholders, Key Managerial Personnel (KMPs), Promoters and Non-Promoter Shareholders laying out in particular the Share Exchange Ratio (“**Report of the Board**”). The Stage II Transmission Undertaking shall be transferred to the Resulting Company as a going concern with effect from April 1, 2023 (“**Appointed Date**”).

The Scheme does not contemplate a corporate debt restructuring under Section 230(2)(c) of the Companies Act, 2013. All liabilities, including any optionally convertible debentures issued by the Demerged Company, related to the Stage II Transmission Undertaking immediately before the Demerger shall become the liabilities of the Resulting Company by virtue of the Demerger.

Having regard to the applicability of the aforesaid provisions, the Report of the Board is accordingly being made to comply with the provisions of Section 232(c) of the Companies Act, 2013.

While considering the Scheme, the Board perused the following documents and also took on record the same –

- a) Draft Scheme
- b) The share entitlement report dated May 12, 2023 issued by M/s. Niranjana Kumar, Registered Valuer –Securities or Financial Assets, which sets out their recommendation on the share entitlement ratio for the Scheme
- c) Certificate issued by N K R & Co., Statutory Auditors of the Company certifying the accounting treatment contained in the draft Scheme is in compliance with all accounting standards.

Rationale of the Scheme

Corporate Identification Number – U40106MH2022PLC395692
Regd Office: Essar House, 11 K.K. Marg, Mahalaxmi, Mumbai – 400 034



The Scheme is intended to segregate the Stage II Transmission Undertaking from the Remaining Business (as defined in the Scheme) of the Demerged Company, whereby the business of owning, operating and maintaining the Stage II Transmission Undertaking shall be consolidated with the Resulting Company. This will result in creation of separate management platforms for the distinct and standalone Stage I Transmission and Stage II Transmission networks, which are currently run by the Demerged Company alone. This will enable achievement of long term objectives of strengthening the operations and financials of the Remaining Business and Stage II Transmission Undertaking, and enable suitable investments to be made in the Remaining Business and Stage II Transmission Undertaking, respectively, by potentially interested investors. Once effective, the Demerger will have the following benefits:

- (i) Focused and concentrated approach in maintaining Stage II Transmission Undertaking from the standpoint of the Resulting Company;
- (ii) Enable the Resulting Company and the Demerged Company to independently maximize opportunities for strategic partnership and flexibility of fund-raising, capability for future growth and expansion and creation of a structure geared to take advantage of market opportunities for further consolidation or expansion; and
- (iii) The businesses and activities of each of the Demerged Company and the Resulting Company will be carried out more economically, conveniently, and advantageously following the Scheme and the same will have beneficial results for both companies, their shareholders and all other concerned stakeholders.

Effect of the Scheme in terms of Section 232(2)(c) of the Companies Act 2013:

Sr.	Effect of the Scheme on	
1	Key Managerial Personnel / Employees of Resultant Company	In terms of Clause 15 of Scheme, upon the Effective Date (as defined in the Scheme), all employees of the Demerged Company employed in relation to the Stage II Transmission Undertaking shall be deemed to have become the employees of the Resulting Company, on terms and conditions not less favourable than those on which they are employed by the Demerged Company and without any interruption of, or break in, service as a result of the transfer of the Stage II Transmission Undertaking. The Scheme will not have any impact the existing employees and key managerial personnel of the Company.
2	Equity shareholders : Promoters of the Resultant Company	<p>In terms of Section 4 of Part II of the Scheme, in consideration of demerger, the Resulting Company shall, without any further act or deed, issue and allot to such members of the Demerged Company whose name is recorded in the register of members as a shareholder of the Demerged Company as on Record Date, CCCPPS (as defined in the scheme) in the Resulting Company in the ratio of 3 (three) CCCPPS in the Resulting Company of face value INR 10/- (Indian Rupees Ten only) each credited as fully paid-up for every 4 (four) equity shares of face value INR 10/- (Indian Rupees Ten only) each fully paid up held by such member in the Demerged Company (the "Entitlement Ratio"). (clause 25 of the Scheme).</p> <p>Further, as per Clause 27 of the Scheme, in case any shareholder's holding/ entitlement in the Resulting Company is such that such shareholder becomes entitled to a fraction of the CCCPPS issued pursuant to the Clause 25 of the Scheme, the Resulting Company shall not issue fractional certificates to such shareholders. Any fraction equal to or more than 0.5 arising out of such allotment shall be rounded off to the next higher integer and fraction less than 0.5 shall be rounded off to the earlier lower integer.</p>
3	Equity shareholders : Non promoter shareholders of the Company	



	<p>Upon conversion, 1 CCCPPS of Rs. 10 each shall convert to 1 Equity Share of Rs. 10 each in the resultant Company.</p> <p>The existing shares of the Resulting Company shall not be impacted by the demerger. Further, the Share Entitlement Report dated May 12, 2023 confirms that the share entitlement ratio can be considered appropriate and fair for the proposed demerger as the economic interest of the ultimate shareholders of the Resulting Company i.e. Essar Power Limited, the holding company of the Demerged Company, would remain the same and not vary post the implementation of the proposed demerger.</p> <p>Accordingly, the Scheme is in the best interests of the shareholders.</p>
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Adoption of the Report by the Board:

The Board has adapted this report after noting and considering the information set out in this report.

For and on behalf of the Board of Directors of Essar Transco Limited


Kapil Singla
Director
DIN: 08147088



Date: 16.05.2023

ESSAR POWER TRANSMISSION COMPANY LIMITED
SUPPLEMENTARY UNAUDITED BALANCE SHEET AS AT MARCH 31,2023

(Rs. in Crore)

	Note no.	As at March 31, 2023	As at March 31, 2022
ASSETS			
Non-current assets			
Property, plant and equipment	3	1,705.02	1,831.54
Right of use	3	0.00	0.25
Intangible assets	4	47.27	54.01
Capital work in progress			
Capital Items in Transit / Plant and Machinery			-
Current tax assets (net)	5	0.74	
Investment	6	0.11	0.03
Deferred tax assets (net)	7	-	-
		1,753.14	1,885.83
Current assets			
Inventories	8	2.66	2.22
Financial assets:			
Trade receivables	9	346.73	93.52
Cash and cash equivalents	10	27.12	65.31
Bank balances other than cash and cash equivalents	11	71.17	141.01
Security deposits	12	0.18	0.24
Other financial assets	13	1.62	6.19
Current tax assets (net)	14	8.73	1.27
Other current assets	15	0.68	1.51
		458.89	311.27
		2,212.03	2,197.10
EQUITY AND LIABILITIES			
EQUITY			
Equity share capital	16	597.04	597.04
Other equity			
Reserves and surplus	17	251.71	145.17
Inter Division Payable/(Receivable)			
		848.75	742.20
LIABILITIES			
Non-current liabilities			
Financial liabilities:			
Borrowings	18	1,183.98	1,281.18
Provisions	19	0.47	0.09
Deferred tax liabilities (net)	7	66.62	59.21
		1,251.08	1,340.47
Current Liabilities			
Trade payables:			
Total Outstanding dues of micro enterprises and small enterprises	20	0.133	1.75
Others	20	2.550	4.74
Borrowings	21	96.59	95.56
Other financial liabilities	22	10.17	10.17
Other current liabilities	23	2.757	2.21
		112.21	114.43
		2,212.03	2,197.10

The accompanying notes are an integral part of these Supplementary Unaudited financial statements

In terms of our report attached

CFO
Kapil Singla

ESSAR POWER TRANSMISSION COMPANY LIMITED
 SUPPLEMENTARY UNAUDITED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023

(Rs. in Crore)

	Note no.	For the year ended March 31, 2023	For the year ended March 31, 2022
INCOME			
Revenue from operations	24	443.43	426.03
Other income	25	6.67	4.99
Total Income		450.10	431.03
EXPENSES			
Employee benefit expenses	26	9.60	9.24
Finance costs	27	167.50	187.68
Depreciation and amortisation	3&4	133.69	133.60
Other expenses	28	25.12	17.49
Total expenses		335.90	348.01
Profit/(loss) before exceptional items and tax		114.20	83.02
Exceptional items	29	-	30.84
Profit/(loss) for the period		114.20	52.18
Deferred tax (credit) / expenses	30	7.42	20.88
Profit (Loss) for the period from continuing operations		106.78	31.30
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss			
Remeasurement of the defined benefit plans		(0.32)	(0.01)
Income tax effect		0.08	0.00
		(0.24)	(0.00)
Items that will be reclassified to profit or loss			
Remeasurement gain / (losses) of the defined benefit plans			
Income tax effect			
Total comprehensive income for the year, net of tax		106.55	31.29

The accompanying notes are an integral part of these Supplementary Unaudited financial statements

In terms of our report attached

CFO
 Kapil Singla

ESSAR POWER TRANSMISSION COMPANY LIMITED
SUPPLEMENTARY UNAUDITED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 202

A. Equity share capital

	Note no.	(Rs. in Crore)
As at April 1, 2021	16	597.04
Changes in equity share capital		-
As at March 31, 2022		597.04
Changes in equity share capital		-
As at March 31, 2023		597.04

B. Other equity

	Note no.	(Rs. in Crore)	
		Reserve and surplus	Total
		Retained earnings	
Balance as at April 1, 2021	17	113.86	113.86
Profit/(Loss) for the year		31.31	31.31
Other comprehensive income for the year		(0.00)	(0.00)
Total comprehensive income for the year		31.31	31.31
Balance as at March 31, 2022		145.17	145.17
Profit/(Loss) for the year		106.78	106.78
Other comprehensive income for the year		(0.24)	(0.24)
Total comprehensive income for the year		106.55	106.55
Balance as at March 31, 2023		251.71	251.71

In terms of our report attached

CFO
 Kapil Singla

ESSAR POWER TRANSMISSION COMPANY LIMITED
 SUPPLEMENTARY UNAUDITED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2023

(Rs. in Crore)

	Year ended March 31, 2023		Year ended March 31, 2022	
A. CASH FLOW FROM OPERATING ACTIVITIES				
Profit/ (Loss) Before Tax		114.20		52.20
Adjustment for :				
Depreciation and amortisation	133.69		133.58	
Provisions for expenses no longer required written back/liabilities written back	(2.08)		(1.31)	
Finance costs	167.50		187.68	
Interest income	(4.54)		(3.69)	
Provision for gratuity/ Leave encashment	0.39		(0.23)	
Exceptional item	-		(30.84)	
		294.95		285.19
Operating profit before working capital changes		409.15		337.39
Movement in working capital				
Decrease / (Increase) in inventories	(0.44)		(0.59)	
Decrease / (Increase) in trade receivables	(253.21)		14.19	
(Decrease) / Increase in trade payables, other financial liabilities other liabilities and other payables	4.88		6.45	
(Increase) / Decrease in other financial assets, loans and other assets	62.93		19.01	
		(185.83)		39.06
Cash generated from operations		223.31		376.45
Direct taxes paid		(7.46)		(0.18)
Net cash from operating activities		215.85		376.27
B. CASH FLOW FROM INVESTING ACTIVITIES				
Addition to property, plant and equipments, Intangible assets under development (including capital work in progress, expenditure/gain during construction period and advances on capital account & capital payables)	0.08		(0.27)	
Fixed / margin deposits matured / withdrawn				
Refund of inter corporate deposit placed				
Interest received	9.11		0.71	
Net cash used in investing activities		9.19		0.44
C. CASH FLOW FROM FINANCING ACTIVITIES				
Proceeds from issue of share capital /share application money received	-			
Repayment of borrowings	(105.76)		(184.91)	
Interest and finance charges paid	(157.90)		(176.86)	
Net (decrease)/increase in cash and cash equivalents (A+B+C)		(263.66)		(361.77)
		(38.61)		14.94
Cash and cash equivalents at the beginning of the year		65.31	50.37	
Cash and cash equivalents at the end of the year		27.12	65.31	
		(38.19)		14.94

(Rs. in Crore)

	As at March 31, 2023	As at March 31, 2022
Balance with banks in		
- Current accounts	27.12	65.31
Cash and cash equivalents	27.12	65.31

Note:

1 Previous year figures have been re-grouped/re-arranged wherever considered necessary.

CFO
 Kapil Singla

ESSAR POWER TRANSMISSION COMPANY LIMITED
SUPPLEMENTARY UNAUDITED NOTES FORMING PART OF THE FINANCIAL STATEMENT AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

NOTE: 3

PROPERTY, PLANT AND EQUIPMENT

(Rs. in Crore)

Description of the assets	Gross block				Depreciation				Net block	
	Balance as at April 1, 2022	Additions during the year	Deletions / Adjustments	Balance as at March 31, 2023	Balance as at April 1, 2022	For the year	Deletions / Adjustments	Balance as at March 31, 2023	Balance as at March 31, 2023	Balance as at March 31, 2022
Right to use	0.30	-	-	0.30	0.05	-	-	0.05	0.00	0.25
Freehold land	0.05	-	-	0.05	-	-	-	-	0.05	0.05
Buildings	10.80	-	-	10.80	4.43	0.67	-	5.10	5.71	6.38
<u>Plant and Machinery</u>										
Transmission line	2,255.63	0.03	-	2,255.66	508.83	126.17	-	635.01	1,620.65	1,746.80
substation	89.74	-	-	89.74	11.42	-	-	11.42	78.32	78.32
others	0.00	-	-	0.00	0.00	-	-	0.00	0.00	0.00
Furniture and fixtures	0.02	0.01	-	0.03	0.01	0.00	-	0.01	0.02	0.01
Office equipments	0.01	-	-	0.01	0.00	0.00	-	0.01	0.00	0.00
Computers	0.23	0.26	-	0.49	0.13	0.10	-	0.24	0.25	0.10
Total	2,356.80	0.30	-	2,357.10	524.88	126.95	-	651.83	1,705.02	1,831.92

(Rs. in Crore)

Description of the assets	Gross block				Depreciation				Net block	
	Balance as at April 1, 2021	Additions during the year	Deletions / Adjustments	Balance as at March 31, 2022	Balance as at April 1, 2021	For the year	Deletions / Adjustments	Balance as at March 31, 2022	Balance as at March 31, 2022	Balance as at March 31, 2021
Right to use	0.30	-	-	0.30	0.02	0.03	-	0.05	0.26	0.29
Freehold land	0.05	-	-	0.05	-	-	-	-	0.05	0.05
Leasehold land	-	-	-	-	-	-	-	-	-	-
Buildings	10.69	-	-	10.69	3.79	0.63	-	4.43	6.26	6.89
<u>Plant and Machinery</u>										
Transmission line	2,254.11	1.64	-	2,255.75	382.69	126.14	-	508.83	1,746.92	1,871.42
substation	89.74	-	-	89.74	11.42	-	-	11.42	78.32	78.32
others	0.00	-	-	0.00	-	-	-	-	0.00	0.00
Furniture and fixtures	0.02	-	-	0.02	0.01	0.00	-	0.01	0.01	0.01
Office equipments	0.01	-	-	0.01	0.00	0.00	-	0.00	0.00	0.01
Computers	0.17	0.06	-	0.23	0.08	0.05	-	0.13	0.10	0.08
Total	2,355.09	1.71	-	2,356.80	398.02	126.86	-	524.87	1,831.93	1,957.08

NOTE: 4

INTANGIBLE ASSETS

(Rs. in Crore)

Description of the assets	Gross block				Amortisation				Net block	
	Balance as at April 1, 2022	Additions during the year	Deletions / Adjustments	Balance as at March 31, 2023	Balance as at April 1, 2022	For the year	Deletions / Adjustments	Balance as at March 31, 2023	Balance as at March 31, 2023	Balance as at March 31, 2022
Computer software	0.03	-	-	0.03	0.03	-	-	0.03	-	-
Right of way	101.12	-	-	101.12	47.10	6.74	-	53.84	47.27	54.01
Total	101.14	-	-	101.14	47.13	6.74	-	53.87	47.27	54.01

(Rs. in Crore)

Description of the assets	Gross block				Amortisation				Net block	
	Balance as at April 1, 2021	Additions during the year	Deletions / Adjustments	Balance as at March 31, 2022	Balance as at April 1, 2021	For the year	Deletions / Adjustments	Balance as at March 31, 2022	Balance as at March 31, 2022	Balance as at March 31, 2021
Computer software	0.03	-	-	0.03	0.03	-	-	0.03	-	-
Right of way	101.12	-	-	101.12	40.37	6.74	-	47.10	54.01	60.75
Total	101.14	-	-	101.14	40.39	6.74	-	47.13	54.01	60.75

NOTE: 5

CURRENT TAX ASSETS (NET)

		(Rs. in Crore)	
		As at March 31, 2023	As at March 31, 2022
Advance tax and tax deducted at source		0.74	-
		0.74	-

NOTE: 6

OTHER FINANCIAL ASSETS

		(Rs. in Crore)	
		As at March 31, 2023	As at March 31, 2022
Investment in associate company		-	0.03
Investment in wholly owned subsidiary		0.11	-
		0.11	0.03

NOTE: 7

DEFERRED TAX ASSETS (NET)

		(Rs. in Crore)	
		As at March 31, 2023	As at March 31, 2022
Deferred tax asset			
Unabsorbed depreciation		147.76	148.17
Provision for employee benefits		0.12	0.02
Fair valuation of financial assets		-	0.07
Gross deferred tax asset		147.88	148.27
Differences in depreciation in block of fixed assets as per tax books and financial books		187.89	177.37
Intangible assets		10.25	11.40
Fair valuation of financial assets		16.37	18.70
Gross deferred tax liability		214.51	207.47
Net deferred tax asset		(66.62)	(59.21)

Movement in deferred tax assets

	March 31, 2023	March 31, 2021
Balance at the beginning of the year	(59.21)	(38.32)
(charged) / credited to statement of profit and loss	(7.42)	(20.88)
Balance at the end of the year	(66.62)	(59.21)

NOTE: 8

INVENTORIES

(At lower of cost and net realisable value)

		(Rs. in Crore)	
		As at March 31, 2023	As at March 31, 2022
Stores and spares		2.66	2.22
		2.66	2.22

NOTE: 9

TRADE RECEIVABLES

(Unsecured, unless otherwise stated)

		(Rs. in Crore)	
		As at March 31, 2023	As at March 31, 2022
Trade receivables			
Undisputed Trade receivables - Considered good		346.73	93.52
		346.73	93.52

As at 31-03-2023		(Rs. in Crore)					
Sr No	Particulars	Outstanding for following periods from due date of receipt					Total
		Less than 6 months	6 Months - 1 year	1-2 Years	2-3 Years	More than 3 years	
1	Undisputed Trade receivables - Considered good	214.65	113.52	13.27	5.29		346.73
2	Undisputed Trade receivables - which have significant increase in risk	-	-	-	-	-	-
3	Undisputed Trade receivables - credit impaired	-	-	-	-	-	-
4	Disputed Trade receivables - Considered good	-	-	-	-	-	-
5	Disputed Trade receivables - which have significant increase in risk	-	-	-	-	-	-
6	Disputed Trade receivables - credit impaired	-	-	-	-	-	-
	Total	214.65	113.52	13.27	5.29	-	346.73

ESSAR POWER TRANSMISSION COMPANY LIMITED
SUPPLEMENTARY UNAUDITED NOTES FORMING PART OF FINANCIAL STATEMENT AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

* This includes Rs.156.03 Crore unbilled amount 10% pending approval for Gandhar Hazira Line. Invoice of Rs 13.64 Crore pertaining to Stage-1 for the period from July 2020 to March 2022 and Rs. 142.39 Crore pertaining to the year FY 2022-23, the billing for entire provision @10% of phase 1 will be done, when the approval will be received.

As at 31-03-2022							(Rs. in Crore)
Sr No	Particulars	Outstanding for following periods from due date of receipt					Total
		Less than 6 months	6 Months - 1 year	1-2 Years	2-3 Years	More than 3 years	
1	Undisputed Trade receivables - Considered good	88.23	-	5.29	-	-	93.52
2	Undisputed Trade receivables - which have significant increase in risk	-	-	-	-	-	-
3	Undisputed Trade receivables - credit impaired	-	-	-	-	-	-
4	Disputed Trade receivables - Considered good	-	-	-	-	-	-
5	Disputed Trade receivables - which have significant increase in risk	-	-	-	-	-	-
6	Disputed Trade receivables - credit impaired	-	-	-	-	-	-
	Total	88.23	-	5.29	-	-	93.52

For Stage I of the project i.e. (Loop In Loop Out) LILO line at Mahan, GIS substation at Hazira and Gandhar Hazira Line, CERC had approved capital cost of Rs. 366.23 Crs with resultant annual tariff of Rs.79.92 Crore as amended from time to time.

The Company had filed an appeal with Appellate Tribunal for Electricity (APTEL), against the CERC order seeking approval of full Stage -1 Capital Cost of Rs.503.31Crore incurred by the Company.

In January 2020, CERC, in a petition filed by CTU to make the LILO a permanent asset, CERC held that LILO line is the dedicated line of Essar Power MP Limited (EPMPL) which is now Mahan Energy Limited (MEL). Accordingly, MEL is liable to pay transmission tariff for LILO to EPTCL. EPTCL along with EPMPL has filed an appeal at APTEL against the said CERC order. Pursuant to CERC Order, 2nd Meeting of Validation Committee (VC), held that since EPTCL didn't have separate tariff for LILO in Stage-1 in Rs.79.92 Crore, entire Stage-1 asset i.e. LILO at Mahan, GIS substation at Hazira and Gandhar Hazira Line would be excluded from the (Point of Connection) POC tariff disbursement pool and EPTCL would not receive tariff for entire stage-1. The VC also directed EPTCL to approach CERC for determination of tariff of the LILO line, so that only tariff for LILO line would be excluded from POC computations. EPTCL therefore without prejudice to its appeal in APTEL assailing the CERC order January, 2020, filed a petition before CERC for determination of separate tariff for LILO line. CERC vide order dated 04.06.2021 has determined provisional tariff for Stg-1 assets excluding the LILO line at Rs. 66.54 Crore (90% of GHTL Tariff). EPTCL has started receiving Stg-1 tariff at Rs. 66.54 Crore annually. PGCIL, upon request of CERC has submitted its report and have mentioned that LILO line is required in the system under various contingency conditions and to improve system reliability. Upon direction of CERC, the report of PGCIL as well as WRPC was placed before CERC. CERC vide order dated 01.06.2022 directed that the LILO be opened within 15 days of the passing of the Order and that EPTCL would have to recover tariff in terms of the Order dated 21.01.2020 in Petition No. 132/MP/2018 till disconnection of LILO from MEL. LILO was disconnected on 17.06.2022. Accordingly, the company, has accrued the revenue on LILO Line up to 17th June 2022.

The matter is under adjudication
 EPTCL Phase -2 Tariff

Post achievement of Commercial Operation Date (COD) for Phase II of the project, the Company has filed tariff petition for Stage II before Central Electricity Regulatory Commission (CERC) in October 2018. CERC had approved annual tariff of Rs.335.70 Crore as amended from time to time CERC vide its order dated 14.03.2022 has issued the final tariff order for control period 2018-19 for Stage-II assets and determined tariff in two parts i.e. Rs 262 Crore through Point of Connection (POC) and Rs 73.70 Crore through Mahan Energy Ltd (formerly Known as Essar Power MP Ltd) MEL, totaling to Rs 335.70 Crores. The MEL part of Tariff is on account of undertaking provided by MEL on account of conductor modification from triple to quad and accordingly EPTCL has installed a quad conductor configuration for the transmission assets.

As per the CERC regulations, the billing procedure would be such that EPTCL would raise the bill upon Central Transmission Utility (CTU) and CTU would be responsible to collect the amount from MEL and further disburse it to the Company. Regarding recovery of bills through CTU, Regulation 20(2) of the 2020 CERC Sharing Regulations provides to Company to recover amount from EPMPL, which is covered under clause 9 of regulations 13 that imply CTU would collect the amount from EPMPL and disburse it to the Company directly.

The Company has been receiving tariff from MEL for the quad moose portion through CTUIL since November 2021 onwards. However, the arrears pertaining to this for the period prior to Nov 2021 is sub judice. Since the line was available and the Company is Inter State Transmission Licensee, therefore, the company is entitled to receive the complete tariff for all the period over which transmission line was available. This is in line with the clause 46 of CERC (Terms and Conditions of Tariff) Regulations, 2019.

NOTE: 10

CASH AND CASH EQUIVALENTS

		(Rs. in Crore)	
		As at March 31, 2023	As at March 31, 2022
Balances with banks in			
Current accounts		9.58	47.07
Fixed deposits		17.54	18.23
		27.12	65.31

NOTE: 11

BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

		(Rs. in Crore)	
		As at March 31, 2023	As at March 31, 2022
Balances with banks:			
Margin deposits		-	0.01
Fixed deposits		1.00	-
Deposit in Debt service reserve account (DSRA)		70.17	141.00
		71.17	141.01

NOTE: 12

SECURITY DEPOSITS

		(Rs. in Crore)	
		As at March 31, 2023	As at March 31, 2022
Security deposits		0.18	0.24
		0.18	0.24

ESSAR POWER TRANSMISSION COMPANY LIMITED
SUPPLEMENTARY UNAUDITED NOTES FORMING PART OF FINANCIAL STATEMENT AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

NOTE: 13

OTHER FINANCIAL ASSETS

		(Rs. in Crore)	
		As at March 31, 2023	As at March 31, 2022
Interest accrued on bank deposit		0.34	4.91
Deposit with government authority (Refer not no-32)		1.28	1.28
		1.62	6.19

NOTE: 14

CURRENT TAX ASSETS (NET)

		(Rs. in Crore)	
		As at March 31, 2023	As at March 31, 2022
Advance tax and tax deducted at source		8.78	3.72
Less: Set-off of current tax liabilities pursuant to set-off provisions		0.06	2.46
		8.73	1.27

NOTE: 15

OTHER CURRENT ASSETS

		(Rs. in Crore)	
		As at March 31, 2023	As at March 31, 2022
Others			
Unsecured, considered good			
Prepaid expenses		0.44	0.22
Other advances		0.25	1.29
		0.68	1.51

NOTE: 16

EQUITY SHARE CAPITAL

		(Rs. in Crore)	
		As at March 31, 2023	As at March 31, 2022
Authorised			
1,500,000,000 (Previous year 1,500,000,000; April 1, 2015 1,500,000,000) equity shares of Rs.10 each		1,500.00	1,500.00
500,000,000 (Previous year 500,000,000; April 1, 2015 500,000,000) preference shares of Rs. 10 each		500.00	500.00
		2,000.00	2,000.00
Equity share capital			
59,70,36,000 (Previous year 56,90,36,000) equity shares of		597.04	597.04
		597.04	597.04

(a) **Reconciliation of number of shares**

	As at March 31, 2023		As at March 31, 2022	
	Number of shares	(Rs. in Crore)	Number of shares	(Rs. in Crore)
Equity shares				
Shares outstanding at the beginning of the year	59,70,36,000	597.04	59,70,36,000	597.04
Shares issued during the year	-	-	-	-
Bonus shares issued during the year				
Conversion of preference shares into equity shares				
Shares bought back during the year				
Shares outstanding at the end of the year	59,70,36,000	597.04	59,70,36,000	597.04

(b) **Details of shareholders holding more than 5% in the Company and details of share held by holding/ultimate**

	Equity shares % of Shareholding
Essar Power Limited, the holding company and its nominees	
As at April 1, 2021	100%
As at March 31, 2022	100%
As at March 31, 2023	100%

NOTE: 17

RESERVES AND SURPLUS

		(Rs. in Crore)	
		As at March 31, 2023	As at March 31, 2022
Retained earnings		145.17	113.86
Add/ (Less):			
During the year		106.55	31.31
		251.71	145.17

NOTE: 18

BORROWINGS

		(Rs. in Crore)	
		As at March 31, 2023	As at March 31, 2022
Secured			
	From banks	69.12	75.92
	From others	1,174.91	1,274.01
	Long term maturities of finance lease obligations	(0.00)	0.26
		(0.00)	0.26
		1,244.03	1,350.20
	Less: Unamortised upfront fee	(3.67)	(4.00)
	Less Fair Value Gain on Restructuring Loan liability	(56.38)	(65.02)
		1,183.98	1,281.18

(a) **Securities provided to lenders**

Subsequent to receiving Stage II provisional tariff order on 14.03.2019 from the Central Electricity Regulatory Commission, the Company had submitted a debt restructuring proposal to its lenders on 28.03.2019. Lenders to the company approved the restructuring proposal vide their respective sanction letters in the month of March 2020. The debt restructuring has been implemented under RBI guidelines dated 07.06.2019. Restructuring is effective with a cut-off date of 15.04.2019. The company has executed the Master Debt Restructuring Agreement with its lenders on 04.06.2020 and has issued Optionally Convertible Debentures (OCD) across all the three series on 18.06.2020. Restructured amount comprises of principal outstanding of Rs. 1682 crore and interest dues of Rs.322 crore as on cut off date, totalling to Rs 2004 Crore. During the FY 2022-23 the company has made payment of Rs 157.90 crores towards overdue interest and Rs 105.90 crores towards principal outstanding. As on 31st March 2023 the outstanding debt with revised restructured components are as follows:-

Restructured Debt	Original Dues	Rs. Crore	Coupon	Current	Non Current
Term Loan	Principal O/S	966.39	14.50%	76.82	889.57
OCD Series 1		250.26	3.00%	19.88	230.38
OCD Series 2		106.21	3.00%	8.44	97.77
OCD Series 3		26.30	0.00%	-	26.30
Total		1,349.17		105.14	1,244.03

(b) **Term of repayment for loans/ borrowings**
Rupee Term Loan

The restructured debt including OCD Series 1 and OCD Series 2, together with interest are secured by a first ranking charge on the company's immovable and movable properties, both present and future, and other movable assets, tangible and intangible assets, book debts, receivables, current assets, bank accounts, assignment of project documents, insurance policies and security interest in favour of security trustee. The facilities are additionally secured, by corporate guarantees issued, by pledge of 50 crore Compulsory Convertible Preference Shares (CCPS) of Rs.20 each, held by Essar Power Holding Limited in Essar Power Limited and by pledge of 100% equity shares of the company held by the holding company. OCD series 3 are secured only in case the final tariff order is received for Stage II is more than Rs 333 Crores.

(i) The rupee term loan facility repayable in 94 structured quarterly instalments beginning from December 31, 2019.

(ii) The OCD Series 1 and OCD Series 2 debentures are repayable in 92 structured quarterly instalments beginning from June 30, 2020

(iii) OCD series 3 shall be repaid from the surplus cash (Cash available after meeting all operating expenses, capex requirement and debt service obligations)

The company has accounted in financial year 2020-21 for gain on modification in terms of debts.

NOTE: 19

PROVISIONS

		(Rs. in Crore)	
		As at March 31, 2023	As at March 31, 2022
Provision for employee benefits			
	Gratuity	0.45	0.06
	Compensated absences	0.02	0.03
		0.47	0.09

NOTE: 20

TRADE PAYABLES

		(Rs. in Crore)	
		As at March 31, 2023	As at March 31, 2022
Acceptances			
Total outstanding of micro and small enterprises		0.13	1.75
Others		2.55	4.74
		2.68	6.49

As at 31-03-2023

Sr No	Particulars	Outstanding for following periods from due date of receipt					More than 3 years
		Not Due	Less than 6 months	6 Months - 1 year	1-2 Years	2-3 Years	
1	Undisputed Trade Payable- Micro and Small	0.12					
2	Undisputed Trade Payable- Others	1.12	0.05	1.22	0.04	0.02	0.11
3	Disputed Trade Payable- Micro and Small	-	-	-	-	-	-
4	Disputed Trade Payable-Others	-	-	-	-	-	-
	Total	1.25	0.05	1.22	0.04	0.02	0.11

As at 31-03-2022

Sr No	Particulars	Outstanding for following periods from due date of receipt					More than 3 years
		Not Due	Less than 6 months	6 Months - 1 year	1-2 Years	2-3 Years	
1	Undisputed Trade Payable- Micro and Small	0.10	0.25		1.39		
2	Undisputed Trade Payable- Others	2.92	0.60	0.62			
3	Disputed Trade Payable- Micro and Small	-	-	-	-	-	-
4	Disputed Trade Payable-Others	-	-	-	-	0.43	0.17
	Total	3.02	0.86	0.62	1.39	0.43	0.17

NOTE: 21

BORROWINGS

		(Rs. in Crore)	
		As at March 31, 2023	As at March 31, 2022
Current maturities of long term borrowings		105.14	105.14
Less: Unamortised upfront fee		(0.33)	(0.33)
Less Fair Value Gain on Restructuring Loan liability		(8.22)	(9.27)
		96.59	95.54
Lease Liability		-	0.02
		96.59	95.56

NOTE: 22

OTHER FINANCIAL LIABILITIES

		(Rs. in Crore)	
		As at March 31, 2023	As at March 31, 2022
Capital creditors			
Total outstanding of micro and small enterprises		-	-
*Others		10.17	10.17
		10.17	10.17

* Pending from more than 3 Year

NOTE: 23

OTHER CURRENT LIABILITIES

		(Rs. in Crore)	
		As at March 31, 2023	As at March 31, 2022
Advance from customers*		2.13	0.92
Statutory dues		0.55	0.45
Other payables		0.08	0.84
		2.76	2.21

- The Board of Directors of Essar Power Transmission Company Limited at its meeting held on 22nd October, 2019 had passed resolution pertaining to a proposal received from Railways informing that the Railway Department would be installing new Railway lines and Bullet Train Lines in the state of Chhattisgarh and Gujarat. These lines would be passing through the Transmission Towers of the Company. In order to provide passage for these lines the height of Company's Transmission Towers would be required to increase accordingly. EPTCL shall receive 15% supervision charges on total cost of Diversion project.
- In connection with the said proposal the Company has received advance amount from National High Speed Rail Corporation Limited for execution of project. Part of the aforesaid advance remain unutilized for the period of more than three hundred and sixty five days.
- In this regard it is to be noted that National High Speed Rail Corporation Limited is a Company incorporated under the Companies Act, 1956 / 2013. In terms of the definition of the term "Deposit" given under sub clause vi of The Companies (Acceptance of Deposits) Rules, 2014, any amount received by a Company from any other Company is exempted from the definition of Deposit. Accordingly the provisions relating to acceptance of deposit would not apply to amount received from National High Speed Rail Corporation Limited and remained remain unutilized for the period of more than three hundred and sixty five days.

NOTE: 24

REVENUE FROM OPERATIONS

		(Rs. in Crore)	
		For the year ended March 31, 2023	For the year ended March 31, 2022
Revenue from transmission charges		441.40	426.03
Income in respect of service rendered		2.03	-
		443.43	426.03

NOTE: 25

OTHER INCOME

		(Rs. in Crore)	
		For the year ended March 31, 2023	For the year ended March 31, 2022
Interest income		4.54	3.69
Unwinding of discount on security deposits		0.03	-
Sale of Scrap		0.02	-
Excess provision/ Credit balance written back		2.08	1.31
		6.67	4.99

NOTE: 26

EMPLOYEE BENEFIT EXPENSES

		(Rs. in Crore)	
		For the year ended March 31, 2023	For the year ended March 31, 2022
Salaries and wages		8.84	8.56
Contribution to provident and other fund		0.33	0.32
Gratuity		0.11	0.11
Staff welfare expenses		0.33	0.25
		9.60	9.24

NOTE: 27

FINANCE COSTS

		(Rs. in Crore)	
		For the year ended March 31, 2023	For the year ended March 31, 2022
Interest		157.90	176.86
Interest on Lease		-	0.03
Other borrowing costs		0.33	0.33
Amortisation of NPV gain on Restructuring of Loan Liability		9.27	10.46
		167.50	187.68

NOTE: 28

OTHER EXPENSES

		(Rs. in Crore)	
		For the year ended March 31, 2023	For the year ended March 31, 2022
Production consumables		0.85	0.63
Transmission and scheduling charges		3.13	0.55
Repairs and maintenance			
Plant and machinery		5.25	1.47
Others		2.92	2.14
Stamp Duty		0.00	0.00
Application and license fees		1.88	0.45
Rent		0.63	0.70
Filing fees		0.00	0.01
Rates and taxes		0.01	0.01
Insurance		0.30	5.01
Travelling and conveyance		1.08	0.76
Legal and professional fees		6.48	4.31
Security Expenses		0.12	0.12
Payments to Auditors (including GST)			
As auditor		0.13	0.08
For Certification Fees		0.00	-
For other services		0.04	-
Sundry balance written off (net)		0.76	-
Directors' Fee		0.04	0.03
Social Welfare and Community Development		1.08	0.92
Miscellaneous expenses		0.41	0.31
		25.12	17.49

NOTE: 29

EXCEPTIONAL ITEMS/ IND AS ADJUSTMENT

		(Rs. in Crore)	
		For the year ended March 31, 2023	For the year ended March 31, 2022
Reversal of advances		-	36.36
Balance written back		-	(6.78)
Written off Inter corporate deposits ICD		-	1.26
		-	30.84

NOTE: 30

TAX EXPENSE

Deferred tax charge / (credit) recognised in statement of profit and loss

		(Rs. in Crore)	
		For the year ended March 31, 2022	For the year ended March 31, 2022
Property, plant and equipment		10.58	18.06
Intangible assets		(1.15)	(0.97)
Unabsorbed depreciation		0.41	6.36
Employee benefit expenses		(0.10)	0.06
Provision for Doubtful Advances		0.01	0.00
FV Gain on Restructuring		(2.33)	(2.63)
		7.42	20.88

NOTE: 31

EARNINGS PER SHARE (EPS)

		(Rs. in Crore)	
		For the year ended March 31, 2023	For the year ended March 31, 2022
Profit / (Loss) after tax as per statement of profit and loss (in Rs. Crores)		106.78	31.31
Weighted average number of equity shares outstanding during the year for the calculation of Basic EPS		59.70	59.70
Basic EPS (in Rs.)		1.79	0.52
Diluted EPS (in Rs.)		1.79	0.52
Nominal value per share (in Rs.)		10.00	10.00

NOTE: 32

CONTINGENT LIABILITIES, ASSETS AND COMMITMENTS

(to the extent not provided for)

		(Rs. in Crore)	
		As at March 31, 2023	As at March 31, 2022
i. Contingent liabilities			
Income tax liability not provided for due to pending appeal			-
Entry Tax Liability not provided as material not purchased during the course of business		5.90	5.90
Differential amount as per provisional and permanent tariff not accounted			
In respect of above, the expected outflow, if any will be determined at the time of final resolution of dispute.			
ii Capital commitments:			
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)			
iii Bank Guarantee:			
Value of Bank Guarantee given to National Thermal Power Corporation		8.23	10.51

The Company is having Right of Way (ROW) legal cases for additional compensation demanded by farmers pending in district Court for Gandhar-Hazira and Mahan site. The amount of final liability, if any, will be ascertained at the time of resolution of matters pending in various district courts.

NOTE: 33

EMPLOYEE BENEFITS

i. **Defined contribution plans**

The amount of contribution to provident fund debited to statement of profit and loss is Rs. 0.32 Crore (Previous year Rs.0.27).

ii. **Defined benefit plans**

Gratuity

The Company provide for gratuity for employees in India as per the Payment of Gratuity Act, 1972. Under the act, employees who are in continuous service for a period of five years are eligible for gratuity. The amount of gratuity payable on retirement/termination is the last drawn basic salary per month computed proportionately for 15 days salary for each completed year of service. The plan is funded through Gratuity Scheme administrated by Life Insurance Corporation of India and SBI Life Insurance. The company does not fully fund the liability and maintains a target level of funding to be maintained over a period of time based on estimations of expected gratuity payments.

Net employee benefit (gain) / expense (recognised in employee cost)

(Rs. in Crore)

	For the year ended March 31, 2023	For the year ended March 31, 2022
Statement of profit and loss / expenditure during construction period:		
Current service cost	0.10	0.10
Net interest expenses / (income)	0.00	0.01
	0.11	0.10
Debited / (Credited) to statement of profit and loss	0.11	0.10
Debited / (Credited) to expenditure during construction period	-	-
Other comprehensive income		
Remeasurements		
Return on plan assets (excluding amounts included in net interest expense / (income))	0.00	0.00
(Gain) / loss in changes in financial assumptions	0.04	(0.02)
Experience (gains) / losses	0.27	0.02
	0.32	0.01
Debited / (Credited) to other comprehensive income	0.32	0.01
	0.42	0.11

Balance sheet:

Net Assets/(Liability) recognised in the balance sheet

(Rs. in Crore)

	As at March 31, 2023	As at March 31, 2022
Present value defined benefit obligation	(0.96)	(0.78)
Fair value of plan assets	0.51	0.73
Deficit	(0.45)	(0.06)
Less: Effect of asset ceiling	-	-
Net liability recognised in the balance sheet	(0.45)	(0.06)

Changes in the present value of the defined benefit obligation are as follows:

(Rs. in Crore)

	As at March 31, 2023	As at March 31, 2022
Opening defined benefit obligation	0.78	0.80
Current service cost	0.10	0.10
Interest expenses	0.04	0.04
Experience (gains) / losses	0.27	0.02
(Gain) / loss in changes in financial assumptions	0.04	(0.02)
Benefits paid	(0.28)	(0.17)
Closing defined benefit obligation	0.96	0.78

Changes in the fair value of plan assets are as follows:

(Rs. in Crore)

	As at March 31, 2023	As at March 31, 2022
Opening fair value of plan assets	0.73	0.55
Interest income	0.04	0.04
Return on plan assets excess / (less) than discount rate	(0.00)	(0.00)
Benefits paid	(0.28)	(0.17)
Employer contributions	0.03	0.31
Closing fair value of plan assets	0.51	0.73

The major categories of plan assets as a percentage of the fair value of total plan assets are as follows:

	As at March 31, 2023	As at March 31, 2022
Funded with insurer	100%	100%

The details of plan assets from the insurer are not available and hence the disclosure thereof is not made.

The principal assumptions used in determining gratuity obligations for the Company's plans are shown below:

	For the year ended March 31, 2023	For the year ended March 31, 2022
Discount rate	7.10%	6.50%
Expected rate of return on assets	7.00%	7.00%
Salary escalation rate	8.50%	7.00%
Employee turnover	10.00%	10.00%

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- (i) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- (ii) The expected rate of return on plan asset is based on market expectation for the entire life of related obligation.
- (iii) The discount rate is based on the prevailing market yields of government of India securities as at the balance sheet date for the estimated term of the obligations.

(Rs. in Crore)	
	For the year ended March 31, 2023
Defined benefit obligation on base assumption as at March 31, 2023	0.96
Discount rate	7.1%
Effect of defined benefit obligation due to 0.5% increase in discount rate	(0.03)
Effect of defined benefit obligation due to 0.5% decrease in discount rate	0.03
Salary escalation rate	8.5%
Effect of defined benefit obligation due to 0.5% increase in salary escalation rate	0.03
Effect of defined benefit obligation due to 0.5% decrease in salary escalation rate	(0.03)

Risk exposure

The Gratuity scheme is a final salary defined benefit plan that provides for a lump sum payment made on exit either by way of retirement, death, disability or voluntary withdrawal. The benefits are defined on the basis of final salary and the period of service and paid as lump sum at exit. The plan design means the risks commonly affecting the liabilities and the financial results are expected to be:

(a) Interest rate risk: The defined benefit obligation calculated uses a discount rate based on government bonds. If bonds yields fall, the defined benefit obligation will tend to increase

(b) Salary inflation risk: Higher than expected increases in salary will increase the defined benefit obligation.

(c) Demographic risk: This is the risk of variability of results due to unsystematic nature of decrements that include mortality, withdrawal, disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discounts rate and vesting criteria. It is important not to overstate withdrawals because in the financial analysis the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

Description of funding arrangement and policies

The scheme is funded by way of a separate irrevocable Trust and the Company is expected to make regular contributions to the trust. The fund is managed by insurance companies and the assets are invested in their conventional group gratuity product. The fund provides a capital guarantee of the balance accumulated and declares interest periodically that is credited to the fund account. The fund manager invests the funds as per products approved by IRDA and investment guidelines as stipulated under section 101 of IT Act, the exact asset mix is unknown and not publically available.

The Trust assets managed by the fund manager are highly liquid in nature and there is no significant liquidity risks.

The weighted average duration of the defined benefit obligation is 6 years (Previous year 6 years)

The expected maturity analysis of undiscounted gratuity benefit is as follows:

		(Rs. in Crore)	
		As at March 31, 2023	As at March 31, 2022
Less than a year		0.14	0.07
Between 1 - 2 years		0.10	0.13
Between 2 - 5 years		0.42	0.38
Over 5 years		0.65	0.59
		1.30	1.16

iii. Compensated absences

The amount debited/ (credited) to statement of profit and loss is Rs.Nil and Previous year Rs.Nil

NOTE: 34

FINANCIAL INSTRUMENTS

i. The classification of each category of financial instruments and their carrying amounts are as below;

(Rs. in Crore)

	As at March 31, 2023			As at March 31, 2022		
	FVPL	FVOCI	Amortised costs	FVPL	FVOCI	Amortised costs
A. Financial assets						
Non current						
Investments						
Current						
Investments						
Trade receivables	-	-	346.73	-	-	93.52
Cash and cash equivalents	-	-	27.12	-	-	65.31
Bank balances other than cash and cash equivalents	-	-	71.17	-	-	141.01
Loans	-	-	0.18	-	-	0.24
Other financial assets	-	-	1.62	-	-	6.19
	-	-	446.82	-	-	306.27
B. Financial liabilities						
Non current						
Borrowings			1,183.98	-	-	1,281.18
Other financial liabilities						
Current						
Borrowings	-	-		-	-	
Trade payables	-	-	2.68	-	-	6.49
Current maturities of long term borrowings	-	-	96.59	-	-	95.54
Interest payable	-	-	-	-	-	-
Others	-	-	10.17	-	-	10.17
	-	-	1,293.43	-	-	1,393.38

ii. Fair value of financial assets and liabilities measured at amortised cost are as below;

	As at March 31, 2023		As at March 31, 2022	
	Carrying value	Fair value	Carrying value	Fair value
A. Financial assets				
Non current				
Investments				
Current				
Trade receivables	346.73	346.73	93.52	93.52
Cash and cash equivalents	27.12	27.12	65.31	65.31
Bank balances other than cash and cash equivalents	71.17	71.17	141.01	141.01
Loans	0.18	0.18	0.24	0.24
Other financial assets	1.62	1.62	6.19	6.19
	446.82	446.82	306.27	306.27
B. Financial liabilities				
Non current				
Borrowings	1,183.98	1,183.98	1,281.18	1,281.18
Other financial liabilities				
Current				
Borrowings				
Trade payables	2.68	2.68	6.49	6.49
Current maturities of long term borrowings	96.59	96.59	95.54	95.54
Others	10.17	10.17	10.17	10.17
	1,293.43	1,293.43	1,393.38	1,393.38

iii. Fair value hierarchy

Quantitative disclosure of fair value measurement hierarchy of financial assets and liabilities of the Company are as below;

	As at March 31, 2023			As at March 31, 2022		
	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Investments						
Trade receivables	-	-	346.73	-	-	93.52
Cash and cash equivalents	-	-	27.12	-	-	65.31
Bank balances other than cash and cash equivalents	-	-	71.17	-	-	141.01
Loans	-	-	0.18	-	-	0.24
Other financial assets	-	-	1.62	-	-	6.19
	-	-	446.82	-	-	306.27
B. Financial liabilities						
Non current						
Borrowings	-	-	1,183.98			1,281.18
Other financial liabilities						
Current						
Borrowings	-	-	-	-	-	-
Trade payables	-	-	2.68	-	-	6.49
Other financial liabilities						
Current maturities of long term borrowings	-	-	96.59	-	-	95.54
Others			10.17			10.17
	-	-	1,293.43	-	-	1,393.38

NOTE: 35

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's principal financial liabilities comprise borrowings, trade payables, capital creditors and interest payables. The main purpose of these financial liabilities is to raise finance for the Company's operations and capital expenditures. The Company has various financial assets such as trade receivables, cash and cash equivalents, bank deposits, which arise directly from its operations.

The management agrees and reviews policies for managing different type of risks associates with the nature of the business and operations of the Company. Significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 2 to the financial statements.

Interest rate risk

The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's long-term debt obligations with floating interest rates, which expose the Company to cash flow interest rate risk. (Refer Note 18).

The following table provides a breakdown of the Company's fixed and floating rate borrowings:

	(Rs. in Crore)	
	As at March 31, 2023	As at March 31, 2022
Fixed rate borrowings	-	-
Floating rate borrowings	1,280.57	1,376.72
	1,280.57	1,376.72

The following table demonstrates the sensitivity to a reasonably possible change in interest rates, being a 0.5% increase or decrease in interest rate, with all other variables held constant, of the Company's profit before tax due to the impact on floating rate borrowings.

	(Rs. in Crore)	
	For the year ended	
	March 31, 2023	March 31, 2022
Effect on profit before tax:		
PLR*- decrease by 50 bps	0.88	1.32
	0.88	1.32

* Prime Lending Rate ("PLRs") set by individual Indian banks in respect of their loans.

The impact of a 50 bps increase in interest rates on profit before tax will be as disclosed above with the exception that gains would be converted to losses.

Credit risk

Credit risk is the risk of financials loss to the Company if a counterparty to a financial instrument fails to meet it contractual obligations, and arises from trade receivable, cash and cash equivalents, bank deposits as well as credit exposures to other outstanding receivables.

The Company currently having transactions with recognised and creditworthy third parties and companies under the same management and hence credit risk is considered to be low. Cash and cash equivalents and bank deposits are held in banks with high credit ratings. In addition, receivable balances are monitored on an on-going basis.

The Company establishes an allowance for doubtful accounts that represents its estimate of incurred losses in respect of trade receivables. Trade receivables disclosed in the financial statements include amounts (see below for ageing analysis) which are past due at the reporting date but against which the Company has not recognised an allowance for doubtful receivables because there has not been a significant change in credit quality and the amounts are still considered recoverable.

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Ageing of receivables is as follows:(Refer note-9)

	As at	As at
	31-Mar-23	31-Mar-22
Less than 6 months	214.65	76.77
6 months- 1 year	113.52	6.74
1-2 yrs.	13.27	10.01
2-3 yrs.	5.29	-
	346.73	93.52

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facility) and cash and cash equivalents on the basis of expected cash flows.

The table below analyze the Company financial liabilities into relevant maturity grouping based on their contractual maturities;

(Rs. in Crore)

As at March 31, 2023	Less than 1 year	1-2 years	2-5 years	More than 5 years	Total
Borrowings (Refer note- 18)	105.14	105.14	315.42	823.47	1,349.17
Trade payables (Refer note- 20)	2.68	-	-	-	2.68
Other financial liabilities	-	-	-	-	-
	107.82	105.14	315.42	823.47	1,351.85

(Rs. in Crore)

As at March 31, 2022	Less than 1 year	1-2 years	2-5 years	More than 5 years	Total
Borrowings	105.14	105.14	315.42	929.64	1,455.34
Trade payables	6.49	-	-	-	6.49
Other financial liabilities	0.02	-	-	-	0.02
	111.65	105.14	315.42	929.64	1,461.85

The Company has no undrawn committed facilities as at March 31, 2023.

Capital management

The Company's objectives while managing capital are to safeguard its ability to continue as a going concern and to provide adequate returns for its shareholders and benefits for other stakeholders. The Company's policy is generally to optimise borrowings at an operating company level within an acceptable level of debt. Equity funding for existing operations / Capex or new acquisitions is raised centrally, first from excess cash and then from new borrowings while retaining on an acceptable level of debt as per approved financing plan.

The Company monitors capital using a gearing ratio, which is calculated as underlying net debt divided by total equity including reserves & surplus plus underlying net debt. The Company measures its underlying net debt as total debt including current maturities of long term borrowings but excluding short term facilities reduced by cash and cash equivalents and bank deposits. Total equity includes equity attributable to the equity holders of the Company.

(Rs. in Crore)

	As at	As at
	31-Mar-23	31-Mar-22
Interest-bearing loans and borrowings	1,349	1,455
Less: cash and cash equivalents	(27)	(65)
	1,322	1,390
Less:		
Other financial assets-bank deposits (excluding restricted)	-	-
	-	-
Underlying net debt	1,322	1,390
Total equity	849	742
Equity and underlying net debt	2,171	2,132
Gearing ratio	61%	65%

**NOTE: 36
SEGMENT INFORMATION**

The operations of the Company are limited to one segment, namely, transmission of electricity. All the assets and revenue earned by the Company are in India. In view of a single business and geographical segment no further disclosures as per Indian Accounting Standard - 108 (Ind AS 108) "Operating Segments" need to be made. Entire revenue from operations is from one customer only.

**NOTE: 37
RELATED PARTY DISCLOSURE**

Disclosure of related party transactions and balances as required by Indian Accounting Standard - 24 (Ind AS 24) "Related Party Disclosures" are as follows:

A. Holding Companies

- 1 Ultimate Holding Company - Essar Global Fund Limited (EGFL)
- 2 Holding Company - Essar Power Limited (EPOL)

B. Key management person :

- 1 Mr. Partha Bhattacharya- Chief Executive Officer
- 2 Mr. Kapil Singla - Chief Financial Officer
- 3 Mr. Prakash Khedekar - Company Secretary
- 4 Mr. Lav Kumar- Whole Time Director
- 5 Mrs. Shruti Verma- Whole Time Director

C. Parties with whom transactions have been entered into during the year in the ordinary course of business are:

1. Fellow Subsidiaries

- (a) Black Box Limited

2. Enterprises commonly controlled or influenced by major shareholders / directors of the Company:

- (a) Arkay Holding Limited (AHL)

NOTE: 38

DUES TO MICRO, SMALL AND MEDIUM ENTERPRISES

Micro, small and medium enterprises under the Micro, Small and Medium Enterprises Development Act, 2006 have been determined based on the information available with the Company and the required disclosures are given below:

	(Rs. in Crore)	
	As at March 31, 2023	As at March 31, 2022
a. Principal amount due to suppliers registered under the MSMED Act and remaining unpaid as at year end	0.13	1.75
b. Interest due to suppliers registered under the MSMED Act and remaining unpaid as at year end	0.03	0.01
c. Principal amounts paid to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
d. Interest paid, other than under Section 16 of MSMED Act, to suppliers registered under the MSMED Act, beyond the appointed day during the year	-	-
f. Interest due and payable towards suppliers registered under MSMED Act, for payments already made	-	-
g. Further interest remaining due and payable for earlier years	-	-

NOTE: 39

The Government has inserted a new section 115BAA in the Income-tax Act 1961 through Taxation Laws (Amendment) Ordinance, 2019. The insertion of new section 115BAA providing an option to reduce the basic corporate tax rate from 30% to 22% along with no MAT under section 115JB from assessment year 2020-21. To avail the benefit of section 115BAA company need to waive off MAT credit. Under section 115BAA no bar on set off of brought forward business loss other than one attributable to deduction in specified section.

NOTE 40

The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

NOTE 41

The Company does not have any transactions with companies struck off.

NOTE 42

The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period,

NOTE 43

The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

NOTE 44

The Company has not advanced or loaned or invested funds in any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:

- (a) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company
- (b) Provide any guarantee, security or the like to or on behalf of the ultimate beneficiaries.

NOTE 45

The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

- (a) Directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party
- (b) Provide any guarantee, security or the like on behalf of the ultimate beneficiaries.

NOTE 46

The Company has following subsidiaries

1. Essar Transco Limited – 100%
2. Gandhar Hazira Transmission Limited – 100%

NOTE 47

The lender of the company has not declared company as wilful defaulter and also company has not defaulted in loan repayment of loan to the lender.

NOTE 49

S. No.	Ratios	Numerator	Denominator	31st March-2023	31st March 2022	Percentage Variance	Explanation for any change in the ratio by more than 25% as compare to preceding year
1	Current Ratio	Current Assets	Current Liabilites	4.09	2.72	50%	Decrease in Current Liabilities
2	Debt-Equity Ratio	Total Debt	Total Equity	1.51	1.86	-19%	Debt Repayment by Rs. 105.9 Cr
3	Debt Service Coverage Ratio	Earning before interest, tax and depreciation & amortisation	Total debt	0.32	0.29	11%	Debt Repayment by Rs. 105.9 Cr
4	Return on Equity Ratio	Profit after tax	Total equity	0.14	0.04	226%	Exceptional items- Loss in FY 21-22 of 30.84 Crore
5	Inventory Turnover Ratio	Cost of goods sold	Average inventory	15.11	13.88	9%	Increase in average Stock
6	Trade Receivables Turnover Ratio	Revenue from operation	Average trade receivables	2.01	9.63	-79%	Debtors increased by Rs 256.94 crore
7	Trade Payables Turnover Ratio	Purchase of services, material and other expenses	Average trade payables	1.37	2.41	-43%	Decrease in Trade Payable
8	Net Capital Turnover Ratio	Revenue from operation	Working capital	1.28	2.17	-41%	Debtors increased by Rs 256.94 crore
9	Net Profit Ratio	Profit after tax	Revenue from operation	0.24	0.07	230%	Exceptional items- Loss in FY 21-22 of 30.84 Crore
10	Return on Capital Employed	Profit before interest and tax	Capital Employed	0.13	0.13	3%	due to Debt repayment by Rs. 105.9 Cr

NOTE 49

Adani Transmission Limited (ATL) has signed definitive agreements with Essar Power Ltd. (EPOL) and Essar Power Transmission Company Ltd.(EPTCL) on 2nd June 2022 for acquiring 100% ownership of Stage-2 transmission project owned, developed and operated by EPTCL. The Enterprise value for the transaction is INR 1,913 Crore. The proposed transaction will be executed through transaction steps which shall be subject to necessary regulatory approvals, lender and other consents. During the year, both the parties have mutually agreed to extend the Long Stop date to 31st Dec 2023. (The long stop date has not yet been formally extended)

ArcelorMittal Nippon Steel India Ltd. (AMNS) has signed definitive Agreements with Essar Power Ltd. on August 26, 2022 for acquiring 100% ownership of Stage-1 transmission project owned, developed and operated by EPTCL. The Enterprise Value for the transaction is INR USD 100 million. The proposed transaction will be executed through transaction steps which shall be subject to necessary regulatory approvals, lender, and other consents. The Long Stop date for the transaction is 24 months, automatically extended by 36 months if regulatory approval is not received in 24 months

ESSAR POWER TRANSMISSION COMPANY LIMITED
SUPPLEMENTARY UNAUDITED NOTES FORMING PART OF FINANCIAL STATEMENT AS AT AND FOR THE YEAR ENDED MARCH 31, 2023

Annexure A

Details of related party transactions and outstanding balances

(Rs. in Crore)

	Name of Company	HOLDING COMPANY	SUBSIDIARY	FELLOW SUBSIDIARY	ENTERPRISES COMMONLY CONTROLLED OR INFLUENCED BY MAJOR SHAREHOLDERS / DIRECTORS OF THE COMPANY	KEY MANAGEMENT PERSONNEL	TOTAL	HOLDING COMPANY	SUBSIDIARY	FELLOW SUBSIDIARY	FELLOW SUBSIDIARY	ENTERPRISES COMMONLY CONTROLLED OR INFLUENCED BY MAJOR SHAREHOLDERS / DIRECTORS OF THE COMPANY	KEY MANAGEMENT PERSONNEL	TOTAL	
							March 31, 2023								March 31, 2022
Transactions during the Period															
Inter corporate deposits Write-off	EPOL	-			-	-	-	31.74	-	-	-	-	-	31.74	
Trade payable Write-off	EPMPL	-			-	-	-	-	-	0.40	-	-	-	0.40	
Professional services given	Black Box LTD			1.06	-	-	1.06	-	-	0.77	-	-	-	0.77	
Investment in Subsidiary	ETL	-	0.05		-	-	0.05	-	-	-	-	-	-	-	
	GHTL	-	0.06		-	-	0.06	-	280.69	-	-	-	-	-	
Managerial Remuneration*		-			-	2.88	2.88	-	-	-	-	2.17	2.17		
Transaction during the Year	Mr. Kapil Singla					0.24	0.24							-	
	Mr. Partha Bhattacharya					0.16	0.16							-	
	Mrs. Shruti Verma					0.06	0.06							-	
							March 31, 2023								March 31, 2022
Balance as at end of the year															
Trade payable	Black Box LTD	-		0.01	-	-	0.01	-	-	0.21	-	-	-	0.21	
Investment in Subsidiary	ETL	-	0.05		-	-	0.05	-	-	-	-	-	-	-	
	GHTL	-	0.06		-	-	0.06	-	-	-	-	-	-	-	
Guarantees received **	EPOL	1,049.50			-	-	1,049.50	1,049.50	-	-	-	-	-	1,049.50	
Advances Payable	Mr. Kapil Singla					0.15	0.15							-	
	Mr. Partha Bhattacharya					0.00	0.00							-	
	Mrs. Shruti Verma					0.01	0.01							-	

*As the future liability for gratuity and leave encashment is provided on actuarial basis for the Company as a whole, the amount pertaining to key management personnel is not ascertainable and, therefore, not included.

** Guarantees received from EPOL Rs. 1049.50 Crore (Previous year Rs. 1049.50 Crore) have been disclosed for lower of guarantee amount and the facilities availed by the company.



INDEPENDENT AUDITOR'S REPORT

To the Members of ESSAR TRANSCO LIMITED

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of **ESSAR TRANSCO LIMITED** ("the Company"), which comprise the balance sheet as at March 31, 2023, and the statement of Profit and Loss, statement of changes in equity and statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2023, and its loss, changes in equity and its cash flows for the period ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Companies Act, 2013. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Companies Act, 2013 and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Information Other than the Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Directors Report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. We have nothing to report in this regard.



Responsibility of Management for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the accounting Standards specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.



- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Companies Act, 2013, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- (c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- (d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
- (e) On the basis of the written representations received from the directors as on March 31, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 from being appointed as a director in terms of Section 164(2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A".
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company does not have any pending litigations which would impact its financial position.



- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. (a) The management has represented that, to the best of its knowledge and belief, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;
(b) The management has represented, that, to the best of its knowledge and belief, no funds have been received by the company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and
(c) Based on such audit procedures that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the aforesaid representations under sub-clause (i) and (ii) of Rule 11 (e) contain any material misstatement.
- v. During the period the company has not paid or declared any dividend.

3. As required by the Companies Act (as amended) we report that the company has not paid any remuneration to any director in accordance with the provisions of under section 197 of the Act.

For N K R & CO

Chartered Accountants

Firm Registration No. 127820 W

Muthu Perumal

Partner

Membership No. 157187

UDIN: 23157187BGUHUO4789

Place: Mumbai

Date: May 08, 2023



ANNEXURE REFERRED TO IN PARAGRAPH 1 'REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS' OF OUR REPORT TO THE MEMBERS OF ESSAR TRANSCO LIMITED OF EVEN DATE FOR THE PERIOD ENDED MARCH 31, 2023

- (i) Since the company does not have property, plant and equipment and intangible assets reporting under Clauses (i) (a)(A), (i) (a)(B), (i) (b), (i) (c), (i) (d) and (i) (e) is not applicable.
- (ii) (a) Since the company does not have inventory reporting under Clause (ii) (a) is not applicable.
- (b) Since during any point of time of the period, the company has not been sanctioned working capital limits in excess of five crore rupees, in aggregate, from banks or financial institutions on the basis of security of current assets, reporting under clause ii (b) is not applicable.
- (iii) Based on the audit procedures applied by us and according to the information and explanations provided by the management, Since during the period the company has not made any investments provided any guarantee or security or granted any loans or advances in the nature of loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or any other parties, hence reporting under Clause (iii)(a), (iii)(b), (iii)(c), (iii)(d), (iii)(e), (iii)(f) is not applicable.
- (iv) In our opinion and according to the information and explanations given to us, during the period there were no transaction loans, investments, guarantees, and security, reporting under clause (iv) is not applicable.
- (v) In our opinion and according to the information and explanations given to us, during the period the company has not accepted any deposits from the public within the meaning of the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under.
- (vi) As informed to us, maintenance of cost records has not been specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013.
- (vii) (a) According to the records of the company, the company does not have undisputed statutory dues of Goods and Services Tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax and cess. Accordingly, reporting on arrears of statutory dues as at March 31, 2023 outstanding for a period of more than six months from the date they became payable is not applicable.
- (b) According to the records of the company, there are no dues of Goods and Services Tax, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess which have not been deposited on account of any dispute.
- (viii) There were no transactions which have not been recorded in the books of account that have been surrendered or disclosed as income during the period in the tax assessments under the Income Tax Act, 1961 (43 of 1961).
- (ix) As the company does not have any loans or other borrowings, the reporting under clauses (ix) (a), (ix) (b), (ix) (c), (ix) (d), (ix) (e) and (ix) (f) is not applicable.



- (x) (a) In our opinion and according to the information and explanations given to us, the company has not raised moneys by way of initial public offer or further public offer (including debt instruments) accordingly, paragraph 3(ix) of Order is not applicable.
- (b) According to the records of the company, the company has not made any preferential allotment or private placement of shares or convertible debentures (fully, partially or optionally convertible) during the period under review.
- (xi) (a) Based upon the audit procedures performed and information and explanations given by the management, we report that no fraud by the company or any fraud on the company has been noticed or reported during the course of our audit.
- (b) No report under sub-section (12) of section 143 of the Companies Act has been filed by the auditors in Form ADT-4 as prescribed under rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government;
- (c) According to the information and explanations given to us, whistle-blower complaints have not been received by the company during the period.
- (xii) Since the company is a not Nidhi Company, reporting under Clause (xii) is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, there are no transactions with the related parties or no balances outstanding due to / from the related parties and accordingly, reporting under Clause (xiii) is not applicable.
- (xiv) In view of the company being unlisted public limited company having paid up capital of less than fifty crore rupees or turnover of less than rupees two hundred crore during the preceding financial period or outstanding borrowings from banks / financial institutions of less than one hundred crore rupees at any time during the preceding financial year or outstanding deposits of twenty five crore rupees at any time during the preceding financial year, hence clause (xiv) is not applicable.
- (xv) According to the records of the company and in our opinion and according to the information and explanations given to us, the company has not entered into any non-cash transactions with directors or persons connected with him and accordingly, compliance with the provisions of section 192 of Companies Act, 2013 does not arise.
- (xvi) (a) In our opinion and according to the information and explanations given to us, the company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly clauses (xvi) (b), (xvi) (c) and (xvi) (d) are not applicable.
- (xvii) According to the records of the company, the company has not incurred cash losses in the financial period and not incurred cash losses in the immediately preceding financial year;
- (xviii) According to the records of the company, there has not been any resignation of the statutory auditors during the year and accordingly the reporting under clause 3(xviii) is not applicable for the year under audit.



(xix) On the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans, we are of the opinion that no material uncertainty exists as on the date of the audit report that company is capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one period from the balance sheet date;

(xx) In view of non-applicability of section 135 of the Companies Act to the company reporting under clauses xx (a) and xx (b) are not applicable.

For N K R & CO
Chartered Accountants
Firm Registration No. 127820 W

Muthu Perumal
Partner
Membership No. 157187
UDIN: 23157187BGUH04789
Place: Mumbai
Date: May 08, 2023



ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE STANDALONE FINANCIAL STATEMENTS OF ESSAR TRANSCO LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of ESSAR TRANSCO LIMITED ("the Company") as of March 31, 2023 in conjunction with our audit of the standalone Financial Statements of the Company for the period ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by the Institute of Chartered Accountants of India and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Financial Statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2023, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For N K R & CO

Chartered Accountants

Firm Registration No. 127820 W

Muthu Perumal

Partner

Membership No. 157187

UDIN: 23157187BGUHUO4789

Place: Mumbai

Date: May 08, 2023



ESSAR TRANSCO LIMITED

Balance Sheet as at March 31, 2023

(Amounts in ₹ Lakhs) except otherwise stated specifically - '0' denotes amounts less than ₹1 Lakhs)

Particulars	Notes	As at
		March 31, 2023
		₹ in Lakhs
I ASSETS		
Current assets		
(a) Financial assets		
(i) Cash and cash equivalents	3	5.00
(ii) Other financial assets		-
Total current assets		5.00
Total Assets		5.00
II EQUITY AND LIABILITIES		
Equity		
(a) Equity share capital	4	5.00
(b) Other equity	5	(0.67)
Total equity		4.33
Liabilities		
Current liabilities		
(a) Financial liabilities		
(i) Trade payables	6	0.30
(ii) Other financial liabilities	7	0.38
Total current liabilities		0.67
Total equity and liabilities		5.00

The accompanying notes are an integral part of these financial statements

As per our report of even date

For N K R & CO
Chartered Accountants



Muthu Perumal

Partner

Place: Mumbai
Date: 8th May, 2023

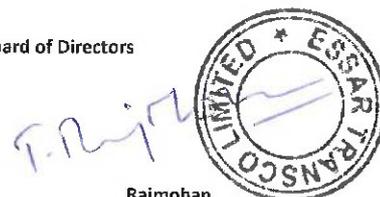


For and on behalf of the Board of Directors



KAPIL SINGLA

Director
DIN : 08147088
Place: Mumbai
Date: 8th May, 2023



**Rajmohan
Thirunavukarasu**

Director
DIN: 07949704
Place: Mumbai
Date: 8th May, 2023

ESSAR TRANSCO LIMITED

Statement of Profit and Loss for the period For the period ended March 31, 2023

(Amounts in ₹ Lakhs) except otherwise stated specifically - '0' denotes amounts less than ₹1 Lakhs)

Particulars	Notes	For the period from December 20, 2022 to March 31, 2023
		₹ in Lakhs
I Revenue from operations		-
Total Income		-
II Expenses :		
Other expenses	8	0.67
Total Expense		0.67
III Loss for the year / period (I-II)		(0.67)
IV Total other comprehensive income		-
V Total comprehensive loss for the year / period		(0.67)
VI Earnings per equity share:	9	
(1) Basic (in ₹)		(1.35)
(2) Diluted (in ₹)		(1.35)

As per our report of even date

For N K R & CO
Chartered Accountants


Muthu Perumal

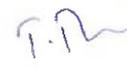
Partner

Place: Mumbai
Date: 8th May, 2023

For and on behalf of the Board of Directors



KAPIL SINGLA

Director
DIN : 08147088
Place: Mumbai
Date: 8th May, 2023

Rajmohan
Thirunavukarasu
Director
DIN: 07949704
Place: Mumbai
Date: 8th May, 2023

ESSAR TRANSCO LIMITED**Cash Flow Statement for the period ended March 31, 2023**

(Amounts in ₹ Lakhs) except otherwise stated specifically - '0' denotes amounts less than ₹1 Lakhs)

Particulars	(Rs in lakhs)
	For the period from December 20, 2022 to March 31, 2023
	₹ in Lakhs
CASH FLOW FROM OPERATING ACTIVITIES	
loss before tax	(0.67)
Operating loss before working capital changes	(0.67)
Movement in working capital	
Increase / (decrease) in payables and other financial liabilities	0.67
Net cash used in operating activities (I)	-
CASH FLOW FROM FINANCING ACTIVITIES	
Proceeds from issue of equity shares	5.00
Net cash generated from financing activities (III)	5.00
Net Increase / (decrease) in cash and cash equivalents	5.00
Cash and cash equivalents at the beginning of the year / period	-
Cash and Cash equivalents at the end of the year / period	5.00

Note:

The Cash Flow Statement has been prepared under the Indirect method as set out in Ind AS 7 on Cash Flow Statements notified under

As per our report of even date**For NKR & CO**

Chartered Accountants


Muthu Perumal
Partner

Place: Mumbai

Date: 8th May, 2023

**For and on behalf of the Board of Directors**

KAPIL SINGLA

Director

DIN : 08147088

Place : Mumbai

Date: 8th May, 2023

**Rajmohan Thirunavukarasu**

Director

DIN: 07949704

Place : Mumbai

Date: 8th May, 2023

ESSAR TRANSCO LIMITED**Statement of Changes in Equity for the period ended March 31, 2023**

(Amounts in (₹ Lakhs) except otherwise stated specifically - '0' denotes amounts less than ₹1 Lakhs)

A. Equity share capital

	For the period ended on March 31, 2023
	₹ in Lakhs
As at the beginning of the year / period	5.00
Changes in equity share capital	-
As at the end of the year / period	5.00

B. Other equity

	For the period ended on March 31, 2023
	Reserve & Surplus (Retained Earnings)
	₹ in Lakhs
As at the beginning of the year / period	-
Loss for the year / period	(0.67)
Other comprehensive income for the year / period	-
Total comprehensive income for the year / period	(0.67)
As at the end of the year / period	(0.67)

As per our report of even date

For N K R & CO

Chartered Accountants


Muthu Perumal
Partner

Place: Mumbai

Date: 8th May, 2023



For and on behalf of the Board of Directors


KAPIL SINGLA

Director

DIN : 08147088

Place: Mumbai

Date: 8th May, 2023

**Rajmohan**

Thirunavukarasu

Director

DIN: 07949704

Place: Mumbai

Date: 8th May, 2023

ESSAR TRANSCO LIMITED

Notes forming part of the financial statements for the period ended March 31, 2023

(Amounts in ₹ Lakhs) except otherwise stated specifically - '0' denotes amounts less than ₹1 Lakhs)

1 CORPORATE INFORMATION

ESSAR TRANSCO LIMITED ("the Company") is an unlisted public limited company incorporated on December 20, 2022 to enter into and conduct or carry on the business to plan, promote and develop an integrated and efficient power transmission system network in all its aspects including planning, investigation, research, design and engineering, preparation of preliminary, feasibility and definite project reports, construction, operation and maintenance of transmission lines, sub-stations, communication facilities and appurtenant works, co-ordination of integrated operation of such transmission systems with the grid system, providing consultancy services in power systems field, execution of turn-key jobs for other utilities / organisations, wheeling of power, purchase and sale of power in accordance with the policies, guidelines and objectives laid down by the Central Government from time to time.

2 SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

Compliance with Indian Accounting Standards (Ind AS)

The financial statements of the Company have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under section 133 of Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provision of the Act.

2.2 Significant accounting judgements, estimates and assumptions

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

The Company prepared its financial statements based on assumptions and estimates on parameters available at that time. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising that are beyond the control of the Company. Such changes are reflected in the assumptions when they occur.

Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the DCF model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

2.3 Foreign currency transactions

(i) Functional and presentation currency

The Company's financial statements are presented in INR, which is also the Company's functional currency.

(ii) Transaction and balances

Transactions in foreign currencies are initially recorded at their respective functional currency spot rates at the date the transaction first qualifies for recognition. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date. Differences arising on settlement or translation of monetary items are recognised in profit or loss.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in OCI or profit or loss are also recognised in OCI or profit or loss, respectively).

2.4 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duties collected on behalf of the government.



ESSAR TRANSCO LIMITED

Notes forming part of the financial statements for the period ended March 31, 2023

(Amounts in ₹ Lakhs) except otherwise stated specifically - '0' denotes amounts less than ₹1 Lakhs)

2.5 Income tax

The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses.

The current income tax charges is calculated on the basis of the tax laws enacted at the end of the reporting period in India. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred income tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Current and deferred tax is recognised in profit and loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively

2.6 Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Company has a present legal or constructive obligation, as a result of past events, and it is probable that an outflow of resources, that can reliably be estimated, will be required to settle such an obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows to net present value using an appropriate pre-tax discount rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability. Unwinding of the discount is recognised in the statement of profit and loss as a finance cost. Provisions are reviewed at each balance sheet date and are adjusted to reflect the current best estimate.

Contingent liabilities are not recognised but disclosed where the existence of an obligation will only be confirmed by future events or where the amount of the obligation cannot be measured reliably. Contingent assets are not recognised, but are disclosed where an inflow of economic benefits is probable.

2.7 Financial instruments

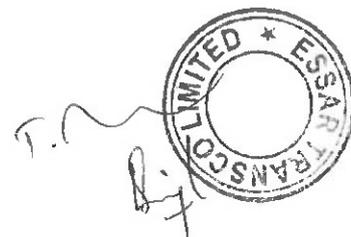
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit and loss.

Subsequent measurement of debt instruments depends on the Company's business model for managing the assets and the cash flow characteristics of the assets. There are three measurement categories into which the Company classifies its debt instruments;

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payment of principal and interest (SPPI) are measured at amortised cost. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in other income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.



ESSAR TRANSCO LIMITED

Notes forming part of the financial statements for the period ended March 31, 2023

(Amounts in (₹ Lakhs) except otherwise stated specifically - '0' denotes amounts less than ₹1 Lakhs)

Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the assets, where the assets' cash flows represent solely payment of principal and interest (SPPI), are measured at fair value through other comprehensive income. Fair value movements are recognised in the other comprehensive income, except for the recognition of impairment gains or losses, interest income and foreign exchange gain and losses which are recognised in profit and loss. When the financial assets is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in other income using the effective interest rate method.

Fair value through profit and loss (FVPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. Debt instruments included within the FVPL category are measured at fair value with all changes recognized in the statement in profit and loss. Interest income from these financial assets is included in other income using the effective interest rate method.

All equity investments in scope of Ind-AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVPL. For all other equity instruments, the Company may classify the same either as at FVOCI or FVPL. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

Equity instruments which are classified as FVOCI, all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to profit and loss, even on sale of investment. However, the company may transfer the cumulative gain or loss within equity. Equity instruments included within the FVPL category are measured at fair value with all changes recognised in the profit or loss.

Impairment of financial assets

The Company assesses on a forward looking basis the expected credit losses associated with its assets carried at amortised cost and FVOCI debt instruments. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Company applies the 'simplified approach' for recognition of impairment loss allowance on trade receivables. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognise impairment loss allowance based on Lifetime Expected Credit Losses" (ECL) at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events on a financial instrument that are possible within 12 months after the reporting date. ECL is the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the entity expects to receive (i.e., all cash shortfalls), discounted at the original EIR. When estimating the cash flows, an entity is required to consider:

- All contractual terms of the financial instrument (including prepayment, extension, call and similar options) over the expected life of the financial instrument. However, in rare cases when the expected life of the financial instrument cannot be estimated reliably, then the entity is required to use the remaining contractual term of the financial instrument.
- Cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms

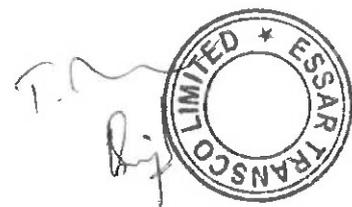
ECL impairment loss allowance (or reversal) recognized during the period is recognized as income/ expense in the statement of profit or loss. This amount is reflected in a separate line in the profit or loss as an impairment gain or loss.

(ii) Financial liabilities

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and trade and payables, net of directly attributable transaction costs. The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss:

Financial liabilities at fair value through profit or loss include financial liabilities designated upon initial recognition as at fair value through profit or loss. For liabilities designated as FVPL, fair value gains/ losses attributable to changes in own credit risk are recognized in OCI. These gains/ loss are not subsequently transferred to profit or loss. However, the Company may transfer the cumulative gain or loss within equity. All other changes in fair value of such liability are recognised in the statement of profit or loss.



ESSAR TRANSCO LIMITED

Notes forming part of the financial statements for the period ended March 31, 2023

(Amounts in (₹ Lakhs) except otherwise stated specifically - '0' denotes amounts less than ₹1 Lakhs)

Financial liabilities at amortized cost

Financial liabilities classified and measured at amortised such as loans and borrowings, trade and other payable are initially recognized at fair value, net of transaction cost incurred. After initial recognition, financial liabilities are subsequently measured at amortised cost using the Effective interest rate (EIR) method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

De-recognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

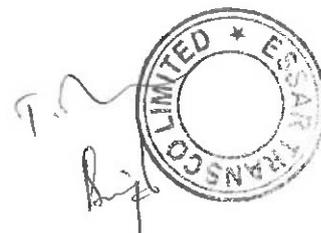
2.8 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, short-term deposits with banks with original maturity of less than three months and short-term highly liquid investments, that are readily convertible into cash and which are subject to insignificant risk of changes in the principal amount. Bank overdrafts, which are repayable on demand and form an integral part of the operations are included in cash and cash equivalents.

2.9 Earnings per share

Basic earnings per share are computed by dividing the profit / (loss) by the weighted average number of equity shares outstanding during the year. Earnings considered in ascertaining the Company's earnings per share are the profit / (loss) for the year after deducting preference dividends and attributable taxes attributable to equity shareholders. The weighted average number of equity shares outstanding during the year and for all years presented is adjusted for events, such as bonus shares, other than the conversion of potential equity shares that have changed the number of equity shares outstanding, without a corresponding change in resources.

For the purpose of calculating diluted earnings per share, the profit / (loss) for the year are adjusted for the effects of changes in income, expenses, tax and dividends that would have occurred had the dilutive potential equity shares been converted into equity shares. Such adjustments after taking account of tax include preference dividends or other items related to convertible preference shares, interest on convertible debt and any other changes in income or expense that would result from the conversion of dilutive potential ordinary shares. The weighted average number of shares outstanding during the year is adjusted for the effects of all dilutive potential equity shares.



ESSAR TRANSCO LIMITED

Notes forming part of the financial statements for the period ended March 31, 2023

(Amounts in ₹ Lakhs) except otherwise stated specifically - '0' denotes amounts less than ₹1 Lakhs)

3 Cash and cash equivalents

Particulars	As at March 31, 2023	
	₹ in Lakhs	
Balances with banks - current accounts		5.00
Total		5.00

4 Equity share capital

Particulars	As at March 31, 2023	
	₹ in Lakhs	
Authorised share capital		
50,000 Equity Shares of Rs.10 each		5.00
Total		5.00
Issued, subscribed and fully paid-up		
50,000 Equity Shares of Rs.10 each		5.00
Total		5.00

Notes:-

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period :

Equity shares	As at March 31, 2023	
	Nos	₹ in Lakhs
At the beginning of the period	50,000	5.00
Change during the period	-	-
Outstanding at the end of the period	50,000	5.00

(b) Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity share having a par value of Rs. 10 per equity share. Each Equity shareholder is eligible for one vote per share held. The dividend as and when proposed by the Board of Directors shall be subject to the approval of the shareholders in the ensuing Annual General Meeting, except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

(c) Details of shareholders holding more than 5% shares and shares held by holding company

Equity shares	As at March 31, 2023	
	Nos	% held
Essar Power Transmission Company Limited, the holding company (together with nominees)	50,000	100.00

(d) Promoters Shareholding

Shares held by the promoters at the end of the year Promoter's Name	As at March 31, 2023	
	No. of shares	% of total shares
Essar Power Transmission Company Limited, the holding company	50,000	100%

5 Other equity

Particulars	As at March 31, 2023	
	₹ in Lakhs	
Surplus in Statement of Profit and Loss		
Balance at the beginning of the year / period		0.00
Profit / (Loss) for the year / period		(0.67)
Closing Balance		(0.67)
Total		(0.67)



ESSAR TRANSCO LIMITED

Notes forming part of the financial statements for the period ended March 31, 2023

(Amounts in ₹ Lakhs) except otherwise stated specifically - '0' denotes amounts less than ₹1 Lakhs)

6 Trade payables

Particulars	As at March 31, 2023
	₹ in Lakhs
Trade payables	
Total outstanding dues of micro enterprises and small enterprises	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	0.30
Total	0.30
Note:	
Ageing schedule of Trade Payables	
Undisputed - Others outstanding for the period less than 1 year	-
Undisputed - Others outstanding for the period 1-2 year	-
Unbilled dues	0.30
Total	0.30

The average credit period on purchases of certain goods and services is 30 to 90 days. No interest is charged on the trade payables. The Company has financial risk management policies in place to ensure that all payables are paid within the pre-agreed credit terms.

Dues payable to Micro and Small Enterprises:

There is no amount due to Micro, Small and Medium Enterprises as defined under "The Micro, Small and Medium Enterprise Development Act, 2006". The information has been determined to the extent such parties have been identified on the basis of information available with the Company

7 Other financial liabilities

Particulars	(Rs. in lakhs) As at March 31, 2023
	₹ in Lakhs
Payable for expenses incurred on behalf of companies	0.03
Other payables	0.35
Total	0.38

8 Other expenses

Particulars	For the period from December 20, 2022 to March 31, 2023
	₹ in Lakhs
Incorporation Expenses	0.03
Professional fees	0.35
Audit fees	0.30
Total	0.67



ESSAR TRANSCO LIMITED

Notes forming part of the financial statements for the period ended March 31, 2023

(Amounts in ₹ Lakhs) except otherwise stated specifically - '0' denotes amounts less than ₹1 Lakhs)

9 EARNINGS PER SHARE (EPS)

Particulars	For the period ended March 31, 2023
Loss after tax as per statement of profit and loss (in Rupees)	(0.67)
Weighted average number of equity shares outstanding during the year / period for the calculation of Basic EPS	50,000
Basic EPS (in Rupees)	(1.35)
Loss after tax attributable to equity shareholders adjusted for the effect of dilution (Rs. in Lakhs)	(0.67)
Weighted average number of equity shares outstanding during the year / period for the calculation of Diluted EPS	50,000
Diluted EPS (in Rupees)	(1.35)
Nominal value per share (in Rupees)	10

10 Financial Instruments :

1 Categories of financial instruments

Particulars	As at March 31, 2023	
	Carrying amount	Fair values
	₹ in Lakhs	₹ in Lakhs
Financial assets		
Measured at amortised cost		
Cash and cash equivalents	5.00	5.00
Total financial assets carried at amortised cost (A)	5.00	5.00
Financial liabilities		
Measured at amortised cost		
Trade payables	0.30	0.30
Other financial liabilities	0.38	0.38
Financial liabilities measured at amortised cost	0.67	0.67

2 Financial risk management objectives

The Company's Corporate finance department monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyse the exposures by degree and magnitude of risks. These risks include market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

3 Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

Cash and bank balances

The credit risk on liquid funds and other bank deposits is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Loans

The Company's corporate treasury function manages the financial risks related to the business. The treasury function focuses on capital protection, liquidity and yield maximisation.

4 Liquidity risk management

Liquidity risk refers to the risk of financial distress or extraordinary high financing costs arising due to shortage of liquid funds in a situation where business conditions unexpectedly deteriorate and requiring financing. Ultimate responsibility for liquidity risk management rests with the board of directors. The Company manages liquidity risk by maintaining reserves and banking facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The following tables detail the Company's remaining contractual maturity for its financial liabilities with agreed repayment periods and its financial assets. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Particulars	As at March 31, 2023		
	< 1year	1-5 years	> 5 years
Financial assets			
Cash and cash equivalents	5.00	-	-
Total financial assets	5.00	-	-
Financial liabilities			
Trade payables	0.30	-	-
Other financial liabilities	0.38	-	-
Total financial liabilities	0.67	-	-



ESSAR POWER TRANSMISSION COMPANY LIMITED:**PRE-SCHEME SHAREHOLDING PATTERN:**

Authorised Share Capital	Amount (INR)
1,50,00,00,000 equity shares of INR 10 each	15,00,00,00,000
50,00,00,00,000 preference shares of INR 10 each	5,00,00,00,000
Total	20,00,00,00,000
Issued, Subscribed and Paid-up Share Capital	Amount (INR)
59,70,36,000 equity shares of INR 10 each held by Essar Power Limited along with nominee shareholders	5,97,03,60,000
Total	5,97,03,60,000

POST-SCHEME SHAREHOLDING PATTERN:

Authorised Share Capital	Amount (INR)
75,00,00,00,000 equity shares of INR 10 each	750,00,00,00,000
25,00,00,00,000 preference shares of INR 10 each	250,00,00,00,000
Total	1000,00,00,000
Issued, Subscribed and Paid-up Share Capital	Amount (INR)
59,70,36,000 equity shares of INR 10 each held by Essar Power Limited along with nominee shareholders	5,97,03,60,000
Total	5,97,03,60,000

ESSAR TRANSO LIMITED:**PRE-SCHEME SHAREHOLDING PATTERN:**

Authorised Share Capital	Amount (INR)
50,000 equity shares of INR 10 each	5,00,000
Total	5,00,000
Issued, Subscribed and Paid-up Share Capital	Amount (INR)
50,000 equity shares of INR 10 each held by Essar Power Transmission Company Limited along with nominee shareholders	5,00,000
Total	5,00,000

POST-SCHEME SHAREHOLDING PATTERN:

Authorised Share Capital	Amount (INR)
50,00,50,00,000 equity shares of INR 10 each	500,05,00,00,000
50,00,00,00,000 preference shares of INR 10 each	500,00,00,00,000
Total	1000,05,00,00,000
Issued, Subscribed and Paid-up Share Capital	Amount (INR)
50,000 Equity Shares of INR 10 each held by Essar Power Transmission Company Limited along with nominee shareholders	5,00,000
44,77,77,000 CCCPS of INR 10 each held by Essar Power Limited	447,77,70,000
Total	447,82,70,000

ESSAR TRANSCO LIMITED

Notes forming part of the financial statements for the period ended March 31, 2023

(Amounts in ₹ Lakhs) except otherwise stated specifically - '0' denotes amounts less than ₹1 Lakhs)

11. Related party disclosure

A. Related Parties where control exists:

Holding Companies

Essar Global Fund Limited, Cayman Island, (ultimate holding company)

Essar Energy Limited (Intermediate Holding)

Essar Power Transmission Company Limited (immediate holding company)

B. Transactions with related parties are as follows:

	₹ in Lakhs
	March 31, 2023
Issue of shares	
Essar Power Transmission Company Limited	5.00

12 Disclosure of ratios applicable to company

Ratio	Numerator	Denominator	Year ended March 31, 2023	% Variance	Reason for Variance
Current Ratio	Current Assets	Current Liabilities	7.43	-	
Return on Equity	Net Profit After Taxes	Average Shareholders' Equity	(0.16)	-	Due to increase in expense
Trade Payables Turnover Ratio	Other Expenses	Average Trade Payables	2.28	-	
Return on Capital Employed	Earnings Before Taxes	Capital Employed	(0.16)	-	Due to increase in expense

13 This being first financial year of the company, comparative figures for previous period are not given..

For N K R & CO

Chartered Accountant



Muthu Perumal

Partner

Place: Mumbai

Date: 8th May, 2023



For and on behalf of the Board of Directors



KAPIL SINGLA

Director

DIN : 08147088

Place : Mumbai

Date: 8th May, 2023




Rajmohan Thirunavukarasu

Director

DIN: 07949704

Place : Mumbai

Date: 8th May, 2023

MINISTRY OF CORPORATE AFFAIRS
ACKNOWLEDGEMENT

SRN : F62438551

Service Request Date : 12/07/2023

Received From :

Name : POWER SEC

Address : Essar House,
11 K. K, Marg, Mahalaxmi
Mumbai, Maharashtra
IN - 400034

Entity on whose behalf money is paid

CIN: U99999MP2005PLC052837

Name : ESSAR POWER TRANSMISSION COMPANY LIMITED

Address : ESSAR POWER M P LIMITED, POWER PLANT, VILLAGE BANDHAURA, P
OST KARSUALAL NA
SINGRAULI, Madhya Pradesh
India - 486886

Full Particulars of Remittance

Service Type: eFiling

Service Description

Fee For Form GNL-1

Note: The defects or incompleteness in any respect in this eForm as noticed shall be placed on the Ministry's website (www.mca.gov.in). In case the eForm is marked as RSUB or PUCL, please resubmit the eForm or file Form GNL-4(Addendum), respectively. Please track the status of your transaction at all times till it is finally disposed off. (Please refer Rule 10 of the Companies (Registration offices and Fees) Rules, 2014) It is compulsory to file Form GNL-4 (Addendum) electronically within the due date whenever the document is put under PUCL, failing which the system will treat the document as invalid and will not be taken on record in accordance with Rule 10(4) of the Companies (Registration offices and Fees) Rules, 2014

FORM NO. GNL-1

[Pursuant to rule 12(2) of the Companies
(Registration offices and Fees) Rules,2014]



Form for filing an application with
Registrar of Companies

Form language English Hindi

Note - All fields marked in * are to be mandatorily filled.

1. * Category of applicant
2. * Name of office of the registrar of Companies (RoC) to which application is being made
3. (a) Corporate identity number (CIN) or foreign company registration number (FCRN) of the company or **RUN** reference number (Service request number (SRN) of **RUN**)
- (b) Global location number (GLN) of company
4. (a) Name of the company
- (b) Address of the registered office or of the principal place of business in India of the Company
- (c) e-mail ID of the company

5. Details of applicant (in case category is others)

- (a) Name
- (b) Address Line I
Line II
- (c) City
- (d) State
- (e) ISO country code
- (f) Country
- (g) Pin code
- (h) e-mail ID

6. * Application filed for

- Compounding of offences
- Extension of period of annual general meeting by three months
- Scheme of arrangement, amalgamation
- Others

7. If Others, then specify

8. *Details of application

Application is wrt Scheme of Arrangement us 230 to 232 & other applicable provisions of the Companies Act, 2013 amongst Essar Power Transmission Company Limited (Demerged Company), Essar Transco Limited (Resulting Company) & their respective shareholders, for proposed demerger of Demerged Company Stage I Transmission business into the Resulting Company. The Demerged Company had filed a first motion petition bearing CA (CAA)/3(MP)2023 with the NCLT Indore, which was pleased to allow the Petition vide order dated 6/7/23

9. In case of application for compounding of offences, provide the following details

(a) Whether application for compounding offence is filed in respect of

Company Director Manager or Secretary or CEO or CFO Other

(b) Number of person(s) for whom the application is being filed

(c) Details of person(s) for whom the application is being filed

(i)	Category	<input style="width: 95%;" type="text"/>	Director identification number (DIN) or income-tax permanent account number (income-tax PAN) or passport number	<input style="width: 95%;" type="text"/>	<input type="button" value="Pre-fill"/>
Name <input style="width: 95%;" type="text"/>					
(ii)	Category	<input style="width: 95%;" type="text"/>	DIN or income-tax PAN or passport number	<input style="width: 95%;" type="text"/>	<input type="button" value="Pre-fill"/>
Name <input style="width: 95%;" type="text"/>					
(iii)	Category	<input style="width: 95%;" type="text"/>	DIN or income-tax PAN or passport number	<input style="width: 95%;" type="text"/>	<input type="button" value="Pre-fill"/>
Name <input style="width: 95%;" type="text"/>					
(iv)	Category	<input style="width: 95%;" type="text"/>	DIN or income-tax PAN or passport number	<input style="width: 95%;" type="text"/>	<input type="button" value="Pre-fill"/>
Name <input style="width: 95%;" type="text"/>					
(v)	Category	<input style="width: 95%;" type="text"/>	DIN or income-tax PAN or passport number	<input style="width: 95%;" type="text"/>	<input type="button" value="Pre-fill"/>
Name <input style="width: 95%;" type="text"/>					
(vi)	Category	<input style="width: 95%;" type="text"/>	DIN or income-tax PAN or passport number	<input style="width: 95%;" type="text"/>	<input type="button" value="Pre-fill"/>
Name <input style="width: 95%;" type="text"/>					
(vii)	Category	<input style="width: 95%;" type="text"/>	DIN or income-tax PAN or passport number	<input style="width: 95%;" type="text"/>	<input type="button" value="Pre-fill"/>
Name <input style="width: 95%;" type="text"/>					
(viii)	Category	<input style="width: 95%;" type="text"/>	DIN or income-tax PAN or passport number	<input style="width: 95%;" type="text"/>	<input type="button" value="Pre-fill"/>
Name <input style="width: 95%;" type="text"/>					

(d) Whether application is being filed

Suo-motu In pursuance to notice received from RoC or any other competent authority

(e) Notice number and date of notice

(f) Section for which application is being filed

(g) Brief particulars as to how the default has been made good

10. In case of application is made for extension of period of an AGM, mention financial (DD/MM/YYYY)
year end date in respect of which the application is being filed

11.(a) Service request number of Form MGT-14

(b) Date of passing special or ordinary resolution (DD/MM/YYYY)

(c) Date of filing form MGT-14 (DD/MM/YYYY)

12. Total amount of stamp duty paid or stamp paper

Attachments

List of attachments

- 1. Board Resolution
- 2. Scheme of arrangement, amalgamation
- 3. *Detailed application
- 4. Copy of notice received from RoC or any other competent authority
- 5. Other attachments - if any

Attach

Attach

Attach

Attach

Attach

EPTCL_Application for Demerger.pdf
 EPTCL BR for Demerger.pdf
 EPTCL_CTC of NCLT Order.pdf

Remove Attachment

Verification

To the best of my knowledge and belief, the information given in this application and its attachments is correct and complete.

- I have been authorised by the Board of directors' resolution number dated (DD/MM/YYYY) to sign and submit this application.
- I am duly authorised to sign and submit this form.

To be Digitally signed by

Managing Director or director or manager or secretary or CEO or CFO (in case of an Indian company or an authorised representative (in case of a foreign company) or other)



Designation

DIN of the director or Managing Director or; income-tax PAN of the manager or authorised representative; or CEO or CFO Membership number

Certificate by practicing professional

I declare that I have been duly engaged for the purpose of certification of this form. It is hereby certified that I have gone through the provisions of the Companies Act, 2013 and rules thereunder for the subject matter of this form and matters incidental thereto and I have verified the above particulars (including attachment(s)) from the original/certified records maintained by the Company/ applicant which is subject matter of this form and found them to be true, correct and complete and no information material to this form has been suppressed. I further certify that:

- i. The said records have been properly prepared, signed by the required officers of the Company and maintained as per the relevant provisions of the Companies Act, 2013 and were found to be in order ;
- ii. All the required attachments have been completely and legibly attached to this form

To be digitally signed by

- Chartered accountant (in whole-time practice) or Cost accountant (in whole-time practice) or
- Company secretary (in whole-time practice)

Whether associate or fellow Associate Fellow

Membership number

Certificate of practice number

Note: Attention is also drawn to provisions of Section 447, section 448 and 449 of the Companies Act, 2013 which provide for punishment for fraud, punishment for false statement and punishment for false evidence respectively

Modify Check Form Prescrutiny Submit

For office use only:

eForm Service request number (SRN) eForm filing date (DD/MM/YYYY)

Digital signature of the authorising officer

This e-Form is hereby approved

This e-Form is hereby rejected

Confirm submission

Date of signing (DD/MM/YYYY)

FORM OF PROXY

Name of the Secured Creditor(s)	
Registered Address	
Email ID	

I/We _____ the undersigned being the Secured Creditor/s of Essar Power Transmission Company Limited ("**Demerged Company**"), do hereby appoint Mr./Mrs. _____ of _____ and failing him/her _____ of _____ as my/our proxy, to act for me/us at the National Company Law Tribunal convened meeting of Secured Creditors to be held at 21, Feroz Gandhi Road, Lajpat Nagar Phase III, Opposite Apollo Pharmacy, New Delhi-110024 on Wednesday, 16th day of August, 2023 at 11:30 A.M. for the purpose of considering and, if thought fit, voting on the following resolution as my/our proxy may approve.

Sr. No.	Particulars	For**	Against**
1	Approval for the scheme of arrangement between the Demerged Company and Essar Transco Limited (" Resulting Company ") and their respective shareholders, pursuant to the provisions of Sections 230-232 of the Companies Act, 2013 (" Act ") (the " Scheme ").		

Affix 1/- Revenue Stamp

*Strike out what is not necessary

(Signature across the Stamp)

Dated this _____ day of _____ 2023

Signature of Secured Creditor(s) _____

Signature of Proxy(s) _____

Notes:

- (1) Please affix Revenue Stamp before putting Signature.
- (2) All alterations made in the Form of Proxy should be initiated.
- (3) The Proxy must be deposited at the Registered Office of the Company at Essar Power M P Limited, Power Plant, Village Bandhaura, Post Karsualal Singrauli, Madhya Pradesh 486886 or received by email at powersec@essarpower.co.in, not later than 48 hours before the aforesaid Meeting i.e., 16th August, 2023 [11:30 AM].
- (4) In case of multiple proxies, the proxy later in the time shall be accepted.
- (5) Proxy need not be a member.
- (6) **This is only optional, please put a 'X' in the appropriate column against the resolutions indicated in the Box. If you leave the 'For' or 'Against' column blank against any or all the resolutions, your Proxy will be entitled to vote in the manner as he/she thinks appropriate.

ATTENDANCE SLIP

I/We, _____ hereby record my/our presence at the Tribunal convened meeting of the Secured Creditors of Essar Power Transmission Company Limited having its Registered Office at Essar Power MP Limited, Power Plant, Village Bandhaura, Post Karsulal Singrauli, Madhya Pradesh – 486886 convened pursuant to an Order dated 6th day of July 2023 of the National Company Law Tribunal, Indore Bench, at 21, Feroz Gandhi Road, Lajpat Nagar Phase III, Opposite Apollo Pharmacy, New Delhi-110024, on Wednesday, the 16th day of August, 2023 at 11:30 A.M.

Name & Address of the Secured Creditor

Name of the Authorized Representative / Proxy Holder

Signature of the Secured Creditor

Signature of the Proxy Holder / Authorized Representative

Notes:

Secured Creditors attending the meeting in Person or by Proxy or through Authorized Representative are requested to complete and bring the Attendance Slip with them and hand it over at the Meeting Hall.

Route Map of the Venue:

