

**SCHEME OF ARRANGEMENT
BETWEEN
REC TRANSMISSION PROJECTS COMPANY LIMITED
(TRANSFEROR COMPANY)
AND
REC POWER DISTRIBUTION COMPANY LIMITED
(TRANSFeree COMPANY)
AND
THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**

**FOR AMALGAMATION OF
REC TRANSMISSION PROJECTS COMPANY LIMITED
(TRANSFEROR COMPANY)
WITH
REC POWER DISTRIBUTION COMPANY LIMITED
(TRANSFeree COMPANY)
UNDER SECTION 230 - 232 OF THE COMPANIES ACT, 2013**



Parts of the Scheme:

1. **Part I** – This part of Scheme contains Definitions, Capital Structure of the Transferor Company and Transferee Company.
2. **Part II** – This part of Scheme deals with Amalgamation of the Transferor Company with the Transferee Company in accordance with Section 230 - 232 of the Companies Act, 2013.
3. **Part III** - This part of Scheme deals with the Accounting Methodology adopted for the Amalgamation.
4. **Part IV** - This part of Scheme contains other terms and conditions applicable to the Scheme.



**SCHEME OF ARRANGEMENT
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AND
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(TRANSFeree COMPANY)
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THEIR RESPECTIVE SHAREHOLDERS AND CREDITORS**

PREAMBLE

A. An overview of Scheme of Arrangement

- This Scheme of Arrangement is presented under the provisions of Section 230 - 232 of the Companies Act, 2013 and applicable Rules of Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 for amalgamation of REC Transmission Projects Company Limited ('Transferor Company') with REC Power Distribution Company Limited ('Transferee Company').
- The Transferor Company as well as the Transferee Company are wholly owned subsidiaries of REC Limited [Formerly Rural Electrification Corporation Limited ('REC')], a 'Navratna' Central Public Sector Enterprise, under the Administrative Control of Ministry of Power, Government of India. Hence, in terms of Section 2(45) of the Companies Act, 2013, both Transferor and Transferee Companies are 'Government Companies'.
- This Scheme deals with the details of process of amalgamation, transfer and vesting of assets and liabilities, consideration, accounting treatment and also provides for various other matters consequential or otherwise integrally connected herewith.

B. Background and Description of Companies

1. **REC Transmission Projects Company Limited or RECTPCL or Transferor Company** bearing CIN U40101DL2007GOI157558 was incorporated on January 8, 2007 in accordance with the provisions of the Companies Act, 1956. The registered office of the Transferor Company is situated at Core-4, SCOPE Complex 7, Lodhi Road New Delhi - 110003.

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

subsidiaries as on date –

- 1★ Dinchang Transmission Limited,
- 2★ Chandil Transmission Limited,
- 3★ Koderma Transmission Limited,



4. Dumka Transmission Limited,
5. Mandar Transmission Limited,
6. Kallam Transmission Limited,
7. Gadag Transmission Limited,
8. Fatehgarh Bhadla Transco Limited,
9. Rajgarh Transmission Limited,
10. Bidar Transmission Limited,
11. Ramgarh New Transmission Limited, and
12. Sikar New Transmission Limited.

Further, the Board of Directors of REC Limited, in its Meeting held on June 17, 2020 has also accorded approval for incorporation of two Project Specific Special Purpose Vehicles (SPVs), as Wholly Owned Subsidiary Companies of REC Transmission Projects Company Limited for development of intra-state transmission work in Madhya Pradesh, through Tariff Based Competitive Bidding, allocated by Government of Madhya Pradesh.

The Transferor Company is also engaged inter-alia in the business to promote, organize or carry on the consultancy services and/or project implementation in any field relating to Transmission, Distribution, Generation and Smart Grid etc. in India or abroad.

2. **REC Power Distribution Company Limited or RECPDCL or Transferee Company** bearing CIN U40101DL2007GOI165779 was incorporated on July 12, 2007 in accordance with the provisions of Companies Act, 1956. The registered office of the Transferee Company is situated at Core 4, SCOPE Complex, 7, Lodhi Road New Delhi 110003.

The Transferee Company is also Wholly Owned Subsidiary of REC. It focusses on facilitating the power utilities in the areas of their operation, specifically related to the Power Distribution sector, by providing expertise to capitalize on the emerging needs and demands of Power Sector. Its core business includes preparation of Detailed Project Report, Third Party Inspection, Material Inspection & Project Management Consultancy services, Project Implementation under R-APDRP Part-A scheme and Enhancement of Energy Efficiency mission.

C. OBJECTS AND RATIONALE FOR THE SCHEME

- The proposed amalgamation of RECPDCL and RECTPCL will help in reaping the benefits of higher capital base and pooled resources, resulting in greater integration, financial strength and flexibility of the merged entity, which will help in improving the competitive position of the combined entity.
- The merged entity will be in better position for leveraging the benefits of a higher net worth, for tapping diverse business opportunities and the proposed amalgamation will also place the entity in a strategic position for providing end-to-end solutions in the Transmission & Distribution



- The amalgamation will lead to synergies of operations and will help the merged entity in reaping the economies of scale, improving organizational capability to enable the entity to compete in an increasingly competitive industry.
- Cost savings are expected to flow from more focused operational efforts, rationalization, standardization and simplification of business processes and elimination of duplication and rationalization of administrative expenses.
- Greater access by the amalgamated company to different market segments in the conduct of its business.
- Greater efficiency in management of the merged entity and deployment of funds for organic and inorganic growth opportunities, to maximize shareholder value.
- The amalgamation will contribute in furthering and fulfilling the objectives and business strategies of both the companies thereby accelerating growth, expansion and development of the respective businesses through the Transferee Company. The amalgamation will thus enable further expansion of the Transferee Company and provide a strong and focused base to undertake the business more advantageously. Further, this arrangement would bring concentrated management focus, integration, streamlining of the management structure, seamless implementation of policy changes and shall also help enhance the efficiency and control of the Transferor Companies and Transferee Company.
- The synergies created by scheme of arrangement would increase operational efficiency and integrate business functions.

- D. With the above objective and rationale in view, it is considered desirable and expedient to amalgamate Transferor Company with Transferee Company in accordance with this Scheme, pursuant to Section 230 read with Section 232 and other relevant provisions of the Companies Act, 2013 and applicable Rules of Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 read with Ministry of Corporate Affairs Notification No. G.S.R. 582 (E), Dated 13th June, 2017.
- E. The amalgamation of the Transferor Company with the Transferee Company, pursuant to and in accordance with this Scheme, under Sections 230 – 232 and other relevant provisions of the Companies Act, 2013, shall take place with effect from the Appointed Date and shall be in compliance with Section 2(1B) of the Income Tax Act, 1961.



PART-I
GENERAL PROVISIONS



1. Definitions

In this Scheme, unless repugnant to the subject or context or meaning thereof, the following expressions shall have the same meanings as set out herein below:

- 1.1. **“Act”**: means the Companies Act, 2013, or the Companies Act, 1956 (to the extent applicable) and will include any statutory modifications, re-enactments or amendments thereof.

- 1.2. **“Appointed Date”**: means April 1, 2020, the date with effect from which this scheme shall come into effect or such other date(s) as may be fixed or approved by the Central Government or Tribunal or any other competent authority.
- 1.3. **“Board” or “Board of Directors”**: in relation to the Transferor Company and Transferee Company, as the case may be, means the board of directors of such company, and shall include a committee of directors, if any constituted or appointed and authorized to take any decision for the implementation of this scheme on behalf of such Board of Directors.
- 1.4. **“Effective Date”**: means the date on which the certified copy of the order(s) of the Ministry of Corporate Affairs under Sections 230 - 232 of the Act sanctioning the Scheme, is filed with the Registrar of Companies.
- Any references in this Scheme to the words *“upon the Scheme becoming effective”* or *“effectiveness of this Scheme”* or *“date of coming into effect of the Scheme”* or *“Scheme coming into effect”* shall mean the Effective Date.
- 1.5. **“Equity Share(s)”** means the equity shares of the Transferor Company or Transferee Company, as the case may be.
- 1.6. **“Government Company”** has the meaning ascribed to such term in section 2(45) of the Companies Act, 2013.
- 1.7. **“IT Act”** means the Income Tax Act, 1961 and any other statutory modifications, amendments, restatements or re-enactments thereof, from time to time and to the extent in force.
- 1.8. **“Law” or “Applicable Law”** includes all applicable statutes, enactments, acts of legislature or Parliament, laws, ordinances, rules, bye-laws, regulations, notifications, guidelines, policies, directions, directives and orders of any government, statutory authority, Tribunal, Board, Court of India or any other country or jurisdiction as applicable.
- 1.9. **“MCA”** means the Ministry of Corporate Affairs, Government of India.
- 1.10. **“MCA Notification”** means Ministry of Corporate Affairs Notification No. G.S.R. 582 (E), Dated 13th June, 2017 in which the word “Tribunal”, wherever it occurs, the words “Central Government” shall be substituted in Chapter XV, sections 230 to 232 of the Companies Act, 2013.
- 1.11. **“Official Liquidator” or “OL”**: means Official Liquidator having jurisdiction over the Transferor Company and Transferee Company.
- 1.12. **“REC”** means REC Limited (Formerly Rural Electrification Corporation Limited) (CIN: L40101DL1969GOI005095), being holding Company of “RECTPCL” and “RECPDCL”.



- 1.14. **“Registrar of Companies” or “RoC”:** means the Registrar of Companies at NCT of Delhi and Haryana at New Delhi.
- 1.15. **“Rules”:** means the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016.
- 1.16. **“Scheme” or “Scheme of Amalgamation”:** means this Scheme of Arrangement for Amalgamation of Transferor Company with Transferee Company under Sections 230 -232 of the Companies Act, 2013 as approved by the Board of Directors of both the Companies in its present form and with any modifications and amendment, if any as may be made from time to time and with appropriate approvals of Ministry of Power and subject to sanction of the Ministry of Corporate Affairs and other relevant regulatory authorities as may be required under Companies Act, 2013 and all other applicable laws.

2. Date of Effect and Operative Date

The Scheme setout herein in its present form or with any modification(s), if any made as per Clause 3 of Part-IV of this Scheme shall be effective from the Appointed Date but shall come into force from the Effective Date.

3. CAPITAL STRUCTURE:

The Capital Structure of Transferee Company and Transferor Company as on March 31, 2020 and immediately before implementation of the scheme are as under:

- 3.1. **REC Transmission Projects Company Limited:** As on March 31, 2020, the share capital of the Transferor Company was as under:

Particulars	Amount (Rs.)
Authorized Share Capital	
50,000 Equity Shares of Rs. 10/- each	5,00,000.00
Issued, Subscribed and Paid-Up Share Capital	
50,000 Equity Shares of Rs. 10/- each	5,00,000.00
TOTAL	5,00,000.00

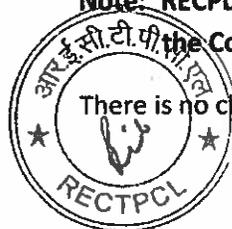
Note: RECTPCL is a closely held company and the entire issued, subscribed and paid-up capital of the Company is held by REC and its nominees.

There is no change in the capital structure of the Transferor Company after the above Date.

- 3.2. **REC Power Distribution Company Limited:** As on March 31, 2020, the share capital of the Transferee Company was as under:

Particulars	Amount (Rs.)
Authorized Share Capital	
20,000,000 Equity Shares of Rs. 10/- each	200,000,000.00
Issued, Subscribed and Paid-Up Share Capital	
50,000 Equity Shares of Rs. 10/- each	5,00,000.00
TOTAL	5,00,000.00

Note: RECPDCL is a closely held company and the entire issued, subscribed and paid-up capital of the Company is held by REC and its nominees.



There is no change in the capital structure of the Transferee Company after the above date.



PART-II
AMALGAMATION, TRANSFER & VESTING OF UNDERTAKING

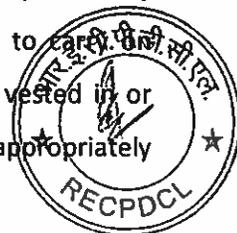
1. With effect from the Appointed Date and upon the Scheme becoming effective, the entire business and the whole of the undertaking(s), properties, assets and liabilities of Transferor Company shall, in terms of Section 230 and 232 of Companies Act, 2013 and other applicable Rules, and pursuant to the orders of the Ministry of Corporate Affairs (Central Government) or other appropriate authority or forum, if any, sanctioning the Scheme, without any further act, instrument, deed, matter or thing, stand transferred and vested in and/ or deemed to be transferred to and vested in Transferee Company as a going concern so as to become the undertaking(s), properties and liabilities of Transferee Company.
2. With effect from the Appointed Date and upon the Scheme becoming effective, the entire business and undertakings of Transferor Company shall stand transferred to and be vested in Transferee Company without any further deed or act, together with all their properties, assets, rights, benefits and interest therein, subject to existing charges thereon in favour of banks and financial institutions, as the case may be, in the manner detailed herein below:

3. TRANSFER OF ASSETS

- 3.1 With effect from the Appointed Date and upon the Scheme becoming effective, all licenses, franchises, rights, privileges, permits, quotas, rights, entitlements, allotments, approvals, consents, concessions, trade mark licenses including application for registration of trade mark, patents, copyrights and their right to use available to the Transferor Company as on the Appointed Date or any other date which may be taken after the Appointed Date but till the Effective Date, shall get transferred to the Transferee Company without any further instrument, deed or act or payment of any further fee, charge or securities.
- 3.2 With effect from the Appointed Date and upon the Scheme becoming effective, all Certificate of Registrations as available with Transferor Company as on the Appointed Date or any other date which may be taken by the Transferor Company after the Appointed Date but till the Effective Date shall get transferred to Transferee Company without any further instrument, deed or act or payment of any further fee, charge or securities.
- 3.3 With effect from the Appointed Date and upon the Scheme becoming effective, all the assets of the Transferor Company as are movable in nature including, sundry debtors, outstanding loans and advances, insurance claims, advance tax, Minimum Alternate Tax (MAT) set-off rights, pre-paid taxes, levies/liabilities, CENVAT/VAT credits, Goods and Services Tax (GST) credits if any, recoverable in cash or in kind or for value to be received, bank balances and deposits, if any, with Government, Semi-Government, local and other authorities and bodies, customers and other persons or any other assets otherwise capable of transfer by physical delivery, would get transferred by physical delivery only and all others assets would get transferred by endorsement and delivery, by vesting and recordable pursuant to this Scheme, shall stand vested in Transferee Company, and shall become the property and an integral part of Transferee Company without any further instrument, deed or act or payment of any further fee, charge or securities.



- 3.4 With effect from the Appointed Date and upon the Scheme becoming effective, all incorporeal properties of Transferor Company as on Appointed Date or any investment which may be taken after the Appointed Date but till the Effective Date, shall get transferred to Transferee Company without any further instrument, deed or act or payment of any further fee, charge or securities.
- 3.5 With effect from the Appointed Date and upon the Scheme becoming effective, all investment in subsidiaries, Special Purpose Vehicles, Joint Ventures of Transferor Company as on Appointed Date or any investment which may be made after the Appointed Date but till the Effective Date, shall get transferred to Transferee Company without any further instrument, deed or act or payment of any further fee, charge or securities. Further, upon Scheme becoming effective all Subsidiaries of "RECTPCL" shall be subsidiaries of "RECPDCL".
- 3.6 With effect from the Appointed Date and upon the Scheme becoming effective, all immovable properties including but not limited to land and buildings or any other immovable properties of Transferor Company, whether freehold or leasehold, and any documents of title, rights and easements in relation thereto shall stand transferred to and be vested in Transferee Company, without any further instrument, deed or act or payment of any further fee, charge or securities either by the Transferor Company or Transferee Company.
- 3.7 With effect from the Appointed Date, Transferee Company shall be entitled to exercise all rights and privileges and be liable to pay ground rent, taxes and fulfill obligations, in relation to or applicable to such immovable properties. The mutation/substitution of the title to the immovable properties shall be made and duly recorded in the name of Transferee Company by the appropriate authorities pursuant to the sanction of the Scheme by the Ministry of Corporate Affairs (Central Government) and the Scheme becoming effective in accordance with the terms hereof.
- 3.8 With effect from the Appointed Date and upon the Scheme becoming effective, all contracts, deeds, bonds, agreements, schemes, arrangements and other instruments of whatsoever nature in relation to Transferor Company to which the Transferor Company is a party or to the benefit of which Transferor Company may be eligible, and which are subsisting or having effect immediately before the Effective Date, shall be in full force and effect against or in favour of Transferee Company and may be enforced as fully and effectually as if, instead of Transferor Company, Transferee Company had been a party or beneficiary or obligee thereto.
- 3.9 With effect from the Appointed Date and upon the Scheme becoming effective, all permits, quotas, rights, entitlements, licenses including those relating to trademarks, tenancies, patents, copyrights, privileges, software, powers, facilities of every kind and description of whatsoever nature in relation to Transferor Company to which Transferor Company is a party or to the benefit of which Transferor Company may be eligible and which are subsisting or having effect immediately before the effective date, shall be enforceable as fully and effectually as if, instead of Transferor Company, Transferee Company had been a party or beneficiary or obligee thereto.
- 3.10 With effect from the Appointed Date and upon the Scheme becoming effective, any statutory licenses, no-objection certificates, permissions or approvals or consents required to carry out operations of Transferor Company or granted to Transferor Company shall stand vested in or transferred to Transferee Company without further act or deed, and shall be appropriately



transferred or assigned by the statutory authorities concerned therewith in favor of Transferee Company upon the vesting of Transferor Company Businesses and Undertakings pursuant to this Scheme. The benefit of all statutory and regulatory permissions, licenses, approvals and consents including the statutory licenses, permissions or approvals or consents required to carry on the operations of Transferor Company shall vest in and become available to Transferee Company pursuant to this scheme.

3.11 With effect from the Appointed Date and upon the Scheme becoming effective, all motor vehicles of any description whatsoever of Transferor Company shall stand transferred to and be vested in the Transferee Company, and the appropriate Governmental and Registration Authorities shall substitute the name of Transferee Company in place of Transferor Company, without any further instrument, deed or act or any further payment of fee, charge or securities.

4. TRANSFER OF LIABILITIES

4.1 With effect from the Appointed Date and upon the Scheme becoming effective, all debts, liabilities, contingent liabilities, duties and obligations, secured or unsecured, whether provided for or not in the books of accounts or disclosed in the balance sheets of Transferor Company, shall be deemed to be the debts, liabilities, contingent liabilities, duties and obligations of Transferee Company.

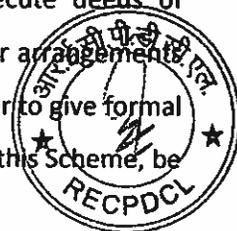
4.2 Without prejudice to the generality of the provisions contained herein, all loans raised after the Appointed Date but till the Effective Date and liabilities incurred by Transferor Company after the Appointed Date but till the Effective Date for their operations shall be deemed to be of Transferee Company.

4.3 The transfer and vesting of the entire business and undertaking of Transferor Company as aforesaid, shall be subject to the existing securities, charges and mortgages, if any, subsisting, over or in respect of the property and assets or any part thereof of Transferor Company, as the case may be.

Provided that the securities, charges and mortgages (if any subsisting) over and in respect of the part thereof, of Transferee Company shall continue with respect to such assets or part thereof and this Scheme shall not operate to enlarge such securities, charges or mortgages to the end and intent that such securities, charge and mortgage shall not extend or be deemed to extend, to any of the other assets of Transferor Company vested in Transferee Company pursuant to the Scheme.

Provided always that this Scheme shall not operate to enlarge the security for any loan, deposit or facility created by Transferor Company which shall vest in Transferee Company by virtue of the amalgamation of Transferor Company with Transferee Company and Transferee Company shall not be obliged to create any further or additional security therefor, after the amalgamation has become operative.

4.4 Transferee Company will, 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, execute deeds of confirmation or other writings or arrangements with any party to any contract or arrangement in relation to Transferor Company to which Transferor Company is a party, in order to give formal effect to the above provisions. Transferee Company shall, under the provisions of this Scheme, be



deemed to be authorized to execute any such writings on behalf of Transferor Company and to carry out or perform all such formalities or compliances referred to above on part of Transferor Company.

- 4.5 Loans or other obligations, if any, due either between Transferee Company and Transferor Company shall stand discharged and there shall be no liability in that behalf. In so far as any securities, debentures or notes issued by the Transferor Company and held by the Transferee Company and vice versa are concerned, the same shall, unless sold or transferred by holder of such securities, at any time prior to the Effective Date, stand cancelled and shall have no further effect.

5. LEGAL PROCEEDINGS

- 5.1 With effect from the Appointed Date, Transferee Company shall bear the burden and the benefits of any legal or other proceedings initiated by or against Transferor Company.

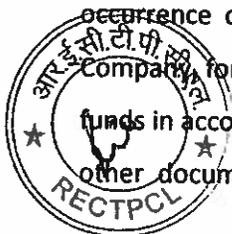
Provided however, all legal, administrative and other proceedings of whatsoever nature by or against Transferor Company pending in any court or before any authority, judicial, quasi judicial or administrative, any adjudicating authority and/or arising after the Appointed Date and relating to Transferor Company or its respective properties, assets, liabilities, duties and obligations shall be continued and/or enforced until the Effective Date by or against Transferor Company; and from the Effective Date, shall be continued and enforced by or against Transferee Company in the same manner and to the same extent as would or might have been continued and enforced by or against Transferor Company.

- 5.2 If any suit, appeal or other proceedings of whatever nature by or against Transferor Company be pending, the same shall not abate, be discontinued or in any way be prejudicially affected by reason of the transfer of the Transferor Company's businesses and undertakings or of anything contained in this scheme but the proceedings may be continued, prosecuted and enforced by or against Transferee Company in the same manner and to the same extent as it would or might have been continued, prosecuted and enforced by or against Transferor Company as if this Scheme had not been made.

6. EMPLOYEE MATTERS

- 6.1 Upon the scheme become Effective, all persons that were employed by Transferor Company immediately before such date shall become employees of Transferee Company with the benefit of continuity of service on same terms and conditions as were applicable to such employees of Transferor Company immediately prior to such transfer and without any break or interruption of service. Transferee Company undertakes to continue to abide by agreement/settlement, if any, entered into by Transferor Company with any union/employee thereof.

- 6.2 With regard to Provident Fund, Gratuity Fund, Superannuation fund or any other special fund or obligation created or existing for the benefit of such employees of Transferor Company upon occurrence of the Effective Date, Transferee Company shall stand substituted for Transferor Company for all purposes whatsoever relating to the obligation to make contributions to the said funds in accordance with the provisions of such schemes or funds in the respective trust deeds or other documents. The existing Provident Fund, Gratuity Fund and Superannuation Fund or



obligations, if any, created by Transferor Company for their employees shall be continued for the benefit of such employees on the same terms and conditions.

- 6.3 With effect from the Effective Date, Transferee Company will make the necessary contributions for such transferred employees of Transferor Company and deposit the same in Provident Fund, Gratuity Fund or Superannuation Fund or other obligations, wherever applicable. It is the aim and intent of the Scheme that all the rights, duties, powers and obligations of the Transferor Company in relation to such schemes or funds shall become the rights, duties, powers and obligations of the Transferee Company.

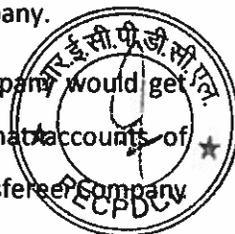
7. TAXATION AND OTHER MATTERS

- 7.1 With effect from the Appointed Date, all the profits or income accruing or arising to Transferor Company, and all expenditure or losses arising or incurred by Transferor Company shall, for all purposes, be treated (including all taxes, if any, paid or accruing in respect of any profits and income) and be deemed to be and accrue as the profits or income or as the case may be, expenditure or losses (including taxes) of Transferee Company. Moreover, Transferee Company shall be entitled to revise its statutory returns relating to indirect taxes like sales tax/ service tax/excise, etc. and to claim refund/credits and/or set off all amounts under the relevant laws towards the transactions entered into by Transferee Company and Transferor Company which may occur between the Appointed Date and the Effective Date. The rights to make such revisions in the sales tax returns and to claim refunds/credits are expressly reserved in favour of Transferee Company.

- 7.2 Upon the Scheme becoming effective, the Transferor Company and the Transferee Company shall be entitled, wherever necessary and pursuant to the provisions of this Scheme, to file or revise their financial statements, tax returns, tax deduction at source certificates, tax deduction at source returns, and other statutory returns, and shall have the right to claim refunds, advance tax credits, credit for Minimum Alternate Tax, carry forward of losses and unabsorbed depreciation, deductions, tax holiday benefits, deductions or any other credits and / or set off of all amounts paid by the Transferor Company or the Transferee Company under the relevant laws relating to Income Tax, Value Added Tax, Service Tax, Central Sales Tax, Goods and Services Tax or any other tax, as may be required consequent to the implementation of the Scheme.

- 7.3 Transferee Company shall be entitled to revise its all statutory returns relating to Direct taxes like Income Tax and Wealth Tax and to claim refunds/advance tax credits and/or set off the tax liabilities of Transferor Company under the relevant laws and its rights to make such revisions in the statutory returns and to claim refunds, advance tax credits and/or set off the tax liabilities is expressly granted.

- 7.4 It is expressly clarified that with effect from the Appointed Date, all taxes payable by Transferor Company including all or any refunds of the claims/TDS Certificates shall be treated as the tax liability or refunds/claims/TDS Certificates as the case may be of Transferee Company.



From the Effective Date and till such time as the name of the Transferee Company would get entered as the account holder in respect of all the bank accounts and demat accounts of Transferor Company in the relevant bank's/DP's books and records, the Transferee Company

shall be entitled to operate the bank/demat accounts of Transferor Company in their existing names.

- 7.6 Since each of the permissions, approvals, consents, sanctions, remissions, special reservations, incentives, concessions and other authorizations of Transferor Company shall stand transferred by the order of the Ministry of Corporate Affairs to Transferee Company, Transferee Company shall file the relevant intimations, for the record of the statutory authorities who shall take them on file, pursuant to the vesting orders of the sanctioning Ministry of Corporate Affairs.

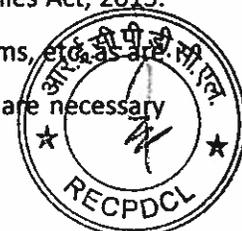
8. CONDUCT OF BUSINESS

I. With effect from the Appointed Date and till the Scheme come into effect:

- a. Transferor Company shall be deemed to carry on all their businesses and activities and stand possessed of their properties and assets for and on account of and in trust for Transferee Company; and all the profits accruing to Transferor Company and all taxes thereon or gains or losses arising or incurred by them shall, for all purposes, be treated as and deemed to be the profits or losses, as the case may be, of Transferee Company.
- b. Transferor Company shall carry on their businesses with reasonable diligence and in the same manner as they had been doing hitherto, and Transferor Company shall not alter or substantially expand their businesses except with the concurrence of Transferee Company.
- c. Transferor Company shall not, without the written concurrence of Transferee Company, alienate charge or encumber any of their properties except in the ordinary course of business or pursuant to any pre-existing obligation undertaken prior to the date of acceptance of the Scheme by the Board of Directors of Transferee Company, as the case may be.
- d. Transferor Company shall not vary or alter, except in the ordinary course of their business or pursuant to any pre-existing obligation undertaken prior to the date of acceptance of the Scheme by the Board of Directors of Transferee Company the terms and conditions of employment of any of its employees, nor shall it conclude settlement with any union or its employees except with the written concurrence of Transferee Company.
- e. With effect from the Appointed Date, all debts, liabilities, duties and obligations of Transferor Company as on the close of business on the date preceding the Appointed Date, whether or not provided in their books and all liabilities which arise or accrue on or after the Appointed Date shall be deemed to be the debts, liabilities, duties and obligations of Transferee Company.

- II. For the purpose of giving effect to the vesting order passed under Sections 230 - 232 of the Companies Act, 2013 in respect of this Scheme by the Ministry of Corporate Affairs, Transferee Company shall, at any time pursuant to the orders on this Scheme, be entitled to get the record of the change in the legal right(s) upon the vesting of the Transferor Company businesses and undertakings in accordance with the provisions of Section 230 - 232 of the Companies Act, 2013.

Transferee Company shall be authorized to execute any pleadings; applications, forms, etc. as are required to remove any difficulties and carry out any formalities or compliance as are necessary for the implementation of this Scheme.



PART-III
CONSIDERATION & ACCOUNTING TREATMENT

1. CONSIDERATION

- 1.1.1. Upon this Scheme coming into effect and upon transfer and vesting of the business and undertaking of Transferor Company in Transferee Company, the consideration in respect of such transfer shall, subject to the provisions of the Scheme, be paid and satisfied by Transferee Company as follows:
- 1.1.2. Transferee Company, without further application, act or deed, shall issue and allot the sole beneficial shareholder of 'Transferor Company' i.e. REC, in the ratio of 71 Equity Shares of Rs. 10.00 (Rupees Ten) each Fully Paid-up in lieu of every 100 equity shares of Rs. 10.00 (Rupees Ten) each Fully Paid-up in Transferor Company.
- 1.1.3. Since, REC is the sole beneficial shareholder in "RECTPCL" and other shareholders are nominee shareholders who holds one share each on behalf of REC in "RECTPCL", hence no share shall be issued to the nominee shareholders of "REC" in "RECTPCL", pursuant to this scheme of Arrangement.
- 1.1.4. For arriving out at the consideration in the form of share entitlement as outlined above, the companies have considered the Valuation Report submitted by an independent firm of Valuers viz. Corporate Professionals Valuation Services Private Limited (IBBI Registration Number IBBI/RV-E/02/2020/106).
- 1.1.5. Any fraction arising out of allotment of equity shares as per clause 1.1.1 above shall be rounded off to the nearest whole number.
- 1.1.6. The said equity shares in the capital of Transferee Company be issued to the shareholder of Transferor Company shall rank *pari passu* in all respects, with the existing equity shares in Transferee Company. Such shares in Transferee Company, to be issued to the shareholder of Transferor Company will, for all purposes, save as expressly provided otherwise, be deemed to have been held by each such member from the Appointed Date.
- 1.1.7. Upon the Scheme becoming effective and subject to the above provisions, the shareholder of Transferor Company as on the effective date shall receive new share certificates. Upon the issue and allotment of new shares in the capital of Transferee Company to the shareholders of Transferor Company, the share certificates in relation to the shares held by them in Transferor Company shall be deemed to have been cancelled. Certificates for the new shares in the capital of Transferee Company shall be sent by Transferee Company to the shareholder of Transferor Company at its registered addresses as appearing in the register of members. The Shareholder of the Transferor Company, if so desired, shall be entitled to take the new share in dematerialized form in place of physical share certificate.
- 1.1.8. Upon coming into effect of this Scheme, the shares or the share certificates of the Transferor Company in relation to the shares held by its members shall, without any further application, act, instrument or deed, be deemed to have been automatically cancelled and be of no effect on and from the Effective Date without any necessity of them being surrendered.



2. INCREASE IN AUTHORIZED SHARE CAPITAL AND AMENDMENT TO MEMORANDUM AND ARTICLES OF ASSOCIATION OF THE TRANSFEREE COMPANY

2.1. Upon the Scheme becoming effective, the Authorized Share Capital of the Transferor Company shall be deemed to be added to the Authorized Share Capital of the Transferee Company without any further act, deed or procedure, formalities or payment of any stamp duty and registration fees. The Face Value of equity shares shall remain same as of the Transferee Company after increase of the Authorized Capital.

2.2. Upon coming into effect of the Scheme, Clause V of the Memorandum of Association of the Transferee Company shall without any further act, deed or instrument be substituted as follows:

The Authorised Share Capital of the Company is Rs. 20,05,00,000/- divided into 2,00,50,000 equity shares of Rs. 10/- (Rupees Ten Only) each.

2.3. Upon coming into effect of the Scheme, Article 5 of the Articles of Association of the Transferee Company shall without any further act, deed or instrument be substituted as follows:

"The Authorized Share Capital of the Company shall be such amount and be divided into such shares as may, from time to time, be provided in Clause V of the Memorandum of Association with power to increase or reduce the capital and divide the shares in the capital of the Company for the time being into Equity Share Capital and Preference Share Capital and to attach thereto respectively any preferential, qualified or special rights including as to voting, privileges or conditions as may be determined in accordance with these presents and to modify or abrogate any such rights, privileges or conditions in such manner as may for the time being be permitted by the Act and Rules thereunder".

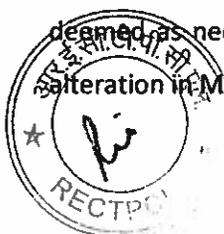
2.4. On approval of the Scheme by the members of Transferee Company pursuant to Section 230- 232 of the Companies Act, it shall be deemed that the said members have also accorded all relevant consents under Sections 13, 14, 61 and other applicable provisions of Companies Act, 2013 as may be applicable for the purpose of amendment of the Memorandum & Articles of Association of the Transferee Company as above. It is clarified that there will be no need to pass a separate shareholders' resolution as required under Sections 13, 14 and 61 of the Companies Act, 2013 for amendment of the Memorandum & Articles of Association of the Transferee Company.

3. CHANGE IN OBJECTS CLAUSE OF MEMORANDUM OF ASSOCIATION OF TRANSFEREE COMPANY

3.1. With effect from effective date, without any further acts or deeds on the part of the Transferee Company, the Main Objects of the Transferor Company, shall be added to the existing Main objects of Transferee Company.

3.2. With effect from effective date, without any further acts or deeds on the part of the Transferee Company, the Ancillary and Other Objects of the Transferor Company, shall be added to the existing Ancillary and Other Objects of the Transferee Company.

3.3. On approval of the Scheme pursuant to Section 230 - 232 of the Companies Act, 2013, it shall be deemed as necessary compliances under Section 13 and 14 of the Companies Act, 2013 for the alteration in Memorandum of Association of Transferee Company.



4. ACCOUNTING TREATMENT FOR AMALGAMATION

- 4.1. Upon the coming into effect of this Scheme, the amalgamation of the Transferor Company with the Transferee Company shall be accounted for as per the "Accounting Standard 14: Accounting for Amalgamations" as prescribed in the Companies (Accounting Standards) Rules, 2006 issued by the Ministry of Corporate Affairs or the "Indian Accounting Standard (Ind AS) 103 for Business Combination" prescribed under Section 133 of the Companies Act, 2013, as notified under the Companies (Indian Accounting Standard) Rules, 2015, (if applicable), as may be amended from time to time.
- 4.2. The Transferee Company shall record all the assets and liabilities, including Reserves of the Transferor Company vested in it pursuant to this Scheme, at their respective book values as appearing in the books of the Transferor Company on the Appointed Date. The difference between the assets and liabilities (including Reserves) and the consideration paid in accordance with the Para 1 herein above shall be adjusted in General Reserves of the Transferee Company.
- 4.3. If at the time of amalgamation, the Transferor Company and the Transferee Company have conflicting accounting policies, a uniform accounting policy shall be adopted by the Transferee Company following the amalgamation. The effect on the financial statements of any change in accounting policies shall be reported in accordance with applicable Accounting Standard 5, 'Prior Period and Extraordinary Items and changes in accounting policies'.
- 4.4. The loans and advance or payables or receivables of any kind, held *inter-se*, if any between the Transferor Company and the Transferee Company, as appearing in its respective books of accounts shall stand discharged on Effective Date.

5. Saving of Concluded Transactions

The transfer of properties and liabilities and the continuance of proceedings by or against Transferor Company as envisaged in above shall not affect any transaction or proceedings already concluded by Transferee Company on or before the Appointed Date and after the Appointed Date till the Effective Date, to the end and intent that Transferor Company accept and adopts all acts, deeds and things done and executed by Transferee Company in respect thereto as done and executed by Transferee Company in respect thereto as done and executed on behalf of itself.

6. Dissolution of Transferor Company

On occurrence of the Effective Date, Transferor Company shall, without any further act or deed, shall stand dissolved without winding up.



PART - IV
OTHER PROVISIONS

1. Application To Ministry of Corporate Affairs :

- 1.1 In terms of Ministry of Corporate Affairs Notification No. G.S.R. 582 (E), Dated 13th June, 2017 issued in term of Section 462 of the Companies Act, 2013 read with Rule 3(1) of the Government of India (Allocation of Business) Rules, 1961 Ministry Of Corporate Affairs('MCA') has exclusive jurisdiction under the provisions of Companies Act, 2013 with respect of "Government Companies". Since both the Transferor Company and Transferee Company are government companies, MCA has the jurisdiction to hear, consider and sanction this scheme.
- 1.2 Upon this scheme being approved by the requisite majority of the shareholders and creditors of the Transferor Company and Transferee Company, the Transferor Company and Transferee Company shall with all reasonable dispatch, file application before the MCA for sanction of this scheme under section 230 -232 and other applicable provisions of the Companies Act, 2013, and for such other order or orders, as the MCA may deem fit for sanctioning the / giving effect to this scheme. Upon this scheme becoming effective, the shareholders and creditors of both the Transferor Company and Transferee Company, shall be deemed to have also accorded their approval under all the relevant provisions of the Companies Act, 2013, for giving effect to the provisions contained in this Scheme.

2. Conditionality of Scheme:

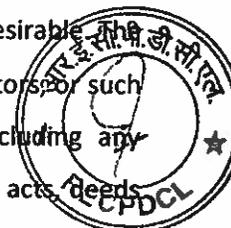
The Scheme is conditional upon and subject to:

- (a) The Scheme is in compliance with the applicable provisions of the Companies Act, 2013, and such other laws as may be applicable to the companies or the scheme of arrangement.
- (b) The Scheme being agreed to by the respective requisite majority of members and creditors of Transferor Company and Transferee Company;
- (c) The Scheme being approved by the Central Government through MCA;
- (d) Certified copies of the order(s) of the MCA sanctioning this Scheme being filed with the Registrar of Companies of relevant jurisdiction.
- (e) This Scheme although to come into operation from the Appointed Date shall not become effective until the necessary certified copies of the order(s) under Sections 230 to 232 of the Act shall be duly filed with the Registrar of Companies of relevant jurisdiction.

3. Modification or Amendment of the Scheme and Revocation of the Scheme

3.1. The Transferee Company, Transferor Company by their respective Board of Directors or such other person or persons, as the respective Board of Directors may authorize, including any committee or sub-committee thereof, may make and/or consent to any modifications or amendments to the Scheme or to any conditions or limitations that the Ministry of Corporate Affairs or other authority may deem fit to direct or impose or which may otherwise be considered necessary or desirable.

Transferee Company and the Transferor Companies, by their respective Board of Directors or such other person or persons, as the respective Board of Directors may authorize, including any committee or sub-committee thereof, shall be authorized to take such steps and do all acts, deeds



and things as may be necessary, desirable or proper to give effect to this Scheme and to resolve any doubt, difficulties or questions whether by reason of any order(s) of the Ministry of Corporate Affairs or of any directive or order(s) of any other authority or otherwise howsoever arising out of, under or by virtue of this Scheme and/or any matters concerning or connected therewith.

3.2. Transferor Company and Transferee Company shall be at liberty to withdraw from this Scheme in case any condition or alteration imposed by the Ministry of Corporate Affairs or any other authority is not on terms acceptable to them.

3.3. In the event of any of the said sanctions / approvals / conditions referred hereinabove not being obtained and/or complied with and/or satisfied and/or this Scheme not being sanctioned by the Ministry of Corporate Affairs and/or order or orders not being passed as aforesaid and/or the Scheme failing to be made effective, this Scheme shall stand revoked, cancelled and be of no effect and in that event, no rights and liabilities whatsoever shall accrue to or be incurred *inter se* the Transferor Company and the Transferee Company or their respective shareholders or creditors or employees or any other person save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, liability or obligation which has arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out in accordance with the applicable law and in such case, each company shall bear its own costs unless otherwise mutually agreed. Further, the Board of Directors of the Transferor Company and the Transferee Company shall be entitled to revoke, cancel and declare the Scheme to be of no effect if such boards are of the view that the coming into effect of the Scheme in terms of the provisions of this Scheme or filing of the drawn-up orders with any authority could have adverse implication on all/any of the companies.

4. Costs

All costs, charges, fees, taxes including duties, levies and all other expenses, if any (save as expressly otherwise agreed) arising out of or incurred in carrying out and implementing the terms and conditions or provisions of this Scheme and matters incidental thereto shall be borne and paid by Transferee Company.

