

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 500/MP/2024

Coram:

Shri Jishnu Barua, Chairperson

Shri Ramesh Babu V., Member

Shri Harish Dudani, Member

Shri Ravinder Singh Dhillon, Member

Date of order: 30th May, 2025

In the matter of:

Petition under Section 17(1) and 17(3) of Electricity Act, 2003 for amalgamation/merger of POWERGRID Bhadla-III Transmission Limited, POWERGRID Ramgarh-II Transmission Limited, POWERGRID Beawar Dausa Transmission Limited, POWERGRID Bikaner Neemrana Transmission Limited, POWERGRID Sikar Khetri Transmission Limited, and POWERGRID Vataman Transmission Limited and assignment/ transfer of transmission licences pursuant to amalgamation/merger.

And

In the matter of

1. POWERGRID BHADLA III Transmission Limited,

B-9, Qutab Institutional Area,
Katwaria Sarai, New Delhi-110016.

2. POWERGRID RAMGARH II Transmission Limited,

B-9, Qutab Institutional Area,
Katwaria Sarai, New Delhi-110016.

3. POWERGRID Beawar Dausa Transmission Limited,

B-9, Qutab Institutional Area,
Katwaria Sarai, New Delhi-110016.

4. POWERGRID Bikaner Neemrana Transmission Limited,

B-9, Qutab Institutional Area,
Katwaria Sarai, New Delhi-110016.

5. POWERGRID Sikar Khetri Transmission Limited,
B-9, Qutab Institutional Area,
Katwaria Sarai, New Delhi-110016.

6. POWERGRID Vataman Transmission Limited,
B-9, Qutab Institutional Area,
Katwaria Sarai, New Delhi-110016

...Petitioners

VERSUS

1. Central Transmission Utility of India Limited,
Floors No. 5-10, Tower 1,
Plot No. 16, IRCON International Tower,
Institutional Area, Sector 32,
Gurugram- 122001, Haryana.

2. Power Grid Corporation of India Limited,
B-9, Qutab Institutional Area,
Katwaria Sarai, New Delhi.

3. Central Electricity Authority,
Sewa Bhawan, Rama Krishna Puram,
Sector-1, New Delhi-110066.

...Respondents

Parties present:

Ms. Pooja Mahajan, Advocate, POWERGRID
Shri Savar Mahajan, Advocate, POWERGRID
Shri Nishant Sogani, Advocate, POWERGRID
Shri Srivatsava Beerapalli, Advocate, POWERGRID
Shri V C Sekhar, POWERGRID
Shri Prashant Kumar, POWERGRID
Shri Swapnil Verma, CTUIL
Shri Siddharth Sharma, CTUIL

ORDER

The present Petition has been filed by Petitioner Nos 1 to 6 (hereinafter referred to as “the Petitioners”) invoking the regulatory jurisdiction of this Commission under Section 17(1) and 17(3) of the Electricity Act, 2003 (hereinafter referred to as “Act”) and other

applicable laws seeking appropriate directions with respect to amalgamation/ merger of the companies of Petitioner Nos. 1 to 5 (hereinafter collectively referred to as “Transferor Companies”) with Petitioner No. 6 (hereinafter referred to as “Transferee Company”) and their respective shareholders and creditors pursuant to a Scheme of Arrangement under Sections 230 – 232 of the Companies Act, 2013 read with the rules and regulations made thereunder (hereinafter referred to as “Scheme”) and assignment/ transfer of transmission licences pursuant thereto. The Petitioner has made the following prayers:

“(a) Allow the present Application;

(b) Approve the amalgamation/ merger of Petitioner No. 1 to Petitioner No. 5 with Petitioner No. 6 pursuant to the Scheme of Arrangement under Section 230-232 of the Companies Act along with the assignment/ transfer of transmission licenses granted to Transferor Companies in favour of Petitioner No. 6 in terms of the Scheme;

(c) Condone any inadvertent omissions / errors / shortcomings and permit to add, change, modify alter this filing and make further submissions as may be required at a future date; and

(d) Pass such other order(s) as are deemed necessary in the facts and circumstances of the case.

2. The Petitioners have mainly submitted as under:

(a) The Petitioners are wholly owned subsidiaries of POWERGRID, established as project-based Special Purpose Vehicles (SPVs) by the Bid Process Coordinator (BPC). These entities were subsequently acquired by POWERGRID pursuant to the Tariff-Based Competitive Bidding (hereinafter referred to as “TBCB”) mechanism, wherein POWERGRID emerged as the successful bidder for the execution of a power transmission project on a Build, Operate, Own, and Transfer (BOOT) basis. The Petitioners are engaged in a similar line of business, namely, the operation and management of power transmission systems across various regions of the country.

The POWERGRID is the principal creditor of these companies, having extended credit facilities through Inter-Corporate loans.

(b) In addition, the Petitioners cater to distinct geographical locations across India, the proposed amalgamation/ merger *vide* the Scheme, envisages to consolidate the business for creation of a single larger unified entity, and reduce the number of entities within the group to achieve optimal and efficient utilisation of capital, enhance operational and management efficiencies, have simplified organisational structure and at the same time maintaining the TBCB business model distinct from POWERGRID's Regulated Tariff Mechanism (hereinafter referred to as "RTM") business. Further, the amalgamation, pursuant to the Scheme, would *inter alia*, have the following advantages:

(i) consolidation of business would achieve simplification of administrative tasks, improve management efficiencies, streamline the decision-making process, and at the same time maintain POWERGRID's TBCB business distinct from its RTM business;

(ii) reduction in the number of companies within the group, as well as achieving a reduction in the multiplicity of legal and regulatory compliance.

(c) The Scheme of amalgamation/ merger and assignment/transfer/amendment of transmission licences of the Transferor Companies in favour of the Transferee Company that forms the subject matter of the present Petition was approved by the Board of Directors of all the Transferor Companies and the Transferee Company on following dates:

Company	Date of Board Meeting
POWERGRID Bhadla III Transmission Limited	12-08-2024
POWERGRID Ramgarh II Transmission Limited	12-08-2024
POWERGRID Beawar Dausa Transmission Limited	13-08-2024
POWERGRID Bikaner Neemrana Transmission Limited	12-08-2024
POWERGRID Sikar Khetri Transmission Limited	12-08-2024
POWERGRID Vataman Transmission Limited	16-08-2024

(d) The Scheme provides for the amalgamation/merger of the Transferor Companies into the Transferee Company. In pursuance thereof, the Scheme was filed before the Ministry of Corporate Affairs (MCA) on 23rd September 2024, in accordance with Notification G.S.R. 582(E) dated 13th June 2017, read with G.S.R. 463(E) dated 5th June 2015, for sanction and approval under the relevant provisions of the Companies Act, 2013.

(e) As per clause 1.1 (v) of the Scheme, the effectiveness of the Scheme is conditional upon the grant of approval by this Commission. The Petitioners have also placed on record a copy of the Petition filed before the MCA for sanction and approval of the amalgamation/merger of the Transferor Companies into the Transferee Company.

(f) The salient features of the Scheme are as follows:

A. The Appointed Date (hereinafter referred to as “Appointed Date”) under the Scheme is 1st April 2024;

B. The Effective Date (hereinafter referred to as “Effective Date”) will mean the date of filing of the certified copy of the order passed by the MCA approving the Scheme with the Registrar of Companies (hereinafter referred to as “RoC”)

or the date on which all the Conditions Precedent are completed, whichever is later. Notably, the grant of approval by this Commission under this Petition is a Condition Precedent for the effectiveness of the Scheme.

C. The Business Undertaking (hereinafter referred to as “Business Undertaking”/ “Undertaking”) under the Scheme shall mean the Transferor Companies and all undertakings and entire business of each Transferor Company, as a going concern, and shall include, as of the Appointed Date (without limitation):

- i.all assets and property wherever situated, whether movable or immovable, tangible or intangible, real or personal, in possession or reversion, corporeal or incorporeal of whatever nature, including land (whether freehold or leasehold), transmission assets viz; transmission towers, plant and machinery, building, offices (including liaison offices), any interest in properties co-owned, premises, capital, work-in-progress, current assets (including inventories, sundry debtors, bills of exchange, loans and advances), vehicles, godowns, stocks and stores, warehouses, furniture, fixtures, office equipment, appliances accessories, water pipelines, all contingent rights and entitlements, trade mark, patents, copyrights, all other intellectual property share of any joint assets, subsidiaries, associates, investments, and other facilities and all cash and bank balance;
- ii.all permits, quotas, rights, entitlements, industrial and other licences, bids, tenders, letters of intent, memorandum of undertaking expression of interest, permissions, approvals, consents, clearances, authorizations, orders for adoption of annual transmission charges from various Governmental Authorities including municipal (whether granted or pending), subsidies, receivables, benefit of any deposits, financial assets including investments of all kinds, funds belonging to or utilised by the Transferor Companies, bank accounts, privileges and all other rights and benefits including tax, direct or indirect including advance tax paid or any tax deducted in respect of any income received, sales tax deferrals and exemptions and other benefits, lease, rights, membership, power 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, funds, benefits of any agreements, contracts and arrangements and all other interest in connection with or relating to the Transferor Companies;
- iii. all earnest money and/or security deposits paid by the Transferor Companies;

- iv. all employees of the Transferor Companies immediately preceding the Appointed Date;
- v. all records, files, papers, engineering and process information, websites, domain names, software licences, manuals data, catalogues, quotations, sales and advertisement materials, lists of present and former customers and suppliers, customer credit information, customer pricing information, and other records whether in physical or electronic form in connection with or relating to the Transferor Companies; and
- vi. all legal proceedings, including quasi-judicial, arbitral, and other administrative proceedings of whatsoever nature involving the Transferor Companies.

D. The Scheme provides that after the Effective Date, but with effect from the Appointed Date, subject to the provisions of this Scheme, the Business Undertakings shall stand transferred to and vest in Petitioner No. 6/ Transferee Company, as a going concern, together with all the respective estates, properties, assets, contracts, employees, records, approvals (including Governmental Approvals), rights, claims, title and authorities, benefits, liabilities and interest therein, subject to existing charges thereon in favour of banks and financial institutions or otherwise, as the case may be, without any further act, instrument, deed, matter or thing being made, done or executed, so as to become, as and from the Appointed Date, the estate, properties, assets, rights, claims, entitlements, title and authorities, benefits, liabilities and interest of the Transferee Company by virtue of and in the manner provided in the Scheme pursuant to the sanction of the Scheme by the MCA and the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act.

E. Upon the Scheme becoming effective, each of the Transferor Companies shall be dissolved without being wound up, without any further act or deed.

(g) The Scheme provides that in consideration of the transfer and vesting of the Undertakings of the Transferor Companies in the Transferee Company in terms of the Scheme, the Transferee Company shall, without any further application or deed,

shall allot to the shareholders of the Transferor Company fully paid-up equity shares of Rs. 10 each in proportion to the ratio of net asset value of the Transferor Company in the merged entity. Further, pursuant to the Scheme, the equity shares of Transferor Companies shall stand cancelled and extinguished. The consideration to be paid to the shareholder of the Transferor Companies is determined as per the Share Exchange Ratio Report dated 12th July 2024, issued by CA Vijay Deep Singh (Registered Valuer), IBBI Registration No: IBBI/RV/06/2018/10139, and RVO Membership No: ICAIRVO/06/RV-P00027/2018-19, recommending the aforesaid share exchange ratio in respect of the Scheme.

(h) The auditors of each of the Petitioners have certified that the accounting treatment in the Scheme is in conformity with the accounting standard prescribed under Section 133 of the Companies Act. The Petitioners have also placed on record a copy of the Auditors' Certificate(s) with respect to the accounting treatment proposed in the Scheme as issued to each of the Transferor Companies and Transferee Company

(i) Pursuant to the Scheme, all orders passed by the Governmental Authority in favour of the Transferor Companies with respect to the adoption of annual transmission charges, under any applicable law including the Act and the rules and regulations made thereunder, shall, pursuant to the MCA Approval Order, continue to apply to the respective projects for which such orders have been passed, and shall accrue to the benefit of the Transferee Company with respect to such projects without any further act, instrument or deed. Further, separate accounts will be

maintained for all the respective projects of the Petitioners after the Scheme becomes effective. In light of the aforesaid and given that the transfer of the Business Undertaking is on a going concern basis, no separate prayer or direction is being sought for the adoption of annual transmission charges for the respective projects of the Petitioners.

(j) The arrangement as proposed in the Scheme is in the interest of the shareholders, creditors, and all other stakeholders of the Transferor Companies and Transferee Company, and is not prejudicial to the interests of any of the concerned shareholders, creditors, or the public at large.

Hearing dated 30.12.2024

3. The matter was admitted, and notices were issued to the Respondents to file their respective replies. During the course of the hearing, the learned counsel for the Petitioners mainly reiterated the submissions made in the Petition. The learned counsel further submitted that since the Transferor Companies and the Transferee Company involved in the said Scheme, are government companies, the Scheme has been filed before the Ministry of Corporate Affairs in terms of the Notification G.S.R. 582 (E) dated 13.6.2017 read with G.S.R. 463 (E) dated 5.6.2015 of MCA for sanction and approval under relevant provisions of the Companies Act, 2013. However, the said application is currently pending before the MCA, and the Petitioners have also furnished certain additional information pursuant to the queries raised by the MCA.

4. In response to a specific query of the Commission as to why the Petitioners and

POWERGRID have opted for two separate schemes for the merger/amalgamation, one as covered in the present Petition and the other in Petition No. 439/MP/2024, the learned counsel and the representative of the Petitioners submitted that two separate schemes have been considered keeping in view the equity investment ceilings for the CPSEs in the JVs and Subsidiaries as prescribed by the Department of Public Enterprises, Government of India. In addition, certain other aspects, such as the Projects being primarily located in the States of Gujarat and Rajasthan, all Projects being at the initial stages of construction, Transferee Companies having high land requirements, etc., have also been taken into consideration

5. Vide Record of proceedings dated 30.12.2024, the Petitioners were directed to furnish the following information/clarification:

- a. Status of compliance with the requirement of notice under Section 17(2) of the Act;
- b. Whether the proposed Scheme contravenes any of the provisions of the TSAs, including the requirement of Equity Lock-in Commitment therein; and
- c. A copy of the Scheme of Arrangement approved by the MCA in terms of the provisions of the Companies Act 2013.

6. The Petitioners, in compliance with the RoP dated 30.12.2024, vide affidavit dated 24.1.2025, have submitted as under:

- a. With respect to compliance with the requirement of notice under Section 17(2) of the Act, a notice under the said provision was issued on 21st January 2025.

b. The scheme does not contravene any of the provisions of the Transmission Services Agreements (hereinafter referred to as “TSAs”), including the requirement of Equity Lock-in. Upon amalgamation, the entire shareholding of the Transferee Company (i.e., the merged company) will continue to be held by POWERGRID along with its nominees, and therefore, the Proposed Scheme is in compliance with the requirement of Equity Lock-in Commitment of POWERGRID. Further, the terms of the TSAs executed by all the Petitioner Companies (including Transferor Companies), including with respect to Equity Lock-In Commitment, will be applicable *mutatis mutandis* to the Transferee Company.

c. The TSAs for all the BOOT projects, i.e., all Petitioner Companies, have been executed with the Central Transmission Utility of India Limited (hereinafter referred to as “CTUIL”), and on 12th November 2024, a no-objection certificate was issued by CTUIL in favour of such Petitioner Companies in terms of the provisions of the TSAs. The Petitioners have also placed on record a copy of the NOC received from CTUIL.

d. The application for approval of the Scheme of Arrangement filed before the MCA is pending adjudication.

Hearing dated 25.2.2025

7. During the course of the hearing, the learned counsel for the Petitioners submitted that no reply has been filed by the Respondents despite notice. He further submitted that pursuant to the directions issued vide Record of Proceedings for the hearing dated 30.12.2024, the Petitioners have filed their compliance affidavit dated 24.1.2025. Learned counsel added that the CTUIL has also submitted its no-objection in relation to the amalgamation of the SPVs with the Transferee Company. The representative of CTUIL confirmed that CTUIL has issued its no-objection for the amalgamation/ merger of the

Petitioner companies.

8. In response to a specific query of the Commission regarding the issuance of notice by the concerned licensee(s) under Section 17(2) of the Electricity Act, 2003 ('the Act'), learned counsel for the Petitioner submitted that a common notice under Section 17(2) of the Act has been served on behalf of Power Grid Corporation of India Limited, the Holding company and its 19 Wholly owned Subsidiary (WOS) i.e., TBCB SPVs. Learned counsel further clarified that the said notice had been issued by a common Company Secretary, acting on behalf of the Holding company as well as its wholly owned Subsidiaries.

9. Considering the submissions made by the learned counsel for the parties, the Commission reserved the matter for orders. Notices were issued to the respondents to file their replies. However, no reply has been filed by the Respondents.

Analysis and decision

10. We have considered the submissions of the Petitioners. The present Petition has been filed invoking the sub-sections (1) and (3) of the Section 17 of the Act seeking the approval of the Commission to the amalgamation/merger of Petitioner Nos. 1 to 5 (Transferor Companies) with Petitioner No.6 (Transferee Company) pursuant to the Scheme of Arrangement under Sections 230-232 of the Companies Act along with assignment/transfer of the transmission licences granted to the Transferor Companies in the favour of the Transferee Company in terms of the Scheme.

11. The rationale of the Scheme, as submitted by the Petitioners, is to consolidate the business for the creation of a single larger unified entity and reduce the number of entities

within the group to achieve operational and management efficiencies, simplification of administrative tasks, and a simplified organizational structure. It has also been submitted that the amalgamation, pursuant to the Scheme, would *inter alia*, have the advantages of (i) consolidation of business would achieve simplification of administrative tasks, improve management efficiencies, streamline the decision making process, and at the same time maintaining the POWERGRID's TBCB business distinct from its RTM business; and (ii) reduction in the number of companies within the group as well as achieving reduction multiplicity of legal and regulatory compliances. The salient features of the Scheme, as pointed out by the Petitioners, have already been noted at paragraph 7 of this order.

12. The Petitioners have prayed for the approval of the Commission under sub-sections (1) and (3) of the Section 17 of the Act. Section 17 of the Act reads as under:

“Section 17 of the Electricity Act (i.e., the relevant provision in context of the present Petition) provides as follows:

(1) No licensee shall, without prior approval of the Appropriate Commission-

(a) undertake any transaction to acquire by purchase or takeover or otherwise, the utility of any other licensee; or

(b) merge his utility with the utility of any other licensee:

Provided that nothing contained in this sub-section shall apply if the utility of the licensee is situated in a State other than the State in which the utility referred to in clause (a) or clause (b) is situate.

(2) Every licensee shall, before obtaining the approval under sub-section (1), give not less than one month's notice to every other licensee who transmits or distributes, electricity in the area of such licensee who applies for such approval.

(3) No licensee shall at any time assign his licence or transfer his utility, or any part thereof, by sale, lease, exchange or otherwise without the prior approval of the Appropriate Commission.”

13. Sub-section (1) of Section 17 provides that no licensee shall, without the prior approval of the Appropriate Commission, (i) undertake any transaction to acquire by purchase or takeover or otherwise, the utility of any other licensee, or (ii) merge its utility with the utility of any other licensees. However, the proviso to the said sub-section further clarifies that the said sub-section shall not apply if the utility of the licensee is situated in a State other than the State in which the utility referred to in (i) or (ii) above is situated. Sub-section (2) of Section 17 requires every licensee, before obtaining the approval under sub-section (1), to give not less than one month's notice to every other licensee who transmits or distributes, electricity in the area of such licensee who applies for such approval. Further, sub-section (3) of Section 17 provides that no licensee shall at any time assign its licence or transfer its utility, or any part thereof, by sale, lease, exchange or otherwise without the prior approval of the Appropriate Commission. Whereas, sub-section (4) of Section 17 stipulates that any agreement, relating to any transaction specified in sub-section (1) or sub-section (3), unless made with the prior approval of the Appropriate Commission, shall be void.

14. The brief details of the Transferee Companies (Petitioner Nos. 1-5) and Transferor Company (Petitioner No.6) are as under:

Sr	Transferor/ Transferee Company	Name of Company	Project Name	Location of Licensee's Utilities/Project	Order by which Licence was granted
1	Transferor	POWERGRID Bhadla III Transmission Limited	• Transmission system for evacuation of power from REZ in Rajasthan (20 GW) under Phase-III Part B1. • Implementation of 01 no. of 400 kV line bay at 765/400/220 kV Bhadla-III PS for interconnection of M/s ReNew Solar (Shakti Six) Pvt. Ltd. (RTM Mode)	Rajasthan	• Order dated 29.2.2024 in Petition No. 344/TL/2023 • Order dated 31.1.2025 in Petition No. 437/TL/2024

Sr	Transferor/ Transferee Company	Name of Company	Project Name	Location of Licensee's Utilities/Project	Order by which Licence was granted
2	Transferor	POWERGRID Ramgarh II Transmission Limited	Transmission system for evacuation of power from REZ in Rajasthan (20 GW) under Phase-III Part C1	Rajasthan	Order dated 13.4.2024 in Petition No. 364/TL/2023
3	Transferor	POWERGRID Beawar Dausa Transmission Limited	Transmission system for evacuation of power from REZ in Rajasthan (20 GW) under Phase-III Part H	Rajasthan	Order dated 13.4.2024 in Petition No. 374/TL/2023
4	Transferor	POWERGRID Bikaner Neemrana Transmission Limited	- Transmission system for evacuation of power from Rajasthan REZ Ph-IV (Part-1) (Bikaner Complex): PART-A. - Implementation of 02 nos. of 220 kV line bays at 765/400/220 kV Bikaner III PS for interconnection of 500 MW REGS of M/s NTPC Renewable Energy Ltd" and "Implementation of 01 nos. of 220 kV line bay for interconnection of 300 MW REGS of Deshraj Solar Energy Pvt. Ltd. (DSEPL) and 3 nos 400 kV line bays for interconnection of 1400 MW RPPD of M/s Sunbreeze Renewables Nine Pvt. Ltd. (SR9PL) (02 nos bays) & 1000 MW RPPD of M/s MRS Buildvision Pvt. Ltd. (MBPL) (01 no. Bay) at 765/400/220 kV Bikaner-III PS. (RTM Mode)	Rajasthan	- Order dated 13.4.2024 in Petition No. 47/TL/2024. - Order dated 5.3.2025 in Petition No. 478/TL/2024
5	Transferor	POWERGRID Sikar Khetri Transmission Limited	Transmission system for evacuation of power from REZ in Rajasthan (20GW) under Phase-III Part D – Phase I	Rajasthan & Delhi	Order dated 28.5.2024 in Petition No. 114/TL/2024
6	Transferee	POWERGRID Vataman Transmission Limited	- Transmission System for Evacuation of Additional 7GW RE Power from Khavda RE Park under Phase-III Part B. - Implementation of 02 no. of 765 kV line bays at Vataman S/s under ISTS for termination of Saurashtra-Vataman 765 kV D/C line of InSTS (RTM Mode)	Gujarat	- Order dated 13.4.2024 in Petition No.50/TL/2024. - Order dated 21.2.2025 in Petition No.436/TL/2024

15. The Petitioners have submitted that a notice dated 21.1.2025 was issued to every other licensee who transmits or distributes electricity in the area of these licensees under Sub-Section (2) of Section 17 of the Act. Perusal of the notice dated 21.1.2025 reveals that a common notice under sub-section (2) of Section 17 of the Act has been served on behalf of Power Grid Corporation of India Limited, the Holding company and its wholly owned Subsidiary (WOS) TBCB SPVs, i.e., Petitioners in the present case. It is also observed that the said notice has been issued by a common Company Secretary, acting on behalf of the Holding company as well as its wholly owned subsidiaries.

16. Further, a Transmission Service Agreement (TSA) for all the BOOT Projects i.e., all Petitioner Companies have been executed with CTUIL and as per Article 15.3 of the TSA, the Petitioners are required to obtain a prior approval of CTUIL for assigning the transmission licence or transfer of the Project or Part thereof to any other person by sale, lease, exchange or otherwise. Article 15.3 of the TSA is reproduced below:

“15.3 Substitution Rights of the Lenders

15.3.1 The TSP would need to operate and maintain the Project under the provisions of this Agreement and cannot assign the Transmission License or transfer the Project or part thereof to any person by sale, lease, exchange or otherwise, without the prior approval of the Nodal Agency.”

17. Regarding the prior approval of the Nodal Agency, i.e., CTUIL, in all BOOT TBCB projects, Petitioners have submitted a no-objection certificate issued by CTUIL in favour of such Petitioner Companies in terms of the provisions of the TSAs. Accordingly, CTUIL has also granted its approval for the assignment of the transmission licence or the transfer of the Project or part thereof to any person by sale, lease, exchange, or otherwise.

18. Further, the Petitioners have also submitted that the Scheme does not contravene any of the provisions of the TSAs, including the requirement of Equity Lock-in. The Petitioners have submitted that upon amalgamation, the entire shareholdings of the Transferee Company (i.e., the merged company) will continue to be held by POWERGRID along with its nominees, and therefore, the Proposed Scheme is in compliance with the requirement of Equity Lock-in Commitment of POWERGRID. Further, the terms of the TSAs executed by all the Petitioner Companies (including Transferor Companies), including with respect to Equity Lock-In Commitment, will be applicable *mutatis mutandis*

to the Transferee Company.

19. Also, the Scheme that forms the subject matter of the present Petition has also been approved by the Board of Directors of all the Transferor Companies and the Transferee Company and the Petitioners have placed on record the copy of the Resolutions passed at the respective Meetings of the Board of Directors.

20. The Petitioners have submitted that as per the Scheme, after the effective Date, but with effect from the Appointed Date, the Business Undertakings shall stand transferred to and vest in Petitioner No. 6/ Transferee Company, as a going concern, together with all the respective estates, properties, assets, contracts, employees, records, approvals (including Governmental Approvals), rights, claims, title and authorities, benefits, liabilities and interest therein, subject to existing charges thereon in favour of banks and financial institutions or otherwise, as the case may be, without any further act, instrument, deed, matter or thing being made, done or executed, so as to become, as and from the Appointed Date, the estate, properties, assets, rights, claims, entitlements, title and authorities, benefits, liabilities and interest of the Transferee Company by virtue of and in the manner provided in the Scheme pursuant to the sanction of the Scheme by the MCA and the provisions of Sections 230 to 232 and other applicable provisions of the Companies Act. Upon the Scheme becoming effective, each of the Transferor Companies shall be dissolved without being wound up, without any further act or deed.

21. The Petitioners have further submitted that, under the Scheme, the undertakings of the Transferor Companies shall vest in the Transferee Company, which, in turn, shall allot fully paid-up equity shares of Rs. 10 each to the shareholders of the Transferor Companies

in proportion to their net asset value in the merged entity. Upon the Scheme taking effect, the equity shares of the Transferor Companies shall stand cancelled and extinguished. The share exchange ratio has been determined as per the report dated 12th July 2024, issued by CA Vijay Deep Singh, a Registered Valuer. The Petitioners have also submitted that the Scheme's accounting treatment conforms to Section 133 of the Companies Act, as certified by the respective auditors. Additionally, all orders passed by the governmental authorities regarding the adoption of annual transmission charges under the Act shall continue to apply to the respective projects and shall benefit the Transferee Company without requiring further action. It has also been submitted that the separate accounts will be maintained for each project post-merger. Since the transfer is on a going-concern basis, no separate direction is sought for the adoption of annual transmission charges. The Petitioners have, accordingly, emphasized that the arrangement as proposed in the Scheme is in the interest of the shareholders, creditors, and all other stakeholders of the Transferor Companies and Transferee Company and is not prejudicial to the interest of any of the concerned shareholders, creditors or public at large.

22. Regulation 12 of the Transmission Licence Regulations *inter alia* requires a licensee to maintain the separate accounts for each business, including the business undertaken in terms of the Central Electricity Regulatory Commission (Sharing of Revenue Derived from Utilization of Transmission Assets for Other Business) Regulations, 2020, in such form and containing such particulars as may be specified by the Commission and till such time these are specified by the Commission, the accounts shall be maintained in accordance with the Companies Act, 2013, as amended from time to time. Further, Regulation 16(5) of the

Transmission Licence Regulations also provides that when there is an addition/modification of the licence, the licensee shall be required to maintain separate accounts for such additional elements. Since, in terms of the proposed Scheme, all the Projects (TBCB as well as RTM) of the Transferor Companies will be vested in the Transferee Company, the Transferee Company shall maintain separate accounts for all the respective Projects after the Scheme becomes effective.

23. Further, since the assets and liabilities of Petitioner Nos. 1 to 5 would be valued and shown in the books of Petitioner No. 6 at the same value which are reflected in the present balance sheets of Petitioner Nos. 1 to 5, the question of any premium or its distribution would not and does not arise. Taking note of the submission of the Petitioners, we direct that Petitioner No. 6 after the merger will reflect the assets and liabilities of Petitioner Nos. 1 to 5 at the same value as are reflected in the present balance sheet of Petitioner Nos. 1 to 5 and not at any discount/premium as it will disturb the debt-equity ratio of Petitioner Nos. 1 to 5 which are regulated entities.

24. In view of the above, we find that the Petitioners have complied with the requirement stipulated under the Act, TSA regarding amalgamation/ merger of Petitioner No. 1 to Petitioner No. 5 with Petitioner No. 6 pursuant to the Scheme of Arrangement under Sections 230-232 of the Companies Act. Accordingly, we approve the amalgamation/ merger of Petitioner No. 1 to Petitioner No. 5 with Petitioner No. 6 pursuant to the Scheme of Arrangement under Sections 230-232 of the Companies Act under sub-section (3) of Section 17 of the Act.

25. The Petitioners have sought assignment/ transfer of licences granted to Petitioner

No. 1 to Petitioner No. 5 in favour of Petitioner No. 6 pursuant to and as an effect of the Scheme in terms of sub-section 17(3) of the Act. Given that we have already accorded our approval to the amalgamation/merger of the Petitioner Nos. 1 to 5 with the Petitioner No.6 in terms of the Scheme of Arrangement under Section 230-232 of the Companies Act, we also accord *in principle* approval the consequent assignment of the transmission licences granted to Petitioner Nos. 1 to 5 in favour of Petitioner No. 6. Needless to add, consequent to the assignment of licences, all rights, assets, liabilities and obligations of these licensees in respect of the transmission business shall vest in Petitioner No. 6 i.e. POWERGRID Vataman Transmission Limited. POWERGRID Vataman Transmission Limited shall also remain bound by the terms and conditions of licences granted to Petitioner Nos. 1 to 5.

26. However, as noted above, the Scheme of Arrangement under Section 230-232 of the Companies Act has been filed by the Ministry of Corporate Affairs (MCA) for its sanction and approval under the relevant provisions of the Companies Act, read with the Ministry of Corporate Affairs' Notification No. GSR 582(E) dated 13.6.2017 and Notification No. G.S.R 463(E) dated 5.6.2015 and the approval of the MCA thereof is currently pending. Accordingly, the approval of the amalgamation/merger as well as the consequent assignment of the transmission licence(s) of the Petitioner Nos.1 to 5 with Petitioner No.6, as accorded by us in the foregoing paragraphs, shall be subject to the MCA's sanction and approval of the Scheme. Further, upon the receipt of the MCA's sanction and approval to the Scheme, the Petitioners shall also place on record a copy of such sanction and approval in the file of the present case.

27. Further, pursuant to MCA's sanction and approval to the Scheme and the Petitioners

having furnished such sanction and approval as directed in paragraph 26 above, the necessary endorsements to this effect shall be made to the transmission license(s) issued to the Petitioner Nos. 1 to 5 herein.

28. Petition No. 500/MP/2024 is allowed in terms of the above.

Sd/-
(Ravinder Singh Dhillon)
Member

sd/-
(Harish Dudani)
Member

sd/-
(Ramesh Babu V.)
Member

sd/-
(Jishnu Barua)
Chairperson