

Date: May 25, 2023

**CLARIFICATION 2**
**Response to Queries on IEOI – The Acquisition of Shares of Saurya Urja Company of Rajasthan Limited: April 27, 2023**

Capitalised terms not defined herein shall have their meaning ascribed to such terms in the EOI dated April 27, 2023.

Sl. No:	Query Type	EOI Reference	Clarification sought by potential investor	Rationale for Query	Clarification
1.	Clarification	B. (3) a. (iii) <b>“Technical eligibility for all Applicants”</b>	<p>Clause B. (3) a. (iii)  <i>“The Applicant should have experience of <b>executing projects</b> in the infrastructure sector (including renewable energy, power, telecom, ports, airports, railways, metro rail, highways and bridges, industrial parks/ estates, logistic parks, pipelines, irrigation, water supply, oil and gas, sewerage and real estate development) of value of at least INR 300 Crore.”</i></p> <p>We understand that the required experience for <b>executing projects</b> in the infrastructure sector includes the projects <b>“under construction/ ongoing projects”</b> as well.  <b>Request to kindly confirm</b></p>		As part of the Technical Eligibility criteria, under construction and ongoing projects are also included.

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2.	Request	B. (4) <b>General eligibility criteria for all applicants</b>	<b>“Flexibility to acquire stake through an investment vehicle”</b> Request that the Applicant be provided flexibility to undertake the Proposed Transaction through any of its group companies, affiliates and/or associate companies, upon becoming successful i.e. before the signing of definitive agreements with respect to the Potential Transaction.	Presently, the Invitation for EOI provides an Applicant which is a Consortium or a foreign entity to participate through an Indian SPV, before signing of definitive agreements. Request flexibility also be provided to an Applicant which is an Indian Company to participate through any other group company/ affiliate/ associate, keeping in view tax and other corporate structuring considerations.	SUCRL is presently deliberating on the issue and any decision in this regard shall be communicated to the Applicants at the RFP stage.
3.	Request	Annexure E <b>“Preference for Transaction Construct”</b>	Preferences with respect to “Potential Transaction Construct” may be sought at bidding stage	The quantum of stake to be acquired will be determined based on a comprehensive assessment of the terms and conditions outlined in the definitive agreements, as well as the rights and obligations of the continuing shareholders. This meticulous evaluation will ensure that our decision is well-informed, thereby significantly increasing the likelihood of a successful and mutually beneficial project partnership.	It is clarified that preference made by Applicant at this EOI stage can be changed by Applicant during the RFP stage but at no time thereafter.
4.	Request	Page 1 of 59	Kindly share a copy of the NCLAT order dated March 12, 2020.	We would like to analyse whether participation in this bid would attract any Section 29A restrictions in the Applicant’s future bid participations.	NCLAT order and NCLAT updates may be referred on IL&FS website at the following link: <a href="http://ilfsindia.com">IL&amp;FS - NCLAT (ilfsindia.com)</a>

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5.	Clarification	Page 1 of 59	<p>As the board of IL&amp;FS has been reconstituted, we would request for clarification and details regarding the current management of SUCRL. Kindly clarify if the IL&amp;FS Board has management control rights over SUCRL board.</p> <p>Please also clarify if the shares of SUCRL are currently pledged or encumbered.</p>	Understanding of management control of the SUCRL will provide us more clarity on the current governance structure of SUCRL.	Potential Investors shall be given access to all the information including the board structure, Shareholder's agreement, JV Agreement etc. via data room at the RFP stage.
6.	Request	Page 1 of 59	Kindly consider share the 'Reports' on the progress and way forward which have been submitted to the MCA.	We would like to understand the 'way forward plans' regarding monetisation of SUCRL as it will aid us evaluate our participation.	<p>All the progress reports may be referred on IL&amp;FS website at the following link:</p> <p><a href="http://ilfsindia.com">IL&amp;FS - Progress Report (ilfsindia.com)</a></p>
7.	Clarification	Page 2 of 59	We understand that SUCRL has a mandate to develop solar power projects with a capacity of up to 5000 MW in Rajasthan out of which 1000 MW is operational. Kindly clarify if necessary land and connectivity approvals are available with SUCRL for the remaining capacity.	A clarification in this regard will enable us analyse the approximate additional capex to be incurred by the Applicant once the Potential Transaction is consummated.	<p>At present, company is yet to identify land parcel for the remaining 4,000 MW capacity.</p> <p>Further, it may be noted that connectivity approval for remaining 4,000 MW shall be obtained as and when land parcels gets acquired.</p>

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8.	Clarification	Definition of Potential Transaction Page 5 of 59	As per the definition of ‘Potential Transaction’ we understand that the selected bidder may either hold 50% or 100% equity shares of SUCRL. In a case where the Potential Transaction is limited to acquisition of 50% of shares held by IEDCL, it can be assumed that the Government of Rajasthan will not transfer its shareholding to a third party without providing right of first refusal to the Applicant subsequently. Please clarify that the ‘as is where is’ status will continue after a 50% equity acquisition.	As the Applicant is participating through itself and not through a consortium, it is not our preference to enter into a joint venture with any other party except for IEDCL or Government of Rajasthan in case of 50% equity acquisition of SUCRL.	In terms of existing Shareholders Agreement between IEDCL & Government of Rajasthan, as set out in Article of Association of SUCRL, the non- selling shareholder has the right of first offer at fair market value in the event of transfer of shareholding to a third party by any shareholder.  We confirm that the ‘as is where is’ status will continue after a 50% equity acquisition
9.	Clarification	Para D. (2) (Other Information)	“Interested parties may refer to <a href="https://sauryaurja.com">https://sauryaurja.com</a> or <a href="http://energy.rajasthan.gov.in/home">http://energy.rajasthan.gov.in/home</a> or <a href="https://www.ilfsindia.com/">https://www.ilfsindia.com/</a> for additional details. Unless any changes or modifications to this Invitation for EOI are uploaded on <a href="https://sauryaurja.com">https://sauryaurja.com</a> or <a href="http://energy.rajasthan.gov.in/home">http://energy.rajasthan.gov.in/home</a> or <a href="https://www.ilfsindia.com/">https://www.ilfsindia.com/</a> , <b>the terms of this Invitation for EOI shall be final and binding on all Applicants.</b> ” We are given to understand that EOI submission does not create any binding obligations in terms of participation in the Process of the Potential Transaction. Please clarify if this understanding is correct.	To understand whether the EOI submission will create binding obligations on the Applicant.	It is to clarify that the submission of the EOI does not create any binding obligations on Applicants to submit the Bid at RFP stage.

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10.	Request	Para D. (11) (Other Information)	As per para D (11), all documents submitted as a part of the EoI process will be considered as definitive agreements in case the Applicant is selected. We request you to modify this paragraph as the definitive agreements (such as the shareholders agreement, share purchase agreement, etc) will have mutually agreed terms and conditions once the transaction structure is agreed.	Definitive agreements are in the nature of a contract wherein parties agree upon the offer, acceptance and consideration. To designate the documentation which will be attached alongwith the EOI at this stage where the potential transaction structure is ambiguous would not be accurate interpretation.	In case the Applicant is declared as Successful Applicant, EOI along with all the supporting documents shall be considered as part of the Definitive Agreements.  Also, please refer D(12) on Page 13
11.	Clarification	Annexure A, paragraph (b), Page 16 of 59	We understand that the termination rights of SUCRL are only pertaining to eligibility criteria and not any other reasons. Request your confirmation.	To understand whether there is any other circumstance under which the Process for the Potential Transaction can be terminated by SUCRL in its sole discretion.	Ineligibility to meet the criteria is one of the reasons for terminating potential Applicants involvement in the process. It is to clarify that SUCRL reserves the right to terminate involvement of Applicant in the process on account of other factors also, including but not limited to, not been blacklisted by the central or any state government ministry/ agency for bidding in any central or state government projects, being sanctioned by any regulatory authority etc. Additionally, as per IEOI dtd April 27, 2023, it is clear that SUCRL reserves the right to suspend, modify or terminate the Potential Transaction and/or Invitation for EOI at any time without providing any reasons or incurring any liability to any person.

**Eligible Applicants should submit the EOIs and other required documents, as prescribed, no later than by 3 PM (IST) on May 31, 2023. No EOIs submitted thereafter shall be considered.**