

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 286/MP/2024**

**Coram  
Shri Jishnu Barua, Chairperson  
Shri Ramesh Babu V., Member  
Shri Harish Dudani, Member**

**Date of Order: 11<sup>th</sup> December, 2024**

**In the matter of**

Petition by Rajgarh Transmission Limited under Section 17 of the Electricity Act 2003 read with Clause 11.6 of the Security Trustee Agreement dated 25.6.2024 along with Article 15 of the Transmission Service Agreement dated 2.12.2021 for grant of approval in relation to change/ substitution of the Existing Lender(s) already approved by this Hon'ble Commission vide its order dated 10.03.2023 in Petition No. 10/MP/2023, with the New Lender.

**And**

**In the matter of**

**Rajgarh Transmission Limited,**  
2<sup>nd</sup> Floor, Novus Tower,  
Plot No. 18, Sector-18,  
Gurugram, Haryana-122015.

**.... Petitioner**

**Vs**

- 1. Rewa Ultra Mega Solar Limited,**  
Urja Bhawan, Shivaji Nagar,  
Link Road No. 2,  
Bhopal- 462016 (Madhya Pradesh).
- 2. Vardhman Trusteeship Private Limited,**  
Konnectus Tower 1, 601/A1,  
Bhavbhuti Marg,  
New Delhi- 110002.
- 3. Standard Chartered Bank,**  
Narain Manzil, 23,  
Barakhamba Road,  
New Delhi-110001.
- 4. Indian Bank,**  
17, Ground Floor, Parliament Street,  
New Delhi – 110001.

**...Respondents**

**Parties present:**

Shri Hemant Singh, Advocate, RTL  
Ms. Ankita Bafna, Advocate, RTL  
Ms. Lavanya Panwar, Advocate, RTL  
Shri Nishant Kumar, Advocate, RTL  
Shri Jai Lal, Advocate, RTL  
Shri Syed Fazl Askari, Advocate, RTL  
Shri Pawan Singh, Advocate, RTL  
Shri Akshaya Lal, Advocate, RTL  
Shri Arun Lal, Advocate, RTL  
Shri Gandharv Garg, Advocate, RTL  
Shri Gyanendra Singh, Advocate, RTL  
Shri Prakash Pathak, Advocate, RTL  
Shri Gaurav, Advocate, RTL

**ORDER**

The Petitioner, Rajgarh Transmission Limited (hereinafter referred to as 'the Petitioner/RTL'), has been granted a transmission licence under Section 14 of the Electricity Act, 2003 (hereinafter referred to as 'the Act') to establish the transmission system for "Transmission Scheme for Evacuation of power from RE Projects in Rajgarh (2500 MW) SEZ in Madhya Pradesh" (hereinafter referred to as 'the Transmission System' or 'Project'), the details of which are specified in the schedule attached to the licence issued vide order dated 13.9.2022 in Petition No. 171/TL/2022.

2. The Petitioner had approached the Commission for approval under Sub-sections (3) and (4) of Section 17 of the Act to create security interest for Rs.340.15 crores and a Letter of Credit Facility (as a sub-limit of the Term Loan Facility) amounting to Rs.275 crores in favour of the Respondent 2, i.e., Security Trustee, namely, Vardhman Trusteeship Private Limited. The Commission, by its order dated 10.3.2023 in Petition No. 10/MP/2023, accorded in-principle approval allowing the Petitioner to create security in favour of Security Trustee, namely, Vardhman Trusteeship Private Limited.

3. The Petitioner has filed the instant Petition for substitution of a new lender for assignment of the transmission licence by way of security in favour of Security Trustee and creation of security interest by way of mortgage, hypothecation, charge or assignment over all movable and immovable assets including over rights, title, interest, claims, demands, benefits under mortgage properties, project assets, clearance, project documents, agreements and approval of the Petitioner in favour of the Security Trustee, Respondent No.2, i.e. Vardhman Trusteeship Private Limited . The Petitioner has made the following prayers:

a) *“To acknowledge/ approve the appointment of Indian Bank i.e., Respondent No. 4 as the New Lender (thereby substituting the Existing Lender i.e., Respondent No. 3) of the Transmission Project of the Petitioner, which has agreed to grant the term loan facility aggregating to Rs. 315,40,00,000/- (Indian Rupees Three Hundred Fifteen Crore and Forty Lakhs only) on the terms and conditions as more particularly set out in the Sanction Letter dated 21.06.2024 and the Facility Agreement dated 25.06.2024 which are enclosed and marked as ANNEXURE P-9 & 10;*

b) *To acknowledge/ approve the Financing Documents executed amongst the Petitioner (Borrower), New Lender (Respondent No. 3) and the Security Trustee (Respondent No. 2) pursuant to the appointment of Respondent No. 4 as New Lender of the Transmission Project of the Petitioner. (enclosed and marked as ANNEXURES;)*

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 any or such further orders as may be deemed fit and proper in the facts and circumstances of the case.”*

4. The Petitioner has mainly submitted as under:

(a) The Petitioner executed a Transmission Service Agreement with Rewa Ultra Mega Solar Ltd. [Long-Term Transmission Customer] (hereinafter referred to as ‘the Respondent No. 1/RUMSL’) on 2.12.2021 to provide the evacuation capacity of 1000 MW to RUMSL on a long-term basis.

(b) The Petitioner executed a Facility Agreement with Standard Chartered Bank on 20.10.2022 for financing of the Transmission Project through long-term

debt. Pursuant to the execution of the said Facility Agreement, the Standard Chartered Bank agreed to provide financial assistance in the form of a Term Loan Facility amounting to Rs. 315,40,00,000/- and a Letter of Credit Facility (as a sub-limit of the Term Loan Facility) amounting to Rs.275,00,00,000/-, for the construction, development, and implementation of the Transmission Project, on the terms and conditions set out in the said Agreement.

(c) The Petitioner entered into a Security Trustee Agreement dated 20.10.2022 with Respondent No. 2, who was appointed as the Security Trustee for the benefit of the lender, as defined under the Facility Agreement dated 20.10.2022, and to execute all relevant financing documents. The substitution of the existing lender (Respondent No. 3) with the new lender (Respondent No. 4), Respondent No. 2 shall continue to act as the Security Trustee for the benefit of the new lender. In this regard, a subsequent Security Trustee Agreement was executed between the Petitioner and Respondent No. 2 on 25.6.2024.

(d) The Petitioner approached Respondent No. 4, Indian Bank, for financial assistance to pre-pay the existing loan from Respondent No. 3, Standard Chartered Bank, under the Facility Agreement dated 20.10.2022. Pursuant to the Petitioner's request, Indian Bank, by sanction letter dated 21.6.2024, agreed to extend a term loan facility of Rs. 315.40 crores to the Petitioner, subject to the terms and conditions set forth in the said sanction letter.

(e) Subsequently, on 25.6.2024 the Petitioner executed a Facility Agreement with Indian Bank substituting Respondent No. 3. Pursuant to the said Facility Agreement, the new lender (Indian Bank) has agreed to provide the Petitioner with term loan facilities aggregating to Rs. 315.40 crore

(hereinafter referred to as the 'Facility'), on the terms and conditions set out in the Agreement and the other relevant Financing Agreements.

(f) In addition, one of the conditions imposed by the new lender for the grant of the Facility was that the Sponsor, G R Infra projects Limited, must enter into a Subordination Agreement concerning the subordinate loans extended or proposed to be extended by the Sponsor. In compliance with this condition, the Sponsor executed a Subordination Agreement with the Borrower/Petitioner and new lender, namely Indian Bank, on 25.6.2024.

(g) As per the Facility Agreement dated 25.6.2024, the repayment of the Secured Obligations by the Borrower is secured through hypothecation and the creation of a Security Interest in favour of the Security Trustee and lenders on a first-ranking basis. Pursuant to this, the new lender required the Borrower/Petitioner to execute the Deed of Hypothecation, which was duly executed on 25.6.2024, thereby hypothecating the Hypothecated Assets in favour of the Security Trustee.

(h) In accordance with the terms of the Deed of Hypothecation, the Petitioner also executed a Power of Attorney in favour of the Security Trustee (Respondent No. 2) on 25.6.2024 to enable the exercise of rights under the Project Documents. Furthermore, the parent company of the Borrower submitted a Sponsor's Undertaking on 25.6.2024 in favour of the Security Trustee for the benefit of the new lender.

(i) The shareholder of the Petitioner, i.e., G R Infracorps Limited, has furnished a Non-Disposal Undertaking in favour of Respondent No. 2. In

accordance with the terms of the said undertaking, as long as there is only one lender (Respondent No. 4) participating in extending the facility to the Petitioner, the pledge over the total equity and preference share capital of the Borrower shall be exercisable only up to 30% of the total equity and preference share capital. Accordingly, in terms of the Facility Agreement, the Borrower shall ensure that at least 21% of the total equity share capital and preference share capital remains under a non-disposal covenant.

5. In pursuance of the Facility Agreement read with the Security Trustee Agreement, the Petitioner has agreed to provide, *inter-alia*, securities to secure the secured obligations in favour of the Security Trustee, namely Standard Chartered Bank, acting on behalf of the lender as per clause 20.10 of the Facility Agreement.

6. The Petitioner has stated that the present petition is being preferred by the Petitioner under Section 17 of the Electricity Act 2003, read with Clause 11.6 of the Security Trustee Agreement and Article 15 of the Transmission Service Agreement dated 2.12.2021, for bringing on record the change of existing lender viz. Respondent No. 3/ Standard Chartered Bank with the new lender, i.e., Respondent No. 4 viz, Indian Bank.

7. The Petitioner has submitted that in accordance with Clause 11.6 of the Security Trustee Agreement dated 25.6.2024 and Article 15 of the Transmission Service Agreement dated 2.12.2021, the Petitioner is permitted to substitute a new lender.

***“Clause 11.6 of the Security Trustee Agreement (Transfer of Interests)***

*(i) The Borrower, Security Trustee and Lenders acknowledge and agree that from time to time certain Persons providing financial assistance to the Borrower for the*

*financing of the Project, who have been approved by the Lenders may accede to this Agreement by executing a Deed of Accession substantially in the form contained in **Schedule III** and upon accession by such Persons to this Agreement, they shall be entitled to the benefits of this Agreement and be bound by the terms of this Agreement and the Parties shall acquire as they would have acquired and assume the same obligations between themselves as they would have acquired and assumed had that Person been an original Party to this Agreement upon terms contained in such Deed of Accession.*

*(ii) The Borrower, Security Trustee and the Lenders acknowledge and agree that upon the execution of the Deed of Accession as provided in Article 11.6 (i) above, the acceding lender shall be deemed for all purposes hereof to have the beneficial interest in the trust created hereunder enjoyed by such Lender pursuant to this Agreement and each reference herein to such Lenders shall thereafter be deemed a reference to such acceding lender.*

*(iii) The Parties acknowledge that upon execution of the Amendment Agreement for Inclusion of Lender pursuant to Article 10.5.2 and Article 10.5.3 of the Facility Agreement, the New Lender (under the Facility Agreement) shall also require to accede to this Agreement by executing a Deed of Accession substantially in the form contained in **Schedule III** and upon accession by such Persons to this Agreement, they shall be entitled to the benefits of this Agreement and be bound by the terms of this Agreement and the Parties shall acquire as they would have acquired and assume the same obligations between themselves as they would have acquired and assumed had that Person been an original Party to this Agreement upon terms contained in such Deed of Accession”.*

### **Hearing dated 7.10.2024**

8. The Petition was called out for the hearing on 7.10.2024 after notice to the Respondents. Vide Record of Proceedings for the hearing on 7.10.2024, the Respondents were granted the opportunity to file their respective replies within three weeks. However, no reply has been filed by the Respondents.

### **Analysis and Decision**

9. We have considered the submissions made by the Petitioner. After the grant of the transmission licence, the Petitioner approached the Commission by way of Petition No. 10/MP/2023 for the creation of security interest in favour of the Security Trustee, namely, Vardhman Trusteeship Private Limited acting as Security Trustee for the benefits of the lender, for the loan availed from the existing lender of Rs. 315.40 crores. The Commission, in its order dated 10.3.2023, accorded in-principle approval allowing

the Petitioner to create security in favour of the Security Trustee, namely, Vardhman Trusteeship Private Limited. The details of the existing lender are as under:

Name of the Existing Lender	Amount of Existing Loan (in Rs.)
Standard Chartered Bank	315,40,00,000*

\* with a letter of credit facility aggregating to INR 275,00,00,000/- (Indian Rupees Two Hundred and Seventy-Five Crore Only) as a sub-limit of the existing term loan facility.

10. The Petitioner had subsequently approached the lender, namely, India Bank (in short, New Lender), for refinancing the project assets and for an outstanding loan of Rs.315.40. The New Lender has agreed to the same through its sanction letter dated 21.6.2024. Consequently, the Petitioner entered into a Security Trustee Agreement on 25.6.2024 for Rs. 315.40 crores as a rupee term loan.

11. As per the Facility Agreement, the estimated cost of the Project is Rs. 430.60 crores. In terms of the financing plan enclosed as Schedule 11 of the Facility Agreement, the Project shall be funded through a debt of Rs. 315.40 crores and equity of Rs. 115.20 crores (share capital of Rs. 9.70 crores and Promoter loan of Rs. 105.50 crores). The Petitioner has submitted the original estimated cost of the Project and means of finance as of the date of financial closure as under:

Original estimated Project cost (as per agreement)	Rs. (in crore)	Means of finance (as per agreement)	Rs. (in crore)
Hard Cost	399.60	Subordinated debt from sponsor/ promoter (Equity share capital / Share Premium)	115.20
IEDC and others	31.00	Secured loan/debt from external sources	315.40
<b>Total</b>	<b>430.60</b>	<b>Total</b>	<b>430.60</b>



12. The Petitioner has submitted lender-wise details as under:

Name of lender	Sanctioned loan (as per loan Agreement)	Name of Security Trustee
Indian Bank	315.40 (TL facility) 275.00 (Sub-Limit for LC facility)	Vardhman Trusteeship Private Limited

*\* with a letter of credit facility aggregating to INR 275,00,00,000/- as a sub-limit of the existing term loan facility.*

13. The transmission projects are capital-intensive projects requiring large capital investment. These projects are financed through loans. It is normal practice followed by the financial institution/ banking industry to ask for sufficient security from the borrower to back the loan in order to mitigate the credit risk of the lender. In the instant case, the new lender has agreed to provide a rupee term loan of Rs. 315.40 crores and, for the said purpose has entered into a Facility Agreement dated 25.6.2024 with the Petitioner for *inter-alia*, refinancing of the existing loan. The existing lender, Standard Chartered Bank, vide its letter dated 10.7.2024, has given the 'No Due Certificate' and has confirmed that there is no outstanding amount against the credit facilities of ₹315,40 crores availed by Rajgarh Transmission Limited, as reproduced below:

*"We confirm that there is NIL outstanding against credit facilities of INR 315,40,00,000/- (Indian Rupees Three Hundred Fifteen Crores and Forty Lakhs only) availed by Rajgarh Transmission Limited. We have no objection to release of charge over following properties/assets along with underlying receivable as mentioned in schedule A hereto."*

14. Sub-sections (3) and (4) of Section 17 of the Act provide as under:

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

*(4) 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."*

As per the above provisions, a licensee is required to obtain approval of the Commission for assigning its licence or transferring its utility or any part thereof by way of sale, lease, exchange, or otherwise and entering into an agreement relating to any of these transactions.

15. Accordingly, we accord approval for the substitution of the new lender, who has agreed to refinance the projects/ transmission assets and accord in- principle approval for the creation of security interest in favour of Security Trustee, namely, Standard Chartered Bank for the benefit of the lender. In this regard, the Petitioner has placed on record the relevant documents pertaining to the involvement of Indian Bank as the new lender and the creation of a security interest in favour of Standard Chartered Bank, acting as the Security Trustee on behalf of the new lender.

16. This decision of ours is in accordance with Regulation 12 of the Central Electricity Regulatory Commission (Procedure, Terms, and Conditions for grant of Transmission Licence and other related matters) Regulations, 2009, which reads as under:

*“12. Assignment of Licence: In case of default by the licensee in debt repayment, the Commission may, on an application made by the lenders, assign the licence to a nominee of the lenders.”*

17. Accordingly, in case of default by the licensee in debt repayment, the Commission may, on a joint application made by the licensee, lender, security trustee, and the nominee, approve the assignment of the licence to a nominee of the lender. Therefore, specific prior approval of the Commission for assigning the licence to the nominee of Security Trustee or transfer of any assets to them shall always be needed. Lastly, finance documents and statements may be filed by the petitioner as and when required by the Commission for any specific purpose.

18. The Petition No. 286/MP/2024 is disposed of in terms of the above.

**Sd/-**  
**(Harish Dudani)**  
**Member**

**sd/-**  
**(Ramesh Babu V.)**  
**Member**

**sd/-**  
**(Jishnu Barua)**  
**Chairperson**