



Petition No. 309/MP/2025

**Shri Jishnu Barua, Chairperson
Shri Ramesh Babu V., Member
Shri Harish Dudani, Member
Shri Ravinder Singh Dhillon, Member**

Date of Order 12th June, 2025

In the matter of

Petition under Sections 17(3) and 17(4) of the Electricity Act, 2003 for the creation of security interest over the Petitioner's Assets in favour of Respondent No.15 as the Debenture Trustee acting for the benefit of the Debenture Holders.

And

In the matter of

**Mumbai Urja Marg Limited,
(erstwhile, Vapi-II North Lakhimpur Transmission Limited),
DLF Cyber Park,
Tower-B, 9th Floor,
Udyog Vihar, Phase-III,
Sector 20, Gurugram-1220008.**

...Petitioner

VERSUS

**1. Maharashtra State Electricity Distribution Company Limited,
Prakashgad, Plot No. G-9,
A K Marg, Bandra (East),
Mumbai-400051, Maharashtra.**

**2. Gujrat Urja Vikas Nigam Limited,
Sardar Patel Vidyut Bhawan, Racecourse Road,
Vadodara-390007, Gujarat.**

**3. M. P. Power Management Company Limited,
Shakti Bhawan, Vidyut Nagar, Rampur,
Jabalpur- 482008, Madhya Pradesh.**

**4. Chhattisgarh State Power Distribution Company Limited,
Vidyut Sewa Bhavan, Danganiya,
Raipur-492013, Chhattisgarh.**



5. Goa Electricity Department,

Electricity Department, 3rd Floor, Vidyut Bhavan,
Panjim-403001, Goa.

6. DNH Power Distribution Corporation Limited,

Vidhyut Bhavan, 66 KV Road, Near Secretariat,
Amli, Silvassa, U.T. of Dadra & Nagar Haveli-396230.

7. Electricity Department, Daman & Diu,

Vidyut Bhavan, Somnath,
Kachigam Road, Kachigam-396210, Daman.

8. Department of Power, Arunachal Pradesh,

Vidyut Bhavan, Zero Point Tinali,
Itanagar-791111, Arunachal Pradesh.

9. Assam Power Distribution Company Limited,

Through its Managing Director,
1st Floor, Bijulee Bhawan,
Paltan Bazar-781001, Guwahati.

10. Manipur State Power Distribution Company Limited,

3rd Floor, New Directorate Building, Near 2nd MR Gate,
Imphal-Dimapur-Road,
Imphal-795001, Manipur.

11. Meghalaya Energy Corporation Limited,

Lumjingshai, Short Round Road,
Shillong-793001, Meghalaya.

12. Power and Electricity Department, Mizoram,

Kawlphetha Building, New Secretariat Complex,
Khatla, Aizawl-796001, Mizoram.

13. Department of Power, Nagaland,

Electricity House, A.G. Colony,
Kohima-797001, Nagaland.

14. Tripura State Electricity Corporation Limited,

Bidyut Bhaban, Banamalipur,
Agartala-799001, Tripura.

15. Catalyst Trusteeship Limited,

GDA House, First Floor, Plot No. 85, S. No. 94 & 95,
Bhusari Colony (Right), Kothrud
Pune-411038, Maharashtra.

16. Power Finance Corporation Limited,

Urjanidhi, 1, Barakhamba Lane,



Parties present:

Shri Deep Rao Palepu, Advocate, MUMML
Shri Mohd. Munis Siddique, Advocate, MUMML
Ms. Shikha Sood, Advocate, MUMML
Shri Ukarsh Singh, Advocate, GUVNL
Shri Anand Ganesan, Advocate, GUVNL

ORDER

The Petitioner, Mumbai Urja Marg Limited (hereinafter referred to as ‘the Petitioner/ MUMML’), has been granted a transmission licence under Section 14 of the Electricity Act, 2003 (hereinafter referred to as ‘the Act’) to establish the “Western Region Strengthening Scheme- XIX (WRSS-XIX) and North Eastern Region Strengthening Scheme- IX (NERSS-IX)” (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 1.4.2021 in Petition No. 599/TL/2020. Further, vide Order dated 1.4.2021 in Petition No. 561/AT/2020, the Commission adopted the competitively discovered levelized tariff of Rs. 2565.92 million per annum for the Project.

2. The Petitioner has filed the present Petition for approval for the creation and perfection of a Security Interest in terms of the Debenture Trust Deed through the mortgage, hypothecation, charge, or assignment over rights, title, interest, claims, demands, benefits under, clearance, project documents, agreements, and approvals (with the exception of security over the fixed assets) of the Petitioner in favour of the Catalyst Trusteeship Limited (Respondent No. 15). Additionally, the Petitioner has requested for the approval of documents that create security as well as other

documents pertaining to the debenture facility. The Petitioner has made the following prayers:

“(a) admit and list the instant Petition for an urgent hearing;

(b) approve the creation of Security Interest by way of hypothecation/ mortgage/ charge/ pledge/ assignment etc., over all the assets including the movable and immovable assets, Project accounts, Project documents (including the transmission license) etc. of the Petitioner in favour of Respondent No. 15/ Debenture Trustee (or its replacement or successor) to secure the Petitioner’s obligations towards the Debenture Trustee under the Debenture Trust Deed dated 13.12.2024 (read with the Debenture Documents);

(c) approve the creation of Security Interest by way of hypothecation/ mortgage/ charge/ pledge/ assignment etc., over all the assets including the movable and immovable assets, Project accounts, Project documents (including the transmission license) etc. of the Petitioner in favour of Respondent No. 15/ Debenture Trustee (or its replacement or successor) to secure the Petitioner’s obligations towards the Debenture Trustee under the Debenture Trust Deed dated 13.12.2024 (read with the Debenture Documents) and for their subsequent transferees, assigns, novatees and substitutes thereof in respect to the Project; and

(d) pass any such other relief as the Commission deems fit and appropriate in the facts and circumstances of the case.”

Background

3. The Petitioner, MUML, is a company incorporated under the Companies Act, 2013. Respondent Nos. 1 to 14 are Long-Term Transmission Customers (hereinafter referred to as ‘LTTCs’) under the Transmission Service Agreement dated 7.12.2018 (hereinafter referred to as ‘the TSA’). Respondent Nos. 1 to 7 are constituents of the Western Region, and Respondent Nos. 8 to 14 are constituents of the Northern Region. Respondent No. 15, Catalyst Trusteeship Limited, is a company incorporated under the Companies Act, 2013, and is acting as the Debenture Trustee. Respondent No. 16, Power Finance Corporation Limited (hereinafter referred to as ‘PFC’), is a public sector undertaking engaged in infrastructure financing activities.

4. The Petitioner had earlier availed financial assistance in the form of a term loan facility, for an aggregate principal of Rs. 2069,58 crores to enable it to meet part of



the total cost of construction and development of the Project. The said loan facility was extended to the Petitioner by PFC, Respondent No. 16.

5. The Petitioner executed a TSA dated 20.9.2016 with the Long-Term Transmission Customers (Respondent Nos. 1 to 7) for availing the transmission services in respect of the subject Transmission System. The Petitioner also entered into a Facility Agreement dated 19.10.2021, read with the amendment dated 27.3.2021, with Respondent No. 16, PFC, for availing a loan of Rs. 2,069.58 crores. In connection therewith, the Petitioner approached this Commission seeking approval for the creation of a security interest over its assets in favour of PFC. Accordingly, the Commission, vide Order dated 21.11.2021 in Petition No. 162/MP/2021, granted approval for the creation of such security interest. Out of the sanctioned loan amount of Rs. 2,069.58 crores, the Petitioner availed a total of Rs. 2,046.10 crores. Subsequently, PFC issued a 'No Dues Certificate' dated 8.1.2025, certifying that the aforesaid loan facilities extended to the Petitioner had been fully repaid.

6. The Petitioner has submitted that, with a view to refinancing the Project more efficiently, the Petitioner has availed financial assistance through Respondent No. 15, the Debenture Trustee, by raising funds via issuance of senior, unsecured, redeemable, rated, and listed Non-Convertible Debentures (hereinafter referred to as 'NCDs') of face value Rs. 1,00,000 each, aggregating up to Rs. 2,450 crores. The said issuance is governed by the terms and conditions of the Debenture Trustee Agreement dated 28.11.2024 ("Debenture Agreement") and the Debenture Trust Deed dated 13.12.2024 ("Debenture Trust Deed"), entered into between the Petitioner and the Debenture Trustee. In view of the above, the Debenture Holders, acting through the Debenture Trustee, currently have an exposure of Rs. 2,450 crores towards the



Petitioner. As on 17.12.2024, the entire loan amount of Rs. 2,450 crores has been disbursed to the Petitioner and duly utilized towards the Project.

7. As per the Debenture Trust Deed, the Petitioner has agreed to provide the following security to secure the Debenture-II:

- (i) a first ranking exclusive charge by way of hypothecation (in terms of the Deed of Hypothecation) in favour of the Debenture Trustee of all Issuer's movables including machinery, spares, tools and accessories, furniture, fixtures, vehicles, present & future in relation to the Project;
- (ii) a first ranking charge by way of mortgage (in terms of the Mortgage Documents) in favour of Debenture Trustee on all of Issuer's immovable properties including but not limited to civil structures, towers and cables, office buildings, present & future, including right of way/ land, if any for the Project;
- (iii) a first ranking charge by way of hypothecation (in terms of the Deed of Hypothecation) on all intangible assets of the Company, including but not limited to goodwill, uncalled capital, present & future, in relation to the Project;
- (iv) a first ranking charge by way of assignment or creation of security interest, present & future, of all the rights, title, interest, benefits, claims and demands whatsoever of the Company in the:
 - (a) Project Documents duly acknowledged and consented to by the relevant counter parties to such Project Documents, if required, and any letter of credit, guarantee, performance bond, corporate guarantee, bank guarantee, provided by any party to the Project Documents;
 - (b) Approvals and Clearances;
 - (c) Insurance Contracts and Insurance Proceeds (applicable only if the insured party for such policies is the Issuer).
- (v) a first ranking charge on the Trust and Retention Accounts, including the monies lying thereunder, reserves, and any other bank accounts of the Company by way of hypothecation (in terms of the Deed of Hypothecation) wherever maintained, present & future in relation to the



Project;

- (vi) a first ranking charge by way of hypothecation (in terms of the Deed of Hypothecation) on all book debts, operating cash flows, receivables, commissions, revenues of whatsoever nature and wherever arising, of the Issuer, present & future in relation to the Project;
- (vii) Pledge of 51% Securities of the Issuer (subject to the provisions under the Banking Regulation Act, 1949) in terms of the Deed of Pledge.

8. The Petitioner has submitted that, in terms of Article 15.2 of the Transmission Service Agreement, it is entitled to create an encumbrance over all or part of its receivables or transmission assets in favour of the Debenture Trustee, subject to obtaining prior approval from this Commission.

9. The Petitioner has further submitted that in view of the provisions of sub-sections (3) and (4) of Section 17 of the Act, the Petitioner, as a licensee, cannot create a Security in favour of and/or for the benefit of the Debenture Holder pursuant to an amended without the approval of this Commission. Accordingly, the Petitioner has filed the present Petition seeking approval of the Commission for the creation of security by the Petitioner over the Petitioner's Assets in favour of Respondent No. 15 acting as the Debenture Trustee for the benefit of the Debenture Holders and for their subsequent transferees, assignees, novatees thereof by way of hypothecation/ assignment/ mortgage, to the extent described in this Petition to secure the Petitioner's obligations towards the Debenture Trustee under the Debenture Trust Deed dated 13.12.2024 aggregating to Rs. 2450,00,00,000/- only.

Hearing dated 8.4.2025

10. The matter was admitted on 8.4.2025, and notices were issued to the parties to file their respective replies. However, no reply has been filed by the Respondents.



11. Vide Record of Proceedings (hereinafter referred to as “RoP”) for the hearing on 8.4.2025, the Petitioner was directed to submit, within two weeks, an affidavit containing a statement detailing the sources and application of funds as on the date of the Petition, along with a statement of the total project cost.

12. The Petitioner, vide affidavit dated 24.4.2025, in compliance with the RoP dated 8.4.2025, has filed the requisite information called for.

Hearing dated 22.5.2025

13. During the course of the hearing, the learned counsel for the Petitioner primarily reiterated the submissions made in the Petition. The learned counsel for Respondent No. 2, GUVNL, submitted that the creation of a security interest by the Petitioner ought not to prejudice or affect the rights of GUVNL under the Transmission Service Agreement. Considering the submissions made by the parties, the matter was reserved for orders.

Analysis and Decision

14. We have considered the submissions of the Petitioner and perused the documents available on record. The Petitioner had earlier availed financial assistance in the form of a term loan facility from the Power Finance Corporation Limited (Respondent No. 16) for an aggregate sanctioned amount of Rs. 2,069.58 crores towards part-financing the construction and development of the Project. In connection with the said facility, the Petitioner entered into a Facility Agreement dated 19.10.2021, read with the amendment dated 27.3.2021. Pursuant to the said arrangement, the Petitioner approached this Commission seeking approval for the creation of a security interest over its assets in favour of Respondent No. 16. The Commission, vide order



dated 21.11.2021 in Petition No. 162/MP/2021, granted approval for the same. Out of the sanctioned loan amount, the Petitioner availed Rs. 2,046.10 crores, and the said loan was fully repaid, as evidenced by the 'No Dues Certificate' issued by Respondent No. 16 on 8.1.2025.

15. The Petitioner has submitted that, with a view to refinancing the Project, it has availed financial assistance by way of issuance of senior, unsecured, redeemable, rated, listed Non-Convertible Debentures NCDs, of face value Rs. 1,00,000 each, for an aggregate amount of Rs. 2,450 crores. The said issuance was undertaken pursuant to the Debenture Trustee Agreement dated 28.11.2024 and the Debenture Trust Deed dated 13.12.2024, entered into between the Petitioner and the Debenture Trustee, Catalyst Trusteeship Limited (Respondent No. 15). As on 17.12.2024, the entire amount of Rs. 2,450 crores have been disbursed to the Petitioner by the Debenture Holders and has been utilized for the Project.

16. The Petitioner has further submitted that, in terms of sub-sections (3) and (4) of Section 17 of the Act, 2003, as a transmission licensee, it cannot create any security interest over its assets in favour of the Debenture Trustee without the prior approval of this Commission. Accordingly, the present Petition has been filed seeking approval for creation of security over the Petitioner's assets, in favour of Respondent No. 15, acting as Debenture Trustee for the benefit of the Debenture Holders and their respective transferees, assignees, and novatees, by way of hypothecation, assignment, or mortgage, as detailed in the Petition, to secure the Petitioner's obligations under the Debenture Trust Deed dated 13.12.2024, for the loan facility aggregating Rs. 2,450 crores.



17. In compliance with RoP dated 8.4.2025, the Petitioner has submitted the Chartered Accountant (CA) certificate dated 21.4.2025, wherein the CA has certified that as on 21.1.2025, the total hard cost of the project was Rs. 2,753.23 crores. The total project cost, including Interest During Construction (hereinafter referred to as 'IDC') and financing charges, was estimated to be Rs. 3,099.08 crores. A Statement of Project Cost as certified by the CA is as under:

Sr. No.	Description	Amount (Rs. Crore)
1.	Supply	970.40
2.	Erection	1,247.62
3.	Land, Right of Way ("RoW"), Enablement and others	535.21
4.	Total Hard Cost	2,753.23
5.	Financing Charges	18.94
6.	Interest During Construction (IDC)	326.91
	Total Project Cost	3,099.08

18. The Petitioner has submitted that as on 21.1.2025, the promoters have brought in Rs. 556.12 crores, out of which Rs. 208.53 crores have been funded as equity and the remaining has been brought in as Compulsorily Convertible Debentures (hereinafter referred to as 'CCDs') and unsecured loans. The details are as under:

SOURCE OF FUNDS	
PARTICULARS	Amount (INR Crore)
Equity Share Capital	208.53
CCDs	192.17
Unsecured Loans	155.42
Rupee Term Loan	2,450.00
Total	3,006.12
Capital Creditors	265.48
Total Sources of Funds	3,271.60

19. Further as on 21.1.2025, a total of Rs. 3,099.08 crores have been utilized towards Project construction as stated above. The details are as under:

APPLICATION OF FUNDS (as on date of filing of the captioned Petition)	
Particulars	Amount (INR Crore)
Supply	970.40
Erection	1,247.62
Land, RoW, Enablement and others	535.21
Total Hard Cost	2,753.23
Financing Charges	18.94
IDC	326.91
Total Utilisation	3,099.08
Debt Service Reserve Account	103.57
Other	29.43
Cash	39.52
Total	3,271.60

20. The Petitioner has submitted that under the Financing Agreements and on enforcement of a security interest, it shall be lawful for the lender and its assigns, transferees, and novates to enter into and take possession of the assets/properties mortgaged/hypothecated/charges assigned for their benefits and substitute themselves or any one of them or its nominees for the Petitioner under any or all of the project document(s). Article 15.2.2 of the TSA provides as under:

*“15.2.2 However, the TSP may create any encumbrance over all or part of the receivables, or the Project Assets of the Project in favour of the Lenders or the Lenders' Representative on their behalf, as security for amounts payable under the Financing Agreements and any other amounts agreed by the Parties.
Provided that:*

- i. the Lenders or the Lenders' Representative on their behalf shall have entered into the Financing Agreements and agreed in writing to the provisions of this Agreement; and*
- ii. any encumbrance granted by the TSP in accordance with this Article 15.2.2 shall contain provisions pursuant to which the Lenders or the Lender's Representative on their behalf agrees unconditionally with the TSP to release from such encumbrances upon payment by the*



TSP to the Lenders of all amounts due under the Financing Agreements.”

In accordance with the above provision, the Transmission Service Provider has been allowed to create an encumbrance over all or part of the receivables, Letters of Credit, or other assets of the Project in favour of the lenders or the lenders' representatives or their representatives, as security for amounts payable under the Financing Agreements and any other amounts agreed by the parties.

21. Article 15.3 of the TSA provides as under:

“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.

15.3.2 However, in the case of default by the TSP in debt repayments or in the case of default by the TSP as per Article 13 of this Agreement during the debt repayments, the Commission may, on an application from the Lenders, assign the Transmission License to the nominee of the Lenders subject to the fulfilment of the qualification requirements and provisions of the Central Electricity Regulatory Commission (Procedure, terms and Conditions for grant of Transmission License and other related matters) Regulations, 2006 and as amended from time to time.”

22. 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 subsection (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.

23. In the context of the present Petition, which pertains to the refinancing of the Project through issuance of Non-Convertible Debentures, the Petitioner has submitted that it has appointed Catalyst Trusteeship Limited (Respondent No. 15) as the Debenture Trustee for the creation of a Security Interest over its assets. It has been submitted that the Petitioner has raised funds aggregating to Rs. 2,450 crores by issuance of senior, unsecured, redeemable, rated, listed NCDs in accordance with the Debenture Trustee Agreement dated 28.11.2024 and the Debenture Trust Deed dated 13.12.2024. In our view, Catalyst Trusteeship Limited, acting as the Debenture Trustee for the benefit of the Debenture Holders and their successors, assignees, novatees, or transferees, needs to be given adequate comfort by permitting the creation of a Security Interest over the Project assets. We, therefore, accord in-principle approval allowing the Petitioner to create a Security Interest in favour of Catalyst Trusteeship Limited, by way of hypothecation, assignment, mortgage, or any other security document, in accordance with the terms of the Debenture Trust Deed. The Petitioner is directed to submit a signed copy of the Indenture of Mortgage and associated security documents immediately upon their execution.

24. This in-principle approval is being approved with the condition that the transmission licence granted by the Commission to the Petitioner shall not be assigned in favour of the Debenture Trustee or any nominee of the Debenture Holders without the prior approval of the Commission. In the event of any such proposal, the Commission shall assess the technical and financial capability of the proposed nominee with respect to the development, design, construction, operation, and



maintenance of transmission systems and their ability to execute and operate the licensed transmission project. The Petitioner, the Debenture Trustee, the Debenture Holders, and the nominee shall be jointly required to approach the Commission to seek such prior approval. This will allow the Commission to satisfy itself of the circumstances necessitating such a transfer. This decision of ours is in accordance with Regulation 8 of the Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of Transmission Licence and other related matters) Regulations, 2024, which reads as under:

“8. Assignment of Licence :-

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

25. Accordingly, in case of default by the licensee in debt repayment, the Commission may, on a joint application made by the Petitioner, the Debenture Trustee, the Debenture Holders, and their nominee, consider the assignment of the transmission licence to such nominee after conducting appropriate due diligence. Therefore, specific prior approval of the Commission for assigning the licence to the nominee of the Security Trustee or transferring any assets to them is a mandatory requirement. Lastly, the financial documents and statements are to be filed by the Petitioner as and when directed by the Commission.

26. Petition No. 309/MP/2025 is disposed of in terms of the above.

Sd/-	sd/-	sd/-	sd/-
(Ravinder Singh Dhillon)	(Harish Dudani)	(Ramesh Babu V.)	(Jishnu Barua)
Member	Member	Member	Chairperson

