

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 546/MP/2025

Coram:

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

Date of Order: 30th September, 2025

In the matter of

Petition seeking approval under Section 17 of the Electricity Act, 2003 for bringing on record the appointment of Vardhman Trusteeship Pvt. Ltd., Respondent No.2 as the Security Trustee and for creation of security interest over the assets of Petitioner in favour of the Security Trustee, acting on behalf of and for the benefit of the Lenders (and for any subsequent transferees, assign, novatees thereof and any refinancing lenders to the Project), by way of hypothecation and equitable mortgage on the Project assets, pursuant to unattested Deed of Pledge, Declaration, Undertaking and other Financing Agreements, for the development of the Transmission Project.

And

In the matter of

Tumkur – II REZ Power Transmission Limited,
2nd Floor, Novus Tower,
Plot No. 18, Sector-18,
Gurugram -122015, Haryana.

.....Petitioner

Versus

- 1. Central Transmission Utility of India Limited,**
Saudamini, 1st Floor, Plot No. 2,
Sector-29, Gurugram – 122001, Haryana.
- 2. Vardhman Trusteeship Private Limited,**
Turner Morrison Building, Unit No. 15,
6 Lyons Range, Kolkata - 700001.
- 3. HDFC Bank Limited,**
HDFC Bank House, Senapati Bapat,
Lower Parel, Mumbai – 400013.
- 4. Axis Bank Limited,**
Trishul 3rd Floor,



Opp. Samartheshwar Temple Law Garden Ellisbridge,
Ahmedabad – 380006, Gujarat.

5. Yes Bank Limited,

Yes Bank House,
Off Western Express highway,
Santacruz (East), Mumbai – 400055.

.....**Respondents**

Parties present:

Shri Hemant Singh, Advocate, TRPTL
Ms. Supriya Rastogi, Advocate, TRPTL
Ms. Lavanya Panwar, Advocate, TRPTL
Shri Harshit Singh, Advocate, TRPTL
Shri Nishant Kumar, Advocate, TRPTL
Shri Arun Lal, Advocate, TRPTL
Shri Jay Lal, Advocate, TRPTL

ORDER

The Petitioner, Tumkur- II REZ Power Transmission Limited (hereinafter referred to as “TRPTL”), has filed the present Petition under Section 17(3) of the Electricity Act, 2003 (hereinafter referred to as “the Act”) read with Regulation 6 (8) of the Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of Transmission License and other related matters) Regulations, 2024 (“CERC Transmission License Regulations”) and Article 15.2 of the TSA to seek approval for the purpose of creating charge over the assets of the Project in favour of Vardhman Trusteeship Private Limited (Respondent No. 2) as per the Security Trustee Agreement dated 21.2.2025 to avail the financial facility in terms of the Facility Agreements executed between the Petitioner and HDFC Bank Limited, Axis Bank Limited, and Yes Bank Limited (collectively referred to as “the Lenders”). The Petitioner has made the following prayers in the Petition:

“(a) Approve the creation of security Interest, over the movable and immovable assets of the Petitioner and to the extent as mentioned in the Facility Agreement, Security Trustee Agreement and other financing documents, in favour of Security Trustee/ Respondent No. 2 acting on behalf of and for the benefit of the Lenders and for subsequent transferees, assigns, novates thereof and any refinancing lenders of the Project, by way of hypothecation and



equitable mortgage on Project assets, pursuant to the Financing Agreements executed in this regard;

(b) Approve any future security creation, over the movable and immovable assets of the Petitioner, in favour of Security Trustee acting on behalf of and for the benefit of the Lenders and for subsequent transferees, assigns, novates thereof and any refinancing lenders of the Project, by way of hypothecation and equitable mortgage on Project assets, pursuant to the requisite Financing Agreements executed in this regard; and

(c) Pass such other order/ orders, as may be deemed fit and proper in the facts and circumstances of the case."

Background

2. TRPTL was incorporated as a Special Purpose Vehicle (hereinafter referred to as "SPV") for the implementation of the 'Transmission Scheme for Integration of Tumkur-II REZ in Karnataka ("Project") by REC Power Development and Consultancy Limited (hereinafter referred to as "RECPDCL"). Subsequently, RfP was issued on 4.4.2024 by RECPDCL and after being declared as the successful L1 bidder in the bidding process conducted by RECPDCL in terms of the RfP, GR Infraprojects Limited acquired Tumkur - II REZ Power Transmission Ltd. on 3.9 2024 in terms of the Share Purchase Agreement dated 3.9.2024 (hereinafter referred to as "SPA"), taking over one hundred percent (100%) of the equity shares of the Petitioner. The Petitioner has been granted a transmission licence by this Commission vide order dated 2.1.2025 in Petition No. 347/TL/2024 for the establishment of the Project elements as envisaged under the Transmission Service Agreement (hereinafter referred to as "the TSA") dated 3.9.2024. Further, vide Order dated 27.12.2024 in Petition No. 345/AT/2024, the Commission adopted the competitively discovered levelized tariff of Rs. 537.70 million per annum for the Project.

Submissions of the Petitioners

3. The Petitioner has submitted that in terms of the Facility Agreement executed with the Lenders on 21.2.2025, it has agreed to avail financial assistance in the form

of a Rupee term loan facility of an aggregate principal amount not exceeding Rs. 375.79 crore, along with a Letter of Credit facility of an amount not exceeding Rs. 250.00 crore as a sub-limit of the Rupee facility, as more particularly set out in Schedule IA of the Agreement, for financing the construction, development and implementation of the Transmission Project on the conditions set out in the said Facility Agreement. The particulars of the Rupee facility and its sub-limits are as under:

Name of the Lender	Amount if Commitment of Lenders for the Facility (in Rs. Crore)	LC Facility Sub-Limit (in Rs. Crore)
AXIS	125.26	83.33
HDFC	125.26	83.33
YBL	125.26	83.33
Total	375.79	250.00

3. The estimated cost of the Transmission Project is Rs. 488.04 crore, and the means of financing such cost as on the date of financial closure are as under:

Estimated Project Cost:

Particulars	Amount (in Rupees Crore)	Percentage
Project Cost	488.04	100

4. The details of the debt component are as under:

Financing Plan (Schedule II of Facility Agreement):

Particulars	Amount (in Rupees Crore)
Contributions	112.25
Facility	375.79
Estimated Project Cost	488.04

5. Respondent No. 2, i.e., Vardhman Trusteeship Private Limited, has agreed to act as the Security Trustee for the lenders, including their assigns, transferees and novatees. Accordingly, on 21.2.2025, Respondent No. 2 entered into a Security Trustee Agreement along with other requisite financing documents with TRPTL and

the Lenders, to hold the security interest for and on behalf of the lenders. Further, as on the date, the lenders have not disbursed any amount towards the development of the Transmission Project.

6. The Petitioner has stated that, as per Article 15.2.2 of the TSA, the Petitioner can create encumbrances on receivables, letter of credit or Project Assets in favour of the lenders or the representative of the lenders as security for the amount payable under the Financing Agreements and any other amounts agreed by the parties, subject to the following two conditions:

- (a) The lender or the lender's agent on their behalf shall have entered into the Financing Agreements and agreed in writing to the provisions of the TSA; and
- (b) Any encumbrance granted by the Petitioner in accordance with Article 15.2.2 shall contain provisions pursuant to which the lender or the representative of the lenders on their behalf agrees unconditionally with the Petitioner to release from such encumbrances upon payment by the Petitioner to the lender of all amounts due under the Financing Agreements.

7. In pursuance of Articles 3.1, 3.3, 3.4 and 3.5 of the Facility Agreement, read with Schedule II of the Security Trustee Agreement, TRPTL has agreed to provide, *inter alia*, the following securities to secure its obligations in favour of the Security Trustee acting on behalf of the lender as under:

“3.1 Security for Loans:

(a) The Secured Obligations shall be secured by the following security created and perfected/ to be created and perfected in Favour of the Security Trustee, in the form and manner acceptable to the Lenders/ Lenders' Agent:

- (i) negative lien undertaking with respect to the Substation Land, in the form satisfactory to the Lender/ Lenders' Agent. It is hereby clarified*

that negative lien undertaking should be provided by the Borrower without submission of the Property documents to the Security Trustee/Lenders;

(ii) a first charge by way of mortgage on all immovable assets (except for the Substation Land) of the Borrower, both present and future;

(iii) a first charge by way of hypothecation on all the tangible moveable assets of the Borrower pertaining to the Project, including but not limited to movable plant and machinery, machinery spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets pertaining to the Project, both present and future;

(iv) a first charge by way of hypothecation on all current assets and intangibles of the Borrower pertaining to the Project, including but not limited to, book-debts, Receivables, operating cash flows, commissions, revenues of whatsoever nature and wherever arising, goodwill, intellectual property rights, uncalled capital and undertaking pertaining to the Project, both present and future;

(v) a first charge by way of hypothecation over all accounts of the Borrower pertaining to the Project, including but not limited to the Account and the Sub-Accounts (including the DSRA.) (or any account in substitution thereof) (other than Distribution Sub-Account) that may be opened in accordance with the Transaction Documents and in all funds from time to time deposited therein (including the reserves), all non-fund based reserves maintained by way of letters of credit / bank guarantees or otherwise including DSR Instrument, and the Permitted Investments or other securities representing all amounts credited to the Account;

(vi) a first charge by way of hypothecation or equitable assignment or assignment by way of security of:

(A) all the right, title, interest, benefits, claims and demands whatsoever of the Borrower in, to and under all the Project Documents including the Transmission Service Agreement, substitution agreement (if any), Transmission License under section 164 of the Electricity Act, 2003 and consent of CERC, duly acknowledged and consented to by the counter parties to the Project Documents, all as amended, varied or supplemented from time;

(B) rights, title, interest, benefits, claims and demands of the Borrower in, to and under all the Clearances pertaining to the Project;

(C) all the right, title, interest, benefits, claims and demands whatsoever of the Borrower in, to and under any letter of credit, guarantee including contractor guarantees and liquidated

damages, consent agreements, side letters and performance bond provided by any party to the Project Documents, both present and future; and

(D) all the right, title, interest, benefits, claims and demands whatsoever of the Borrower in, to and under all Insurance Contracts (obtained by the Borrower or by any Contractor for the benefit of the Project or favouring the Borrower) and Insurance Proceeds pertaining to the Project, both present and future.

(vii) Pledge over the Equity Share Capital and Preference Share Capital (if any), free from any Security Interest, so as to maintain the Required Cover;

(viii) Pledge over 51% of CCD and compulsorily convertible preference shares issued by the Borrowed.

These shall be collectively referred to as the "Security" which shall include any further or additional Security Interest created in terms of Articles 3.3 to 3.5.

(b) (i) The Security shall in all respects rank pari passu. inter se amongst the Lenders in relation the Facility, without any preference or priority to one over the other or others.

(ii) Further, the Security (other than Security created by way of pledge as per Article 3.1 (a)(vii) and (viii)) shall in all respects rank pari passu amongst the Lenders and Working Capital Lender. Provided that, the Working Capital Lender shall share the Security Interest stipulated by them under the relevant financing documents in relation to the Working Capital Facility on pari passu basis with the Lenders.

(iii) The Security stipulated in: (a) Article 3.1 (a)(vi) and (viii) shall be created and perfected on or before the Initial Drawdown Date; (b) Article 3.1 (a)(iii) to (iv) shall be created and perfected within 3 (three) months of approval from CERC or 6 (six) months initial Drawdown Date (whichever is earlier), whichever is earlier; (c) Article 3.1 (a)(i), shall be created on or prior to the Initial Drawdown Date; and (d) Article 3.1 (a) (ii) shall be created and perfected within 180 (one hundred and eighty) days from the Initial Drawdown Date. Provided, the application is to be made to CERC within 30 (Thirty) days &om the Execution Date for creation of charge on Security and approval of CERC shall be obtained within 6 (six) months from the Execution Date. In case there is a delay in receipt of CERC approval on account of reasons beyond the control of the Borrower, the Borrower and the Lenders will mutually agree on revised timeline before expiry of agreed timelines- In the event the Borrower and the Lenders have not mutually agreed on the revised timelines, within 15 (fifteen) days of the request made by the Borrower, then the extension (if any) for

timeline for creation and/or perfection of the Security shall be at the sole discretion of the Lenders.

(iv) The Borrower shall within the timelines stipulated herein for creation and perfection of Security, take all actions including (1) obtaining the Clearances and/or no-objection (as applicable) from the Government Authority and from any other Person from whom an approval is required to be obtained (either under contract or under Applicable Laws) for the purpose of creation and perfection of the Security (including assignment of rights in favour or for the benefit of the Lender); (2) making necessary filing with the Government Authority required to be filed under Applicable Laws (including filing form CHG-I with the relevant Registrar of Companies, subject to the provisions of sub-article (iv) hereinafter so long as the same does not have the effect of extending the timeline for perfection beyond the timeline specified above for perfection of Security; and (3) paying all Taxes (including stamp duty and registration fees) in order to perfect the Security.

(v) The Borrower shall forthwith, and in no event later than 30 (thirty) days from the date of execution of the relevant Security Document or shorter period, if any, provided under the Applicable Laws, file particulars of the charges created under such Security Documents under Form CHG-I with the relevant Registrar of Companies and pay such fees as may be prescribed.

(vi) The Borrower shall promptly provide evidence of perfection of Security Interest over the Security. including certified true copies of CHG- I, along with annexures, cash receipt, charge certificate, etc. in favour of the Security Trustee and all details in relation to registration of the Security Interest in favour of the Security Trustee, which are required to be created as per the terms of the financing Documents.

(vii) The Equity Shares/ Preference Shares/ CCD/ compulsory convertible preference shares, present and future, held by the Promoter, to be pledged pursuant to sub-article (vii) to (viii) of Article 3.1 (a) shall be in dematerialized form, together with all accretions thereon (in dematerialized form), and shall be free from any Security Interest, including but not limited to, any restrictive covenants / liens or other encumbrance or charges under any contract/ agreement/ arrangement including shareholders agreements/ joint venture agreements/ financing arrangement.

(viii) Without prejudice to the provisions of Article 2.8 (b), if the Security is not created and perfected by the Borrower within the time-period prescribed in paragraph (b) (iii) above, any further Disbursements shall be at the sole discretion of the Lenders.

(ix) The Borrower acknowledges and agrees that the Lenders shall have the right, to amend/ modify the Security, in their sole and absolute discretion.

(x) The Borrower shall take all necessary actions and provide necessary assistance to the Secured Parties for filing/registration of the relevant Security Document and the Security Interest created thereunder with Central Registry of Securitisation Asset Reconstruction and Security Interest of India ("CERSAI"), forthwith upon execution of the relevant Security Documents and in any event not later than 1 (one) Business day from the execution of such security Documents.

8. The Petitioner has stated that in terms of Section 17 of the Act read with Article 15 of the TSA the Petitioner is required to take permission for creation of security interest over all the movable and immovable assets of the Petitioner in favour of the Security Trustee (the Respondent No.2) acting on behalf of and for the benefit of the Lenders pursuant to the Facility Agreement and Security Trustee Agreement. Accordingly, the Petitioner has filed the present Petition seeking prior approval of the Commission for the creation of a Security Interest over all assets, including the movable and immovable assets for the Project, in favour of the Security Trustee/ Respondent pursuant to a Security Trustee Agreement and a Facility Agreement.

Hearings dated 24.6.2025, 5.8.2025 and 28.8.2025

9. The Petition was called out for the hearing on 24.6.2025, wherein the Petitioner reiterated the submissions made in the Petition. After notice to the Respondents. Vide Record of Proceedings for the hearing on 24.6.2025, the Respondents were granted the opportunity to file their respective replies within a week. However, no reply has been filed by the Respondents.

10. Vide Record of Proceedings (hereinafter referred to as "RoP") for the hearing dated 24.6.2025, the Petitioner was directed to file an affidavit regarding the application of funds and sources of funds as on the date of application.

11. During the course of the hearing on 5.8.2025, the Petitioner prayed for an additional ten days to file a compliance affidavit in terms of the RoP dated 24.6.2025. Considering the request, the Commission granted the Petitioner additional time as prayed for.

12. In compliance with the RoPs dated 24.6.2025 and 5.8.2025, the Petitioner, vide affidavit dated 26.8.2025, has submitted the application for funds and sources of funds as on the date of application, which has been indicated in subsequent paragraphs.

13. Considering the submissions of the parties, the matter was reserved for orders vide RoP dated 28.8.2025.

Analysis and Decision

14. We have considered the submissions of the Petitioner and perused the documents available on the record. The Petitioner approached the lenders for the purpose of financing for the implementation of the Project. The lenders have agreed to grant the financial assistance aggregating to the principal amount not exceeding Rs. 375.79 crore, along with a Letter of Credit facility of an amount not exceeding Rs. 250.00 crore.

15. The Petitioner has submitted that it has appointed Vardhman Trusteeship Private Limited as a Security Trustee, who agreed to act as a Security Trustee and has entered into a Security Trustee Agreement and Facility Agreement dated 21.2.2025. As per the Facility Agreement, the estimated cost of the Project is Rs. 488.04 crore. In terms of the financing plan submitted by the Petitioner, the Project shall be funded through equity share capital, i.e., Rs. 9.00 crore and Preference Share capital, i.e., 103.25 crore.

16. The Petitioner has submitted the application for funds and sources of funds as on the date of application as under:

The application of funds and sources of funds as on the date of application:

A. The cost of the Project is bifurcated in the following manner:

Cost of Project	Amount (Rs. in crore)
EPC & Supply Value	405.00
IDC	15.90
3 Months Interest & O&M	9.75
Other Costs	57.39
Total	488.04

B. The details of utilisation of funds:

Tumkur-II REZ Power Transmission Limited (Rs. in crore)		
Cost of Project	As per the Financing Documents	Expenditure incurred till 31.7.2025
EPC & Supply Value	405.00	3.62
IDC	15.90	-
3 Months Interest & O&M	9.75	-
Other Costs	57.39	21.87
Prepaid Insurance		0.01
Cash & Bank Balance		0.04
Total	488.04	25.53
Note: Prepaid Insurance shall form part of Insurance cost		
Means of Finance	As per Financing Documents	Means of Finance till 31-07-2025
Sponsor Contribution	112.25	22.46
Loan	375.79	
Creditors (Net of GST Input)		3.07
Total	488.04	25.53
Note: - Creditors shall be paid off from the proceeds of the Sponsor Contribution & Debt		

C. The means for financing the said Project:

Means of Finance	Amount (Rs. in crore)
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Equity	112.25
Loan	375.79
Total	488.04

D. Details of Contribution:

Particulars	Amount (Rs. in crore)
Subscription to Equity Share Capital	9.00
Subscription to Preference Share Capital	103.25

17. The transmission projects are capital-intensive projects that need enormous capital inputs and are funded via loans rather than other forms of financing. In order to reduce the amount of credit risk that the lender is exposed to, it is a common practice for financial institutions and the banking sector to request enough collateral from the borrower in order to secure the loan. The lenders have consented to offer the Petitioner a loan of Rs. 375.79 crore.

18. The Petitioner has submitted that, in terms of the Financing documents, the Petitioner is required to create a Security Interest on a first-charge basis for the lender. The Petitioner has submitted that under the Facility Agreement and on enforcement of a security interest, it shall be lawful for the lenders 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 Facility Agreement and any other amounts agreed by the parties.

19. 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.”

20. 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 the 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 for entering into an agreement relating to any of these transactions.

21. The Petitioner and lenders have appointed Vardhman Trusteeship Private Limited as a Security Trustee for the creation of a Security Interest over all the movable and immovable assets of the project. In our view, Vardhman Trusteeship Private Limited needs to be given comfort for the creation of security for the benefit of the lenders, as security for the financial assistance provided by it. We, therefore, accord in-principle approval allowing the Petitioner to create a Security Interest in favour of Vardhman Trusteeship Private Limited by way of mortgage or any other security document on project assets by execution of an indenture of Mortgage and financing documents of the Project. The Petitioner is directed to submit a signed copy of the Indenture of Mortgage for the Project immediately after its execution.

22. This in-principle approval is being granted with the condition that the transmission licence granted by the Commission to the Petitioner cannot be assigned in favour of the Security Trustee or nominee of the lender without prior approval of the Commission at the time of creating rights in favour of such a nominee. Before agreeing to the assignment of the licence and the assets of the Petitioner to the nominee of the lender, the Commission will evaluate such a nominee's expertise in the development, design, construction, operation, and maintenance of the transmission lines and their ability to execute the Project and undertake the transmission of electricity. The licensee, lender, security trustee, and nominee, accordingly, shall be jointly required to approach the Commission to seek 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 the licensee in debt repayment, the Commission may, on an application made by the lenders, assign the licence to a nominee of the lenders.”

23. In the event of a default by the licensee regarding debt repayment, the Commission may, upon a joint application submitted by the licensee, lender, Security Trustee, and nominee, grant approval for the assignment of the licence to a nominee, contingent upon the satisfactory completion of due diligence procedures. Consequently, it is imperative to obtain explicit prior approval from the Commission for the assignment of the licence to the nominee of the Security Trustee or for the transfer of any assets to them. Finally, the Petitioner is required to submit the financial documents and statements in accordance with the directives issued by the Commission

24. Petition No. 546/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