

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 6/MP/2026

Coram:

Shri Jishnu Barua, Chairperson

Shri Ramesh Babu V., Member

Shri Harish Dudani, Member

Shri Ravinder Singh Dhillon, Member

Date of Order: 27th March, 2026

In the matter of:

Petition seeking approval under Section 17(3) and Section 17(4) of the Electricity Act, 2003 read with Article 15.2.2 of the Transmission Service Agreement dated 21.08.2024, for creation of security interest by way of hypothecation of the assets of Rajasthan IV A Power Transmission Limited in favour of Respondent No. 2, i.e., Axis Trustee Services Limited, the Security Trustee of the Lender(s).

And In the matter of:

Rajasthan IV A Power Transmission Limited,

(A 100% wholly owned subsidiary of Apraava Energy Private Limited),

Through its Authorized Representative,

T-15 A, Third Floor, Salcon Rasvilas, Saket,

New Delhi - 110017.

...Petitioner

VERSUS

1. Central Transmission Utility of India Limited,

First Floor, Saudamini,

Plot No. 2, Sector-29,

Gurugram-122001, Haryana.

2. Axis Trustee Services Limited,

Axis House, Bombay Dyeing Mills Compound,

Pandurang Budhkar Marg, Worli, Mumbai - 400 025,

Corporate Office -The Ruby, 2nd Floor, SW, 29 Senapati,

Bapat Marg, Dadar West, Mumbai- 400028.

3. Axis Bank Limited,

Mega Wholesale Banking Centre,

12-A Mittal Tower, 1st Floor, Nariman Point,

Mumbai – 400021, Maharashtra, India.

4. REC Power Development and Consulting Limited,

D Block, REC Headquarter,

Plot No. 1-4, Sector- 29,

Parties Present:

Shri Aniket Prasoon, Advocate, RIVPTL
Shri Md. Aman Sheikh, Advocate, RIVPTL
Shri Adarsh Kumar Bhardwaj, Advocate, RIVPTL
Ms. Priyanshi Singh, Advocate, RIVPTL

ORDER

The Petitioner, Rajasthan IV A Power Transmission Limited (hereinafter referred to as "Petitioner/RIVPTL"), 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 evacuation of power from Rajasthan REZ Ph-IV (Part-2:5.5 GW) (Jaisalmer/ Barmer Complex): Part A" (hereinafter referred to as "the Transmission System" or "Project") on a Build, Own, Operate, and Transfer (BOOT) basis, the details of which are specified in the schedule attached to the licence issued vide order dated 14.2.2025 in Petition No. 316/TL/2024. Further, vide Order dated 16.12.2024 in Petition No. 315/AT/2024, the Commission adopted the competitively discovered levelised tariff of Rs. 1,845.42 million 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 Financing Document through the mortgage, hypothecation, charge, or assignment over rights, title, interest, claims, demands, benefits under, clearance, project documents, agreements, and approvals of the Petitioner in favour of the Axis Trustee Services Limited (Respondent No. 2). The Petitioner has also requested for the approval of documents that create security as well as other documents pertaining to the term loan facility. The Petitioner has made the following prayers:

a. "approve the creation of the security interest by the Petitioner over the

- Hypothecated Properties, as defined in the Facility Agreement, to the extent described in this Petition in favour of Respondent No. 2 i.e., Axis Trustee Services Limited for the benefit of the Lender, to secure the Secured Obligations;*
- b. approve the creation of the security interest by the Petitioner over the Hypothecated Properties to the extent described in this Petition for the benefit of the Lender and for its successors, subsequent transferees, novatees, assigns and any refinancing lenders to the Project by way of hypothecation/ assignment/ mortgage (if any);*
 - c. approve and allow the execution of the Unattested Deed of Hypothecation for Hypothecation for creation and perfection of the security interest to the extent described in this Petition in favour of the Respondent No. 2 i.e., Axis Trustee Services Limited;*
 - d. Condone any inadvertent omissions/ errors/ shortcomings and permit to add, change, modify or alter this filing and make further submissions as may be required at a future date; and*
 - e. pass any such order(s), further relief(s) in the facts and circumstances of the case as this Commission may deem just and equitable in favour of the Petitioner.”*

Background

3. The Petitioner, RIVPTL, is a company incorporated under the Companies Act, 2013. Respondent no. 2 i.e., Axis Trustee Services Limited (hereinafter referred to as the “Security Trustee”), who is acting as the Security Trustee for the purpose of holding the securities on behalf of and for benefit of the lender i.e., Respondent No. 3, Axis Bank Limited (hereinafter referred to as “Lender”), and any other banks or financial institutions participating in the facility, in terms of the Security Trustee Agreement dated 26.9.2025.

4. According to the Petitioner, for the purpose of financing the project, the Petitioner requested the Axis Bank Limited, as the Lender, which has agreed to provide the financial assistance to the tune of Rs. 1200 crore, along with a Capex Letter of Credit of Rs. 1000 crore as a sub-limit by way of Rupee Term Loan for the project. For this purpose, the Petitioner and Axis Bank Limited have appointed

Respondent No. 2, namely, Axis Trustee Services Limited, as Security Trustee, who has agreed to act as the Security Trustee for the lender and has entered into the Security Trustee Agreement and the Facility Agreement dated 26.9.2025.

5. The Petitioner has further submitted that the Loan Agreement was executed in relation to the Project Facility, which has been agreed to be extended by the Lender(s) to the Borrower on and subject to the terms and conditions set out in the Loan Agreement and the other financing documents.

6. The Petitioner has submitted that pursuant to the terms of the Loan Agreement, the secured obligations are secured by: -

- (i) a first ranking pari passu charge (by way of hypothecation/ charge/ assignment by way of charge, in each case, as more particularly described under the Deed of Hypothecation) over the Hypothecated Properties of the Borrower, both present and future;
- (ii) a first ranking exclusive pledge in respect of the Pledged Securities held by the Sponsor, at all times till the Final Settlement Date; and
- (iii) Deed of Guarantee to be executed by the Sponsor, until the Guarantee Release Date.

7. The Petitioner has submitted that in terms of the Financing Documents, the Petitioner is required to create security, which is the transaction security (as defined under the Financing Agreements), in favour of a Security Trustee for the benefit of the lender.

8. The Petitioner has stated that Article 15.2.2 of the Transmission Service Agreement entered into between the Petitioner and the beneficiaries of the project

provides that the Petitioner is free to create any encumbrance over all or part of the receivables, Letter of Credit, or other assets of the project 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. The Petitioner has submitted that, in terms of Article 15 of the TSA, the Petitioner is required to obtain permission from the Commission prior to relinquishing or transferring its rights and obligations in the TSA.

9. The Petitioner has stated 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 Interest over all the movable and immovable assets of the Petitioner in favour of a Security Trustee acting on behalf of lender pursuant to a Facility Agreement dated 26.9.2025 and a Security Trustee Agreement dated 26.9.2025 without approval of the Commission. 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 of the Project, in favour of the Security Trustee pursuant to a Security Trustee Agreement and a Facility Agreement.

Hearing dated 3.2.2026

10. The Petition was called out for the hearing on 3.2.2026 after notice to the Respondents. Vide Record of Proceedings (hereinafter referred to as "RoP") for the hearing on 3.2.2026, the Respondents were granted the opportunity to file their respective replies, and the Petitioner was directed to furnish, by way of affidavit, the application of funds and sources of funds as on the date of application.

11. In compliance with the RoP dated 3.2.2026, the Petitioner, vide affidavit dated 6.3.2026, has placed on record the details of the application of funds and sources of funds as on 30.11.2025 as under:

a) As on 30.11.2025, the total funds deployed for implementation of the transmission project amount to Rs. 342.63 crore, which have been arranged through a combination of promoter contributions, long-term debt facilities, and letter of credit arrangements. The promoter contribution comprises Equity Share Capital amounting to Rs. 0.05 crore and Shareholder Loans aggregating to Rs. 116.97 crore. Further, the Petitioner has availed a Long-Term Loan facility amounting to Rs 120 crore. In addition, funds amounting to Rs. 105.61 crore have been arranged through Letter of Credit facilities to support the Project requirements.

b) Further, the aforesaid funds have been applied towards the Project's capital expenditure, including supply and services, amounting to Rs. 302.43 crore, which has been incurred on a cash flow basis. Further, an amount of Rs. 7.23 crore has been incurred towards Right of Way (RoW) and crop compensation payment. The Petitioner have also incurred Rs. 18.51 crore towards Special Purpose Vehicle (SPV) purchase-related costs and Rs. 3.64 crore towards Interest During Construction (IDC). Additionally, other miscellaneous project-related expenses amounting to Rs. 7.06 crore have been incurred. In addition, a sum of Rs. 3.76 crore remains available as cash balance with the bank as on 30.11.2025.

c) Accordingly, the total sources of funds and the total application of funds stand reconciled at Rs. 342.63 crore as on 30.11.2025.

Hearing dated 18.3.2026

12. During the hearing, the learned counsel for the Petitioner submitted that the Petitioner has complied with the directions issued vide RoP dated 3.2.2026 and placed on record the compliance affidavit. He further submitted that no reply has been filed by the Respondents. Considering the submissions of the learned counsel for the Petitioner, the matter was reserved for order.

Analysis and Decision

13. We have considered the submissions made by the Petitioner and perused the documents placed on record. The Petitioner approached the Lender for the purpose of part financing to implement the Project. The Lender has agreed to grant financial assistance aggregating to Rs. 1200 crore (including the sub-limit for Capex Letter of Credit of INR 1000.00 crore).

14. The Petitioner has submitted that it had appointed Axis Trustee Services Limited as a Security Trustee, who agreed to act as a Security Trustee and had entered into a Facility Agreement and a Security Trustee Agreement dated 26.9.2025. As per the Facility Agreement dated 26.09.2025, the estimated cost of the Project is Rs. 1579.83 crore. In terms of the financing plan provided therein, the Project is proposed to be funded as under:

S. No.	Particulars	Amount
1	Term Loan from banks	Rs. 1217.24 crore (including Axis bank Term loan Rs 1200 crore, Sub limit for Capex Letter of Credit of Rs. 1000.00 crore)
2	Sponsor Contribution	Rs. 362.59 crore
3	Total Project Cost	Rs. 1579.83 crore

15. The Petitioner has also submitted the details of sources and application of funds for implementation of the Project as on 30.11.2025, duly supported by the affidavit and the Chartered Accountant's Certificate dated 11.02.2026. As per the submissions, the total funds deployed for the Project amount to ₹342.63 crore, which have been arranged through equity contributions, shareholder loan, long-term loan and letter of credit facilities, and have been utilised towards various components of the Project. The details of sources and application of funds as on 30.11.2025 are as under:

Sl. No.	Source of funds	In Rs. Crore	Application of Funds	In Rs. Crore
1	Equity Share Capital	0.05	Supply and Services	302.43
2	Shareholder Loan	116.97	RoW and crop compensation	7.23
3	Long Term Loan	120.00	SPV Purchase	18.51
4	Letter of Credit	105.61	Interest During Construction	3.64
5			Other Capex Cost	7.06
6			Cash in Bank	3.76
Total		342.63		342.63

16. 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 sufficient collateral from the borrower in order to back the loan. Within the context of this particular case, the lender, Axis Bank Limited, has consented to offer the Petitioner a rupee term loan facility of an aggregate principal amount not exceeding 1200 crore; and (ii) a capex letter of credit facility for an aggregate principal amount not exceeding Rs. 1000 crore as a sub-limit of the Rupee Facility.

17. 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 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.

18. 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.”

19. 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 Commission's approval for assigning its licence, 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.

20. The Petitioner and the Axis Bank Limited have appointed Axis Trustee Services 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, Axis Trustee Services Limited needs to be given comfort to create security for the benefit of the lender, Axis Bank Limited, 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 Axis Trustee Services 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.

21. 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 shall accordingly 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.”

22. 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 Commission's directives.

23. Petition No. 6/MP/2026 is disposed of in terms of the above.

sd/-
(Ravinder Singh Dhillon)
Member

sd/-
(Harish Dudani)
Member

sd/-
(Ramesh Babu V.)
Member

sd/-
(Jishnu Barua)
Chairperson