

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 78/MP/2026

Coram:

Shri Jishnu Barua, Chairperson

Shri Ramesh Babu V., Member

Shri Harish Dudani, Member

Shri Ravinder Singh Dhillon, Member

Date of Order: 20th June, 2026

In the matter of

Petition under Section 17(3) and 17(4) of the Electricity Act, 2003 seeking approval for creation of security interest over the assets of Navinal Transmission Limited in favour of Catalyst Trusteeship Limited for the benefit of Power Finance Corporation Limited (including its Assignees, Transferees, Novatees) in respect of the Network Expansion Scheme in Navinal (Mundra) area of Gujarat for drawl of power in the area.

And

In the matter of

Navinal Transmission Limited,

C-105, Anand Niketan,

New Delhi- 110021

...Petitioner

Versus

1. Central Transmission Utility of India Limited,

Plot No. 2, Sector-29,

Gurgaon - 122001

2. Power Finance Corporation Limited,

Urjanidhi, 1-Barakhamba Lane,

Connaught Place, New Delhi - 110001

3. Catalyst Trusteeship Limited,

GDA House, First Floor,

Plot No. 85, S. No. 94 & 95,

Bhusari Colony (Right), Kothrud,

Pune – 411038

...Respondents

Parties Present:

Shri Anand Shrivastava, Advocate, NTL

Shri Rishabh Dua, Advocate, NTL

Shri Ekshat Punwani, Advocate, NTL

ORDER

The Petitioner, Navinal Transmission Limited (hereinafter referred to as 'the

Petitioner/NTL'), has been granted a transmission licence under Section 14 of the Electricity Act, 2003 (hereinafter referred to as 'the Act') to develop the Inter-State Transmission System, viz. *"Network Expansion Scheme in Navinal (Mundra) area of Gujarat for drawal of power in the area"* (hereinafter referred to as 'the Transmission System' or 'the Project') on a Build, Own, Operate and Transfer basis, the details of which are specified in the schedule attached to the licence issued *vide* Order dated 19.11.2025 in Petition No. 426/TL/2024. The Commission adopted the competitively discovered levelised tariff of Rs. 2987.14 million per annum for the Project *vide* Order dated 18.1.2025 in Petition No. 427/AT/2024.

2. The Petitioner has filed the present Petition for approval for the creation of security interest over the Petitioner's assets, including all movable and immovable assets, in favour of Respondent No. 3, Catalyst Trusteeship Limited ("Catalyst"/ "Security Trustee") and for the benefit of Respondent No. 2, Power Finance Corporation Limited ("PFCL"/ "Lender") including its successors, transferees, novatees, and assigns for a sum of Rs. 2,028.00 crore. The Petitioner has made the following prayers:

"(a) Admit the present Petition;

(b) Approve the creation of Security Interest by way of hypothecation/ mortgage/ charge/ pledge/ assignment (as applicable), over all assets including all the movable and immovable assets, Transmission Project accounts, Project Documents (including assignment of transmission licence) etc., both present and future, of Petitioner in terms of the Financing Documents, or as may be agreed between the Petitioner and the Lender from time to time, in favour of Lender / Security Trustee to secure the financial assistance availed / to be availed from the Lender and its subsequent transferees, assigns, novates and substitutes thereof and any refinancing lenders to the Project, by executing deed of hypothecation and power of attorney in relation thereto, Indenture of Mortgage, Mortgage by deposit of title deeds and such other security documents as per law or as may be required by the Lender from time to time through which a charge can be created.

(c) Pass any or such further orders as may be deemed fit and proper in the facts and circumstances of the case."

Background

3. The Petitioner has mainly submitted as under:

(a) The Petitioner is a wholly owned subsidiary of Adani Energy Solutions Limited (AESL) and was incorporated as a Special Purpose Vehicle (SPV) for the implementation of the Project and is acting as the Transmission Service Provider after being acquired by AESL on 14.10.2024.

(b) The Petitioner, in its capacity as a Transmission Service Provider, executed a Transmission Service Agreement (hereinafter referred to as 'the TSA') dated 14.10.2024 with the Central Transmission Utility Limited (hereinafter referred to as 'Respondent No. 1/CTUIL'). Respondent No. 3 herein, Catalyst Trusteeship Limited, is a company incorporated under the Companies Act, 1956, and is a Security Trustee for the benefit of the lender, and for its subsequent transferees, assignees, novatees thereof and any refinancing lenders to the Project, and to enter into all relevant financing documents pursuant thereto. Respondent No. 2, PFCL, i.e., the lender, is a company incorporated under the Companies Act, 1956 and is a non-banking financial company.

(c) The Petitioner, for the purpose of financing the Project, availed a Rupee Term Loan amounting to Rs. 2028.00 crore from the lender, PFCL, as per the terms and conditions stipulated in the Loan Agreement dated 30.9.2025. Further, the Petitioner, Catalyst Trusteeship Limited and PFCL entered into a Tripartite Security Trustee Agreement dated 30.9.2025 wherein Catalyst Trusteeship Limited is acting as a Security Trustee for the purpose of holding the security interest and the securities on behalf of and for the benefit of the Lender (or its assignees, novatees or transferees).

4. The Petitioner has submitted that pursuant to the terms of the Loan Agreement (Clause 5.1), it is required to create the necessary security interest in favour of Catalyst Trusteeship Limited, *inter alia*, as follows:

“a. first charge by way of mortgage over all immovable properties, (including over the freehold interest, leasehold interest or sub-leasehold interest of the Petitioner in such properties immovable) together with all appurtenances thereon, both present and future, wherein the availability along with the quantum of the immovable properties shall be certified by PMA/ LFA in its periodic report;

b. a first charge by way of hypothecation, on all the Petitioner’s movable properties and assets, including plant and machinery, machinery spares, equipment, tools and accessories, furniture, fixtures, vehicles, encumbrance (first charge) over the assets of the Project as permitted under TSA and all other movable assets wherever situated, both present and future;

c. a first charge on all the Petitioner’s Current Assets, including but not limited to, book debts, operating cash flows, uncalled capital, receivables, commissions, revenue of whatsoever nature and wherever arising, both present and future;

d. a first charge over all accounts of the Petitioner, including, the Trust and Retention Account and the Sub-Account(s), (including Debt Service Reserve Account of 1 (one) quarter of principal and interest payment (DSRA) or any account created for any reserve(s) to be created and maintained (or any account in substitution thereof) that may be opened in accordance with the Trust and Retention Account Agreement and the Financing Documents, or any of the other Project Documents and all funds from time to time deposited therein, the Receivables and all Permitted Investments or other securities representing all amounts credited to the Trust and Retention Account, any letter of credit and other reserves and any other bank accounts of the Petitioner present and future wherever maintained;

e. assignment in favour of the Lender, on the following, relating to the Project/ Petitioner:

i. all the rights, titles, interests, benefits, claims and demands whatsoever of the Borrower in the Project Documents/ contracts (including but not limited to, package/ Construction contracts, O&M related agreements, Service Contracts, etc. except Transmission Service Agreement and Transmission License), and shall include amendments or modifications to such Project Documents, if any) duly acknowledged and consented to by the relevant counter-parties to such Project Documents;

ii. all the rights, titles, benefits, claims, demands and interest of the Petitioner in, to and under all the Clearances related to the Project (and shall include amendments or modifications to such Clearances, if any);

- iii. all the rights, titles, interests, licenses, benefits, claims and demands whatsoever of the Borrower in any letter of credit, guarantee, performance bond, corporate guarantee, bank guarantee (and shall include amendments or modifications thereto, if any) provided by any Project Participant;*
- iv. all the rights, titles, interests, benefits, claims and demands whatsoever of the Petitioner under all Insurance Contracts (and shall include amendments or modifications to such Insurance Contracts, if any) and Insurance Proceeds;*
- v. guarantees (and shall include amendments or modifications thereto, if any) provided by EPC Contractor / module supplier (if any) relating to the Project.*
- vi. all intangible assets of the Petitioner, including but not limited to goodwill, intellectual property rights, undertaking, present and future, in a form and manner acceptable to the Lender.”*

5. The Petitioner has submitted that, as per Article 15.2.2 of the TSA, it is entitled to create any encumbrance over all or part of the receivables or the Transmission Project Assets in favour of the lender(s) or lenders' representative (as defined in the TSA) as security for amounts payable under the Financing Agreements. Therefore, the Petitioner has submitted that it has the full right to create a security interest and charge in favour of Catalyst Trusteeship Limited for the benefit of the lender, subject to conditions prescribed under Article 15 of the TSA.

6. The Petitioner has further submitted that in terms of Sections 17(3) and 17(4) of the Act, no licensee can assign his licence or transfer his utility or any part thereof by sale, lease, exchange or otherwise without prior approval of the appropriate Commission, and any agreement made without the prior approval of the appropriate Commission shall be void. Further, under Article 15.3 of the TSA, the Petitioner is required to obtain the Commission's approval 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.

7. Accordingly, the Petitioner has filed the present Petition under Sections 17(3) and 17(4) of the Act seeking prior approval of the Commission for the creation of a Security Interest over the assets including the movable and immovable assets for the Project in favour of the Security Trustee for the benefit of the lender and for its subsequent transferees, assignees, novatees thereof by way of hypothecation/ assignment/ mortgage to secure the total commitment of the lender aggregating to Rs.2,028.00 crore.

8. The Petitioner has also relied on the Commission's order dated 14.8.2025 in Petition No. 586/MP/2025, wherein the Commission granted in-principle approval and was allowed to create a security interest over the assets of the Transmission Project.

Hearing dated 24.2.2026

9. The Petition was called out for the hearing on 24.4.2026 after notice to the Respondents. *Vide* Record of Proceedings (hereinafter referred to as "RoP") for the hearing dated 24.2.2026, the Respondents were granted the opportunity to file their respective replies. The Commission directed Respondent No. 1, CTUIL, to clarify the compliance status of directions issued at paragraph 32 of the order dated 19.11.2025 passed in Petition No. 426/TL/2024.

Hearing dated 7.4.2026

10. During the hearing, the learned counsel for the Petitioner submitted that no reply has been filed by the Respondents despite notice. Respondent No. 1, CTUIL, also failed to furnish the information called for vide last ROP dated 24.2.2026. Upon consideration of the Petitioner's submissions, the matter was reserved for order.

Analysis and Decision

11. We have considered the submissions made by the Petitioner and perused the documents placed on record. The Petitioner approached the lender, PFCL, for financing of the Petitioner's Project and on 30.9.2025, availed a Rupee Term Loan amounting to Rs. 2,028.00 crore as per the terms and conditions stipulated in the Loan Agreement with PFCL. Further, the Petitioner, Catalyst Trusteeship Limited, and PFCL entered into a Tripartite Security Trustee Agreement dated 30.9.2025 wherein Catalyst Trusteeship Limited is acting as a Security Trustee for the purpose of holding the security interest and holding the securities on behalf of and for the benefit of the lender (or its assignees, novatees or transferees).

12. The Petitioner has submitted that the estimated total project cost, considering Hard Cost, Financing Cost, IDC and other costs, is Rs.2,703.92 crore. The Petitioner has further furnished a statement of the original estimated cost of the Transmission Project and means of finance as on the date of financial closure. Further, the Petitioner has submitted the sources of funds as below:

Particulars	Rs. (in crore)
Promoter Contribution	675.98
Rupee Term Loan / Debt	2027.94
Total	2703.92

13. The transmission projects are capital-intensive projects requiring large capital investment. These projects are financed through loans. It is normal practice for financial institutions/ banking industry to ask for sufficient security from the borrower to back the loan in order to mitigate the lender's credit risk. In the instant case, the lender, PFCL, has agreed to provide a Rupee Term Loan of Rs.2,028.00 crore and, for the said purpose, has entered into a Loan Agreement dated 30.9.2025 with the Petitioner. Further, the Petitioner has executed a Security Trustee Agreement dated

30.9.2025 with the Security Trustee, Catalyst Trusteeship Limited, and PFCL for the purpose of holding the security interest and the securities on behalf of and for the benefit of the lender (or its assignees, novatees or transferees).

14. The Petitioner has submitted that it is permitted to create encumbrances over Project Assets in accordance with Article 15 of the TSA. Under Article 15.2.2 of the TSA, the Petitioner may create any encumbrance over all or part of the receivables, or the Transmission Project assets in favour of the lender, i.e., Respondent No.2 or their representatives, as security for amounts payable under the Financing Agreements and any other amounts agreed by the parties. The relevant extract of Article 15 of the TSA is as under:

“15.2. Permitted Charges:

15.2.1. Neither Party shall create or permit to subsist any encumbrance over all or any of its rights and benefits under this Agreement.

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.”*

15. Sub-sections (3) and (4) of Section 17 of the Act provides 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 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.

16. The Petitioner and the lender, PFCL, have appointed Catalyst Trusteeship 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, Catalyst Trusteeship Limited needs to be given comfort for the creation of security for the benefit of the lender, PFCL, as the 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 Catalyst Trusteeship 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.

17. 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 apply to 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 of the licensee, assign the licence to a nominee of the lenders.”

18. In the event of default by the licensee regarding debt repayment, the Commission may, upon a joint application to be 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.

19. Petition No. 78/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