

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 99/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 09.02.2024, for creation of security interest by way of hypothecation of the assets of Karera Power Transmisión Limited in favour of the Respondent No. 2, i.e., Axis Trustee Services Limited, the Security Trustee of the Lender(s).

And

In the matter of

Karera Power Transmisión Limited,

(A 100% wholly owned subsidiary of Apraava Energy Private Limited),
T-15A, 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 - 400025.

3. Standard Chartered Bank,

Narain Manzil, 23 Barakhamba Road,
New Delhi - 110001.

4. REC Power Development and Consulting Limited,

D Block, REC Headquarter,
Plot No. 1-4, Sector- 29,
Gurugram-122001, Haryana.

.....Respondents



Parties present:

Shri Aniket Prasoon, Advocate, KPTL

Md. Aman Sheikh, Advocate, KPTL

Shri Adarsh Kumar Bhardwaj, Advocate, KPTL

Ms. Priyanshi Singh, Advocate, KPTL

ORDER

The Petitioner, Karera Power Transmission Limited (hereinafter referred to as 'the Petitioner/KPTL'), 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 Expansion Scheme XXXIII (WRES – XXXIII): Part B" (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 28.5.2024 in Petition No. 76/TL/2024. Further, vide Order dated 30.4.2024 in Petition No. 75/AT/2024, the Commission adopted the competitively discovered levelised tariff of Rs. 805.78 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 Financing Document through the hypothecation/ mortgage/ charge/ pledge /assignment (as applicable), over all assets, and all the movable and immovable assets, Transmission Project accounts, Project Documents (including assignment of transmission licence) etc., both present and future, of the Petitioner in favour of the Axis Trustee Services Limited (Respondent No. 2). Additionally, the Petitioner has requested for the approval of documents that create security as well as other documents pertaining to the facility. The Petitioner has made the following prayers:

"(a) approve the creation of the security interest by the Petitioner over the Hypothecated Properties 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 and Power of Attorney 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, further relief(s) in the facts and circumstances of the case as this Hon'ble Commission may deem just and equitable in favour of the Petitioner."

Background

3. The Petitioner, KPTL, 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, Standard Chartered Bank, and any other banks and financial institutions participating in the facility (hereinafter referred to as the "Lender(s)/ SCB/ Lender's Agent"), 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 SCB, for which the lender has agreed to provide the financial assistance to the tune of Rs. 620 crore by way of Rupee Term Loan along with a Capex Letter of Credit of Rs. 490 crores as a sub-limit of the Rupee Term Loan for the project. For this purpose, the Petitioner and SCB 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



dated 26.09.2025, appointing Axis Trustee Services Limited as the Security Trustee to act on behalf of the lender.

5. The Petitioner has submitted that pursuant to the terms of the Loan Agreement, the Petitioner has agreed to secure the Secured Obligations in favour of the Security Trustee acting on behalf of the Lender(s)/ SCB as per the terms set out therein. The relevant extract of the Facility Agreement is set out below:

a) A first ranking pari passu Security Interest on the following in terms of the Deed of Hypothecation:

- (i) all the tangible and movable properties owned by the Borrower, including movable plant and machinery, electrical and transmission equipment, machinery spares, tools and accessories, furniture, fixtures, vehicles and all other movable assets, both present and future, all pertaining to the Project;
- (ii) all the Borrower's intangible assets, including but not limited to its goodwill, undertaking and uncalled capital, both present and future, all pertaining to the Project;
- (iii) all of the Borrower's rights, title, interest, benefits, claims and demands under Insurance Contracts pertaining to the Project or endorsed in favour of the Security Trustee/the Lenders by the Borrower and the Insurance Proceeds thereunder;
- (iv) all of the Borrower's rights, title, interest, benefits, claims and demands under each of the Project Documents, alias amended, varied or supplemented from time to time (duly acknowledged and consented to by the relevant counter-parties to such Project Documents, all as amended, varied or supplemented from time to time;
- (v) all the Borrower's rights under each letter of credit/guarantee or performance bonds that may be posted by any party to a Project Document for the Borrower's benefit and all the Borrower's rights under Clearances in relation to the Project;

- (vi) all Current Assets and receivables of the Borrower with respect to the Project Including book debts, operating cash flows, revenue of whatsoever nature and wherever arising, all bank accounts and the accounts established as per the Trust and Retention Account Agreement (except the Distribution Account and such accounts as may be excluded with the consent of the Lenders/Agent), including DSRA and other reserves that may be opened in terms hereof and of the Project Documents and in all funds from time to time deposited therein and in all Permitted Investments or other securities representing all amounts credited thereto.
- (b) a first ranking pledge by the Promoter over 51% (fifty one percent) of the total Promoter Infusion (excluding unsecured loans), subject to the provisions of Sections 19(2) and 19(3) of the Banking Regulation Act, 1949 ("Pledged Assets") and an undertaking by the Promoter, in a form and manner to the satisfaction of the Agent, to continue to hold on and from the date of execution of this Agreement and until the Final Settlement Date, 49% (forty nine per cent) of the total Promoter Infusion (excluding unsecured loans) ("NDU Securities") and to not sell, transfer, assign, dispose off, pledge, charge or create any Security Interest or in any way encumber such NDU Securities, in terms of the Share Pledge Agreement;
- (c) an undertaking from the Borrower, in a form and manner to the satisfaction of the Agent, to continue to hold on and from the date of execution of this Agreement and Until the Final Settlement Date, Immovable Properties pertaining to the Project and to not sell, transfer, assign, dispose off, pledge, charge or create any Security Interest or in any way encumber such Immovable Properties in terms of the Land NDU;
- (d) unconditional and irrevocable guarantee from the Promoter, until the Guarantee Release Date.

6. 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 Facility Agreement), in favour of a Security Trustee for the benefit of the lender.

7. The Petitioner has stated that Article 15.2.2 of the Transmission Service Agreement entered into between the Petitioner and the Central Transmission Utility of India Limited 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, under Article 15 of the TSA, the Petitioner is required to obtain permission from this Commission prior to relinquishing or transferring its rights and obligations in the TSA.

8. 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 for the Project in favour of the Security Trustee pursuant to a Security Trustee Agreement and a Facility Agreement.

Hearing dated 26.2.2026

9. The Petition was called out for the hearing on 26.2.2026 after notice to the Respondents. Vide Record of Proceedings (hereinafter referred to as "RoP") dated 26.02.2026, the Respondents were granted an opportunity to file their respective replies. The Petitioner was further directed to file, by way of an affidavit, the details of



actual application (utilisation) and sources of funds as on the date of filing of the Petition in the prescribed format.

10. In compliance with the RoP dated 26.2.2026, the Petitioner vide affidavit dated 11.3.2026 submitted the details of the application of funds and sources of funds as on the date of filing of the instant Petition.

Hearing dated 18.3.2026

11. During the hearing, the learned counsel for the Petitioner submitted that the Petitioner has complied with the directions issued vide the RoP dated 26.2.2026 and has furnished the details of application of funds and sources of funds as on the date of the Petition. The learned counsel also submitted that none of the Respondents has filed any reply in the matter. Considering the submissions of the parties, the matter was reserved for order.

Analysis and Decision

12. We have considered the submissions made by the Petitioner and perused the documents available on the 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. 620 crore by way of Rupee Term Loan, along with a Capex Letter of Credit of Rs. 490 crore as a sub-limit of the Rupee Term Loan.

13. 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 Financing Agreement and a Security Trustee Agreement dated 26.9.2025. As per the Loan Agreement, the estimated cost of the Project is Rs. 860.17 crore. In terms of the financing plan submitted by the Petitioner, the Project shall be funded through



debt of Rs. 620 crore and equity of Rs. 240.17 crore. Breakup of Financing plan as per Schedule X of Facility Agreement dated 26.09.2025 are as under:

Estimated Project	In Rs. Crore	Means of Finance	In Rs. Crore
Estimated Project cost	860.17	Project Debt	620.00
		Equity Contribution	240.17
		Total	860.17

14. The Petitioner has submitted the details of sources and application of funds for implementation of the Project as on 31.12.2025, duly supported by the affidavit and the Chartered Accountant's Certificate. As per the submissions, the total funds deployed for the Project amount to Rs. 343.79 crore, which have been arranged through Equity share capital, Promoters loan, LC Bill discounted and funded loan and have been utilised towards various components of the Project. The details of sources and application of funds as on 31.12.2025 are as under:

Sources of Funds	Amount (Rs. Crore)	Application of Funds	Amount (Rs. Crore)
Equity Share Capital	10.00	EPC – Supply Cost	213.60
Promoter Loan	165.56	EPC – Services Cost	44.54
LC Bills Discounted	108.23	Land and Right of Way (RoW)	42.37
Funded Loan	60.00	Interest During Construction (IDC)	13.26
		Pre-operative Expenses & Financing Charges	25.35
		Any Other	4.67
Total Sources	343.79	Total Application	343.79

15. 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 credit risk 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, Standard Chartered Bank, has consented to offer the Petitioner a loan of Rs. 620 crore by way

of Rupee Term Loan, along with a Capex Letter of Credit of Rs. 490 crores as a sub-limit of the Rupee Term Loan for the project.

16. 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.

17. 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.”

18. 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 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.

19. The Petitioner and the Standard Chartered Bank 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, Standard Chartered Bank, 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 the 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.

20. This in-principle approval is being accorded 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."

21. 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 their nominee, consider granting 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.

22. Petition No. 99/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

