THE UTTAR PRADESH ELECTRICITY REGULATORY COMMISSION

LUCKNOW

Petition No. 2395 of 2026

QUORUM

Hon'ble Shri Arvind Kumar, Chairman

Hon'ble Shri Sanjay Kumar Singh, Member

Hon'ble Shri Griesh Kumar Vaish, Member (Law)

IN THE MATTER OF

Petition under Section 17(3) of the Electricity Act, 2003 read with Regulations 4.3.1 And 4.13.4 of the UPERC (General Conditions of Transmission Licence) Regulations, 2005 and Article 15 of The Transmission Service Agreement dated 07.03.2024 seeking regulatory approval for creating charge over assets and pledge of shares in favour of lender and security trustee by way of mortgage, hypothecation and pledge.

AND

IN THE MATTER OF

JEWAR TRANSMISSION LTD.
2nd Floor, Niryat Bhawan, Rao Tularam Marg,
Vasant Vihar, Opposite Army Hospital & Referral,
New Delhi - 110057
Through its Authorized Representative ..... **Petitioner**

VERSUS

1. **Uttar Pradesh Power Transmission Corporation Limited**
   Shakti Bhawan 14 Ashok Marg, Lucknow-226001, U.P.
   Through its Chairman,
2. **Paschimanchal Vidyut Vitran Nigam Limited**
   Urja Bhawan Victoria Park,
   Meerut- 250001, U.P. Through its managing Director

3. **Madhyanchal Vidyut Vitran Nigam Limited**
   Head Office 4-A, Gokhale Marg,
   Lucknow- 226001, U.P. Through its Managing Director
4. **Purvanchal Vidyut Vitran Nigam Limited**
   Vidyut Nagar, Bhikaripur, P.O - DLW, Varanasi-221010, U.P.
   Through its Managing Director
5. **Dakshinanchal Vidyut Vitran Nigam Limited**
   Urja Bhawan, NH-2 (Agra-Delhi Bypass Road), Sikandra,
   Agra-282007, U.P., Through its Managing Director
6. **Kanpur Electricity Supply Company Limited**
   Headquarters, Kesa House, 14/71 Civil Lines,
   Kanpur-209601, U.P. ,Through its Managing Director
7. **Uttar Pradesh Power Corporation Limited**
   Through its Managing Director
   11th Floor; Shakti Bhawan Extension, 14 Ashok Marg, Lucknow,
   Uttar Pradesh - 226001.
8. **PFC Consulting Limited**
   9th Floor, A- Wing, Stateman House, Connaught Place, New Delhi- 110001
9. **REC Limited**
   Core 4, SCOPE Complex, 7, Lodhi Road, New Delhi – 110003
10. **Catalyst Trusteeship Limited**
    GDA House, Plot No. 85, Bhusari Colony (Right), Paud Road,
    Pune, Maharashtra- 411038

..... Respondents

THE FOLLOWING WERE PRESENT

1. Ms. Abiha Zaidi, Advocate, JTL
2. Sh. Divyanshu Bhatt, Advocate, UPPTCL
3. Sh. Prakher Shukla, Advocate, UPPTCL
4. Sh. Manish Dwivedi, CE (PPA), UPPCL
5. Sh. Sanjay Kumar Chaurasia, SE (PPA), UPPCL
6. Sh. Rakesh Kumar, SE, UPPTCL

ORDER

(DATE OF HEARING: 27.10.2026)

1. The instant Petition has been filed by Jewar Transmission Limited (JTL/Petitioner) under Section 17(3) of the Electricity Act, 2003 (Act) read with Regulations 4.3.1 & 4.13.4 of the UPERC (General Conditions of Transmission Licence) Regulations, 2005 (Transmission Licence Regulations) and Article 15 of the Transmission Service Agreement dated 07.03.2024 (TSA), seeking approval to create charge over its assets and pledge its shares for availing a Rupee Term Loan (RTL) of Rs. 469.78 crore from REC Limited under Sanction Letter dated 31.12.2025, for development of an Intra-State Transmission Project in Uttar Pradesh on Build, Operate and Transfer (BOOT) basis. The Prayers are as follows:

   a) Admit the present Petition.

   b) Grant approval under Article 15 of the TSA read with Section 17(3) of the Act and Regulations 4.3.1 read with 4.13.4 of the Transmission Regulations 2005 in favour of the Petitioner for creation of security by way of a first ranking exclusive security interest over:

      (i) Transmission License

      (ii) the immovable assets (present and future);

      (iii) the movable assets (present and future) (tangible and intangible) and

      (iv) Shares of the Petitioner by way of Mortgage, Hypothecation and Pledge in favour of the Lender and the Security Trustee pursuant to the Sanction Letter dated 31.12.2025.

   c) Pass any other Order as this Ld. Commission may deem fit.

Brief Facts of the Case

2. JTL was incorporated on 06.07.2023 under the Companies Act, 2013 by PFC Consulting Limited (PFCCL/BPC) as its wholly owned subsidiary in the form of a Special Purpose Vehicle (SPV) for undertaking activities relating to implementation of the transmission Project and thereafter to act as the Transmission Service Provider (TSP) upon acquisition by the successful bidder selected through the Tariff Based Competitive Bidding (TBCB) process.

3. BPC initiated the TBCB process by issuing the Request for Proposal (RFP)for selection of the successful bidder in accordance with the Guidelines issued by the Government of India under Section 63 of the Electricity Act, 2003.

4. In accordance with the provisions of RFP and the timeline provided therein, Megha Engineering and Infrastructures Ltd. (MEIL) submitted its technical and financial bid to BPC by due date and time i.e. 07.07.2023.

5. Upon evaluation of the bids received, MEIL was declared as the successful bidder in terms of Clause 3.6.1 of the RFP. Accordingly, the BPC issued a Letter of Intent (LOI) dated 16.02.2024 in favour of MEIL, which was unconditionally accepted by MEIL vide letter dated 20.02.2024. The Bid Evaluation Committee (BEC) had also issued a certificate dated 19.10.2023 certifying MEIL as the successful bidder.

6. On 07.03.2024, the Petitioner executed the TSA with the Long-Term Transmission Customers (LTTCs). The Petitioner relies on Article 15 of the TSA, which governs assignment, permitted charges and substitution rights of the Lenders. In addition, Article 15.3.2 provides that, upon default by the TSP in debt repayment, or default under Article 13 during the debt repayment period, the State Commission may, on the Lenders' application, assign the Transmission Licence to the Lenders' nominee, subject to the qualification requirements and the CERC (Procedure, Terms and Conditions for grant of Transmission Licence and other related matters) Regulations, 2006, as amended.

7. Article 15.2.2 of the TSA permits the TSP to create encumbrance over the receivables and other assets of the Project in favour of the Lenders, and reads as under:

   a. Article 15.1.1 read with 15.3 provides that TSA shall not be assigned by any Party without prior approval of the LTTCs.

   b. Article 15.2.2 provides that TSP may create encumbrance over all or part of receivables or the other assets of the Project in favour of Lender subject to the fulfilment of certain conditions.

   c. Article 15.3.1 provides that TSP would need to operate and maintain the Project under the provisions of the Transmission Licence and cannot assign

the Transmission Licence or part thereof to any person by sale, lease, exchange or otherwise without the prior approval of the LTTCs.

d. Article 15.3.2 provides that 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 State 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 CERC (Procedure, terms and Conditions for grant of Transmission License and other related matters) Regulations, 2006 and as amended from time to time.

8. In terms of Article 15.2.2 of the TSA, the TSP may create encumbrance over all or part of the receivables, or the Project Assets of Project in favour of the Lenders or the Lenders' representatives on their behalf, as security for amounts payable under the Financing Agreements or any other amounts agreed by the parties, letter of credit or the other assets of the Project in favour of the Lenders as a security for the amount payable under the Financing/Facility Agreement.

9. REC Limited, by Sanction Letter dated 31.12.2025, sanctioned financial assistance of Rs. 469.78 crore to the Petitioner. The security stipulated in the Sanction Letter is reproduced below:

"(a) First charge by way of Mortgage of Borrower's all immovable properties present and future, if any;

Note: The LLC will verify whether the substation land being leased to JTL can be mortgaged to lenders. Any observations or requirements from the LLC or Legal Division shall be duly addressed by the borrower, to the satisfaction of REC.

(b) First charge by way of hypothecation of all the Borrower's movable properties, including plant and machinery, machinery spares, equipment, tools and accessories, furniture, fixtures, vehicles, stocks and all other movable assets, present and future and also first charge by way of hypothecation/assignment of all the present and future book debts, bills, receivables, monies including bank accounts, claims of all kinds and stocks including consumables and other general stores;

(c) First charge by way of assignment or creation of security interest including all rights, title, interest, benefits, claims and demands whatsoever of the borrower-

- *in the project documents/Contracts (including but not limited to the Transmission Service Agreements (TSA)/Transmission License, Engineering Procurement & Construction/ other contracts, O&M related agreements if any, Service Contracts, etc., duly acknowledged*

consented by the parties to such project documents if so required), as amended, varied or supplemented from time to time;

- *in the clearances/tie-ups/approvals/permission/RoW relating to the Project;*
- *in any letter of credit, guarantee, performance bond provided by any party to the project, and*
- *all insurance contracts/insurance proceeds;*

(d) Pledge of shares held/subscribed or arranged by the Promoter(s) in the equity share capital of the Borrower representing a minimum 51% of the total project equity (51% of equity shares and 51% of OCD/CCD/RPS/CCRPS/OCCRPS) (Except Nominee shares). The shares to be pledged shall be free from any restrictive covenants/lien or other encumbrance under any contract/arrangement including shareholder agreement/ joint venture agreement/ financing arrangement with regard to pledge/transfer of the shares including transfer upon enforcement of this pledge. All the shares pledged shall be in DeMAT form.

(e) Security in the form of Corporate Guarantee of MEIL Holdings Limited (MHL) for the entire loan amount valid for the entire loan tenure.

Corporate Guarantee can be invoked upon EOD (Event of Default) as defined in Financing Documents which shall necessarily include non-fulfilment of any of the following conditions within the time frame given in the financing documents:

- *Infusion of additional funds required due to any time and/or cost overruns in the project for successful commissioning of the project;*
- *Creation & perfection of security in favor of REC within permitted timeline;*
- *Any shortfall of default in Debt Servicing.*

The Corporate Guarantee shall be created and perfected prior to the first disbursement.

Conditions:

A. *The aforesaid mortgage, charges, assignment by way of Indenture of Mortgage or otherwise, pledge of shares & Corporate Guarantee shall rank pari-passu to the charges created/ to be created in favor of other Secured Term Lenders, if any.*

B. *The working capital lender shall have pari-passu charge with senior lender only on the security mentioned above at S. No. A, B & C of the borrower for any limit as assessed by lead WC lender, subject to working capital lenders sharing securities stipulated by them on pari-passu basis with term lenders.*

C. *An additional interest at the rate as per prevailing policy of REC shall be charged in addition to the normal interest rate for the period of non-creation of specified securities within stipulated period as per REC policy from time to time.*

D. *Lender reserves the right to modify the above security structure in its absolute discretion, prior to execution of Loan Documents.*

E. *The Borrower shall undertake that if at any time during the term of loan, REC is of the opinion that the security provided by the Borrower has become inadequate to cover the outstanding balance of the loan*

including all other dues accruing under the Loan Agreement, the Borrower shall provide and furnish to REC to their satisfaction such additional security as may be acceptable to REC to cover up the deficiency.

F. *The Borrower shall not mortgage/hypothecate/charge its moveable/immovable assets in favor of any other institution without prior written permission from REC.*

G. *The portion of securities including equity shares held by the promoter (i.e. MEIL) in the SPV as a part of promoter contribution which is not pledged with any third party without prior approval of REC.*

H. *It shall be endeavour of the Borrower to ensure registration of charge with the Registrar of Companies (ROC) within the stipulated time and shall furnish the necessary proof in this regard as and when required by the REC.*

I. *Where 100% promoter contribution is not pledged with REC, the promoter shall furnish a Non-Disposal Undertaking (NDU) for any change in shareholding of the project company.*

Timeline for creation/perfection of security

Security Instrument	Timeline
Mortgage, if any (refer S. No. A)	Within 12 months from the date of first disbursement for creation and perfection of security by way of mortgage on substation land.
Hypothecation (refer S. No. B)	Upto 6 months from the date of first disbursement or 1 month after receipt of approval under section 17(3) of ES Act-2003 by SERC/CERC, whichever is earlier without levying any additional interest.
Assignment (refer S. No. C)	Upto 6 months from the date of first disbursement or 1 month after receipt of approval under section 17(3) of ES Act-2003 by SERC/CERC, whichever is earlier without levying any additional interest.
Pledge of shares (refer S. No. D)	Security to be created before first disbursement.
Corporate Guarantee (refer S. No. E)	Security to be created before first disbursement.

Note:

i. An additional interest at the rate as per prevailing policy of REC shall be charged in addition to the normal interest for the period (from end of timeline till creation of securities) of non-creation of specified securities within stipulated period as per REC policy from time to time.

ii. If project company receives the approval under section 17(3) of Electricity Act-2003 prior to 1st disbursement of REC, then all the security except mortgage on immovable property, if any as mentioned above must be created prior to 1st disbursement of REC."

10. Since the aforesaid security package contemplates creation of charge/security over the assets and rights of the Petitioner, including the Project Documents/Contracts and the Transmission Licence, the Petitioner has sought prior approval of the Commission in terms of Section 17 of the Act read with Regulations 4.3.1 and 4.13.4 of the Transmission Licence Regulations, 2005 and Article 15 of the TSA.

Respondent No:2 (UPPCL) Reply dated 06.10.2026

11. UPPCL submitted that the Petition seeks to create security not only over its movable and immovable assets but also over rights, title, interest, benefits, claims and demands in the Project Documents, which specifically include the Transmission Service Agreement and Transmission Licence.

12. The TSA governs the rights and obligations of the Petitioner and the LTTCs in relation to development, operation and maintenance of the Project. The Project must therefore be implemented, operated and maintained in accordance with the Transmission Licence, the TSA, the Act and the Regulations.

13. UPPCL does not seek to obstruct legitimate financing of the Project, and the regulatory framework does not prohibit a transmission licensee from creating permissible security over its assets. Security over ordinary movable and immovable assets, receivables and shares may be considered in accordance with law and the TSA. However, a charge over the Transmission Licence, the TSA or rights thereunder cannot be treated at par with ordinary assets and requires careful consideration under Section 17 of the Act, the Transmission Licence Regulations and Article 15 of the TSA. Such security cannot confer on the Lender or Security Trustee an unrestricted right to deal with the Transmission Licence or the regulated utility in a manner resulting in its assignment or transfer without the Commission's prior approval.

14. UPPCL referred to Article 15 of the TSA, Section 17(3) of the Act and Regulations 4.3.1(iii) and 4.13.4 of the Transmission Licence Regulations (reproduced above), and emphasised that the permission under Article 15.2.2 is subject to the Lenders having agreed in writing to the provisions of the TSA and to the encumbrance containing provisions for its unconditional release upon payment of all amounts due under the Financing Agreements.

15. The security documents should not confer any right inconsistent with the TSA, the Transmission Licence or the statutory and regulatory framework, and all security interests should be expressly subject to the rights and obligations of the LTTCs under the TSA. The Petitioner must ensure that creation or enforcement of security does not affect its obligations under the TSA, including uninterrupted operation and maintenance of the Project and continuity of transmission service, and does not impose any additional financial, technical or operational burden on UPPCL or the LTTCs. The Petitioner should also indemnify and hold harmless the LTTCs against any loss or disruption in transmission service caused directly or indirectly by the creation or enforcement of security, to the extent permissible under the TSA and applicable law.

16. On enforcement of security, any substitution of the Petitioner or assignment/transfer of the Transmission Licence or the Project must be strictly in accordance with Article 15.3 of the TSA and the applicable statutory and regulatory framework, with the prior approval of the Commission, ensuring continuity of transmission service.

17. UPPCL placed on record that the Lead LTTC, PVVNL, has issued a Preliminary Termination Notice dated 04.05.2026 to the Petitioner under Article 13.2 of the TSA. Any approval should therefore be conditional upon, and subject to, the outcome of proceedings arising from that notice, and should not prejudice, dilute or defeat the rights, remedies, claims or entitlements of the LTTCs under Article 13 or any other provision of the TSA. In the event of abandonment or termination of the TSA/Project, the LTTCs' rights under Article 13 should have priority over any security interest of the Lenders/Security Trustee.

18. The Petitioner should maintain comprehensive insurance over the transmission assets, and insurance proceeds should be applied to restoration of the transmission system in priority to any other claim, to the extent permissible under the TSA and applicable law.

Respondent No:1 (UPPTCL) Reply dated 07.10.2026

19. UPPTCL in its reply submitted that it has no independent objection to the reliefs sought in the Petition and fully adopts and relies upon the reply filed by UPPCL on behalf of the LTTCs on 06.10.2026.

The Commission Hearing dated 27.10.2026

20. During the hearing, Ms. Abiha Zaidi, Learned Counsel for the Petitioner, submitted that the instant Petition has been filed under Section 17(3) of the Electricity Act, 2003 read with Regulations 4.3.1 and 4.13.4 of the UPERC (General Conditions of Transmission Licence) Regulations, 2005, seeking regulatory approval for creation of security in respect of the financial assistance of Rs. 469.78 crore availed from REC Ltd.

21. Sh. Divyanshu Bhatt, Learned Counsel for UPPCL, submitted that while the present Petition pertains to creation of security, which is a standard right available to the Petitioner, however, considering the dismal performance of the Petitioner in terms of the progress of the Project, a Preliminary Termination Notice has already been issued. He, therefore, submitted that any right approved by the Commission for creation of security should be without prejudice to any of the rights available to UPPCL and the LTTCs.

Commission View

22. The Commission has considered the submissions made by the parties and perused the documents available on record. The Petitioner has filed the present Petition under Section 17(3) of the Electricity Act, 2003 read with Regulations 4.3.1 and 4.13.4 of the UPERC (General Conditions of Transmission Licence) Regulations, 2005 and Article 15 of the Transmission Service Agreement dated 07.03.2024 seeking approval for creation of security over its assets and pledge of shares in favour of REC Limited, as a Rupee Term Lender and Catalyst Trusteeship Limited, as a Security Trustee, for availing financial assistance of Rs. 469.78 crore sanctioned by REC Limited vide Sanction Letter dated 31.12.2025.

23. The Commission notes that under the Sanction Letter dated 31.12.2025, the Petitioner is required to create security in favour of the Lender/Security Trustee, inter alia, by way of mortgage over its immovable properties, hypothecation over its movable properties, book debts, receivables and monies, assignment or creation of security interest over its rights, title, interest, benefits, claims and demands in the Project Documents/Contracts, including the TSA and Transmission Licence, pledge of shares held/subscribed or arranged by the

Promoter(s) representing a minimum 51% of the total Project equity and Corporate Guarantee of MEIL Holdings Limited.

24. In order to deal with the prayers of the Petitioner, it is pertinent to deliberate upon the relevant provisions of the Electricity Act, 2003, UPERC Transmission Licence Regulations, 2005 and the Transmission Service Agreement dated 07.03.2024 in subsequent paras.

25. Sub-sections (3) and (4) of Section 17 of the Act and Regulation 4.3.1 & 4.13.4 of the UPERC Transmission Licence Regulations, 2005 provides as:

*"**Section 17***

.....

(3) No licensee shall at any time assign his licence or transfer his utility, or any part thereof, 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."

"Transmission Licence Regulations, 2005

4.3 Prohibited Activities

4.3.1 The Transmission Licensee shall not, without prior approval of the Commission

.....

(iii) at any time assign his licence or transfer his utility, or any part thereof, by sale, lease, exchange or otherwise without the prior approval of the Commission.

Provided that any agreement relating to any transaction specified in sub-section(i) to (iii), unless made with, the prior approval of the Commission shall be void.

.....

4.13.4 Notwithstanding what is stated above, the Transmission Licensee will be entitled to utilise the assets as a means of facilitating funding or financing the Licensed Business in the ordinary course of business including loans and credit facilities from banks and financial institutions, subject to the conditions that:

a. the Transmission Licensee will inform the Commission about such arrangements at least sixty (60) days prior to the effective date of the relevant agreements;

b. the Transmission Licensee acts in a prudent and reasonable manner in such utilisation of assets; and

c. the Transmission Licensee retains Operational Control over assets in the transmission system.

d. the transaction is approved by the Commission."

In accordance with the above provisions, a licensee is required to obtain prior 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 also for entering into an agreement relating to any such transaction. Thus, any agreement relating to assignment of the licence or transfer of the utility, without obtaining prior approval of the Commission, shall be void. The above Regulation also permits a Transmission Licensee to utilise its assets for facilitating funding or financing of the Licensed Business, subject to the conditions specified therein, including retention of operational control over the transmission system assets and approval of the transaction by the Commission.

26. Articles 15.1, 15.2 and 15.3 of the TSA provide as under:

"

ARTICLE 15: ASSIGNMENTS AND CHARGES

15.1 Assignments:

15.1.1 This Agreement shall be binding upon and inure to the benefit of the Parties and their respective successors and permitted assigns. This Agreement shall not be assigned by any Party, except as provided in Article 15.2.4

15.2.4 Neither the TSP or any of the Long Term Transmission Customers can relinquish or transfer its rights and obligations, without prior approval of the Appropriate Commission.

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."

"

15.3 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 Long Term Transmission Customers.

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 State 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 or as amended from time to time."

In accordance with above mentioned provisions of the TSA, the TSP has been allowed to create encumbrance over all or part of the receivables, Letter of Credit or other assets of the Project in favour of the Lenders or the Lenders' Representative as security for amounts payable under the Financing Agreements and any other amounts agreed by the parties. However, in case of default in debt repayment, the lenders have to approach the Commission for assignment of the Transmission Licence and the Commission may, upon such application, consider assignment of the Transmission Licence to the nominee of the Lenders subject to fulfilment of the essential qualification requirements and other provisions of the Transmission Licence Regulations.

27. The Commission is of the view that transmission projects are capital-intensive in nature and are generally financed through debt. It is a common commercial practice that lenders seek adequate security on Project assets to safeguard their financial exposure. Regulation 4.13.4 of the Transmission Licence Regulations, 2005 recognises utilisation of transmission assets for facilitating funding or financing of the Licensed Business, while Article 15.2.2 of the TSA permits creation of encumbrance over receivables, Letter of Credit and other assets of the Project in favour of the Lenders or the Lenders' Representative, subject to the conditions specified therein. In the instant case, REC Limited has sanctioned financial assistance of Rs. 469.78 crore to the Petitioner vide Sanction Letter dated 31.12.2025.

28. At the same time, Section 17(3) and (4) of the Electricity Act, 2003 place a statutory restriction upon a licensee from assigning its licence or transferring

its utility or any part thereof by sale, lease, exchange or otherwise without prior approval of the Commission. Regulation 4.3.1 of the Transmission Licence Regulations, 2005 contains a similar restriction. Further, Article 15.3.2 provides that in case of default in debt repayment or default by the TSP under Article 13 during debt repayment, the Lenders may approach the Commission for assignment of the Transmission Licence to their nominee.

29. Accordingly, the Commission accords in-principle approval to the Petitioner to create security interest in favour of REC Limited (Lender) and Catalyst Trusteeship Limited (Security Trustee), in terms of the Sanction Letter dated 31.12.2025, by way of mortgage/hypothecation/charge over the movable and immovable assets, receivables and other permissible Project assets and pledge of shares, subject to the provisions of the Electricity Act, 2003, UPERC (General Conditions of Transmission Licence) Regulations, 2005 and the TSA dated 07.03.2024. The Petitioner shall at the earliest submit certified copies of the executed financing/security documents to the Commission after their execution.

30. However, it is clarified that the Transmission Licence granted by the Commission, as well as the underlying assets of the Petitioner, shall not be assigned or transferred in favour any nominee of the Lender/Security Trustee without specific prior approval of the Commission. In the event of default in debt repayment, the Lenders may make an appropriate application before the Commission in accordance with Article 15.3.2 of the TSA and as per sub section (3) & (4) of Section 17 of the Act and Regulation 4.3.1 of the UPERC Transmission License Regulations, 2005. Any such application shall be considered only after the Commission satisfies itself regarding the circumstances of default and the nominee's technical, managerial and financial capability to operate and maintain the Project in accordance with applicable laws and regulations.

31. Accordingly, in case of default by the licensee in debt repayment, the Commission may, on a joint application made by the licensee, lender Security Trustee and the nominee, approve the assignment of the license to a nominee of the lender subject to proper due diligence of the process as Commission has to satisfy itself of the circumstances necessitating such transfer and also regarding the capability of the nominee to carry out the project execution and

transmission related activities. It is again stressed at the cost of repetition that specific prior approval of the Commission is always needed for assigning the license to the nominee of the lender or transferring any assets. Lastly, financial documents and statements may be filed by the Petitioner as and when required by the Commission for any specific purpose.

32. As regards the Preliminary Termination Notice dated 04.05.2026, these proceedings are limited to the Petitioner's request to create security for the REC Limited loan. This approval shall not prejudice the rights of UPPCL / LTTCs under the TSA, including those arising from that Notice, which shall be dealt with in accordance with the procedure under the TSA.

33. Further, in the event of any enforcement of the security, the rights and obligations of the parties under the TSA shall remain unaffected in accordance with the provisions of the TSA and applicable law. Any substitution of the Petitioner or assignment/transfer of the Transmission Licence or Project consequent upon enforcement of the security shall be undertaken only after obtaining specific prior approval of the Commission in accordance with Article 15.3 of the TSA and the applicable statutory and regulatory provisions.

34. The Commission further directs that creation of security shall not, in any manner, affect the rights of LTTCs under the TSA nor impose any financial or technical burden upon them. All securities created shall remain subject to the paramount rights of LTTCs under the TSA. Upon repayment of debt, all encumbrances created pursuant to this approval shall be unconditionally released.

35. The Petition is disposed of in terms of the above directions.

(Griesh Kumar Vaish)	(Sanjay Kumar Singh)	(Arvind Kumar)
Member (Law)	**Member**	**Chairman**

Place: Lucknow
Dated: 17.11.2026