

Before the  
**MAHARASHTRA ELECTRICITY REGULATORY COMMISSION**  
World Trade Centre, CentreNo.1, 13thFloor, Cuffe Parade, Mumbai400005  
Tel. No. 022 69876666  
E-mail: [mercindia@merc.gov.in](mailto:mercindia@merc.gov.in)  
Website: [www.merc.gov.in](http://www.merc.gov.in)

**Case No. 46 of 2024**

**Case of Adani Electricity Mumbai Ltd.-Distribution Business (AEML-D) for taking on record the change in the consortium of lenders of AEML for whose benefit the Distribution Licence shall continue to be assigned in terms of the common Order dated 20 January 2023 in Case No. 183 of 2022 and 189 of 2022**

And

**Case No. 47 of 2024**

**Case of Adani Electricity Mumbai Ltd.-Transmission Business (AEML-T) for taking on record the change in the consortium of lenders of AEML for whose benefit the Transmission Licence shall continue to be assigned in terms of the common Order dated 20 January 2023 in Case No. 183 of 2022 and 189 of 2022**

**Coram**

**Sanjay Kumar, Chairperson  
Anand M. Limaye, Member  
Surendra J. Biyani, Member**

Adani Electricity Mumbai Ltd.-Distribution	.....Petitioner in Case No. 46 of 2024
Adani Electricity Mumbai Ltd- Transmission	.....Petitioner in Case No. 47 of 2024
V/s.	
SBICAP Trustee Co. Ltd. ....	Respondent No. 1
ICICI Bank Ltd.....	Respondent No. 2
CitiBank N.A. ....	Respondent No. 3
Quatar National Bank.....	Respondent No. 4
Madison Pacific Trust Limited.....	Respondent No. 5
HDFC Bank Ltd.....	Respondent No. 6

**Appearance:**

For the Petitioner .....Adv. Hemant Singh  
For the Respondents .....Nil

## ORDER

**Date: 26 February 2025**

1. Adani Electricity Mumbai Ltd. (**AEML**) filed these two Cases on 14 March 2024, Case No. 46 of 2024 for its Distribution Business and Case No. 47 of 2024 for its Transmission Distribution, for taking on record the change in the consortium of lenders of AEML and the capacity of SBICAP Trustee Company Ltd. as the security trustee acting for the benefit of such lenders of AEML. The Petitioner has sought approval of the Commission under Section 17(3) of the Electricity Act 2003 (**EA**) for the continuation of the assignment of its Transmission and Distribution Licences in favour of SBICAP Trustee Company Ltd. for change in the group of lenders in terms of the common Order dated 20 January 2023 in Case No. 183 of 2022 and 189 of 2022.
2. **AEML's main prayers in these two Petitions (Case No. 46 of 2024 and 47 of 2024) are as follows:**
  - i. *Take on record and approve the change in consortium of lenders of AEML under Section 17 of Electricity Act, 2003, as shown in Para 8 of the present petition, for whose benefit the Distribution License shall continue to be assigned (through the Security Trustee acting for the benefit of such Lenders) in terms of Order dated 02.01.2019 passed in Case No. 341 of 2018, Order dated 01.06.2021 passed in Case No. 34 of 2021 and Order dated 20.01.2023 passed in Case No. 189 of 2022 by this Hon'ble Commission*
  - ii. *Take on record and approve the changes in consortium of lenders of AEML under Section 17 of Electricity Act, 2003, as shown in Para 8 of the present petition, for whose benefit the Transmission License shall continue to be assigned (through the Security Trustee acting for the benefit of such Lenders) in terms of Order dated 02.01.2019 passed in Case No. 311 of 2018 read with Order dated 01.06.2021 passed in Case No. 35 of 2021 and Order dated 20.01.2023 in Case No. 183 of 2022 by this Hon'ble Commission*
3. **The Petitioner, in its Petitions, has stated that:**
  - 3.1 AEML-D had earlier filed the Petitions bearing Case No. 341 of 2018 and Case No. 34 of 2021 seeking approval for assignment of AEML's Distribution Licence in favour of Respondent No. 1 i.e., SBICAP Trustee Company Ltd. which was acting as the security trustee (**Security Trustee**), for the benefit of the then lenders of AEML-D. AEML-T had also filed its similar Petitions in Case No. 311 of 2018 and Case No. 35 of 2021.
  - 3.2 At the time of the adjudication of the said Petitions, the Respondent No. 1, herein, was the Security Trustee and other Respondents of those related Petitions were respective the then Lenders (*for whose benefit the Security Trustee was acting*) who enjoyed the benefit of assignment of the Distribution and Transmission Licences.
  - 3.3 The Commission, vide its common Order dated 2 January 2019 passed in Case No. 311 of 2018 and Case No. 341 of 2018 and another common Order dated 1 June 2021 in Case

34 of 2021 and Case No. 35 of 2021, granted its approval for the assignment of AEML's Transmission and Distribution Licences in favour of Security Trustee for the benefit of the Previous Lenders as mentioned in the respective Orders.

- 3.4 The Commission, vide its common Order dated 20 January 2023, passed in Case No. 183 of 2022 and Case No. 189 of 2022, proceeded to take on record the changes in lenders of AEML and accorded an in-principle approval for continuation of assignment by way of security of the Distribution and Transmission Licences, in favour of SBICAP Trustee Company Limited.
- 3.5 The Commission in the aforesaid Orders has ruled that the Distribution and Transmission Licences of AEML and the underlying assets cannot be assigned in favour of the nominee of the Security Trustee unless prior approval of the Commission is obtained at the time of creating rights in favour of such nominee.
- 3.6 Pursuant to the above Orders, AEML has released certain amount against the existing Lenders as well as has obtained working capital limits from a new Bank. The Commission is therefore requested to consider these changes in terms of security release and security creation as per the table provided in the succeeding paragraph.
- 3.7 Further to the aforesaid, the changes to the consortium of the current Lenders who have and/or are in the process of providing facilities for *inter alia* refinancing the existing term loans, funding the capital expenditure, tying up working capital limits and/or providing hedging limits for foreign currency borrowings, are comprised of the following:

Sr. No.	Trustee / Member Lenders	Facility Type	Changes / Remark	Changes / Remark
1	SBICAP Trustee Company Ltd., Mumbai	Trustee	No	Trustee
2	HDFC Bank Ltd., Ahmedabad	Working Capital (WC)	<b>Yes (Part release)</b>	Existing Lender having extended a facility of Rs. 900 Crore out of which, Rs. 200 Crore has been released.
3	DBS Bank India Ltd. Delhi	WC and Hedging	No	Existing Lenders continuing in the current facility of WC and Hedging and facility for Hedging of Global Medium-Term Note (GMTN) bonds
4	Standard Chartered Bank, Mumbai	WC and Hedging	No	
5	CitiBank N.A., New Delhi	WC and Hedging	<b>Yes (Part release)</b>	Existing Lender having extended a facility of USD 35 Million out of which, USD 7 Million has been released.
6	Qatar National Bank, Mumbai	WC	<b>Yes (Part release)</b>	Existing Lender having extended a facility of Rs. 60 Crores out of which, Rs. 10 Crores has been released.
7	Barclays Bank PLC,	Hedging	No	

Sr. No.	Trustee / Member Lenders	Facility Type	Changes / Remark	Changes / Remark
	New Delhi 110019			
8	Madison Pacific Trust Ltd. Hong Kong (Acting on behalf of various USD Bond Holders)	USD Bonds 1 billion and USD 300 million GMTN bonds	<b>Yes (first point)</b>	<ul style="list-style-type: none"> <li>▪ Out of USD 1 Billion Bonds, re-payment done for USD 119,999,000.</li> <li>▪ Facility for USD 300 million GMTN Bonds</li> </ul>
9	Citicorp International Ltd. Hong Kong (Acting as agent on behalf of various ECB Lenders)	ECB CAPEX	No	Repaid via Refinancing. <b>(This is not part of existing portfolio)</b>
10.	Credit Suisse AG, Mumbai	Hedging	No	Existing Lenders for Hedging
11.	Deutsche Bank AG, Mumbai	Hedging	No	
12.	MUFG Bank Ltd. Mumbai	Hedging	No	
13.	JP Morgan Chase Bank N.A, Mumbai	Hedging	No	Existing Lender for Hedging plus facility for Hedging of GMTN bonds
14.	Emirates NBD Bank PJSC, Mumbai	Hedging	No	NIL Hedging
15.	Mizuho Bank, Mumbai	Working Capital	No	Lender
16	ICICI Bank, Mumbai	Working Capital	<b>Yes</b>	New Lender having extended a facility of Rs. 200 Crore

- 3.8 AEML requested the Commission to consider the changes/ addition in the facilities extended to AEML by its lenders pursuant to the common Order dated 20 January 2023 in Case No. 183 of 2022 and Case No. 189 of 2022, which are summarized below:
- i. Conclusion of Bond Buyback Program during December 2023, wherein, USD 120 million of Bond Buyback was done out of which, the current bond outstanding as on date is USD 880 million;
  - ii. HDFC Working Capital Limit has been reduced from Rs. 900 Cr. to Rs. 700 Cr;
  - iii. Qatar National Bank Working Capital Limit has been reduced from the earlier Rs. 60 Cr. to Rs. 50 Cr.;
  - iv. CITI Bank has reduced Working Capital Facility from its earlier USD 35 million to USD 28 million; and
  - v. ICICI Bank has sanctioned fresh Working Capital Limits of Rs. 200 Cr.
- 3.9 The Commission, vide its Order in Case No. 183 of 2022 and 189 of 2022, has ruled that the Commission will examine actual benefit accrued to the consumers on account of refinancing undertaken by AEML during the Mid Term Review (MTR) proceedings in terms of the relevant provisions of the Multi Year Tariff (MYT) Regulations.

- 3.10 In the present case, there has been no refinancing. There is merely a reduction on account of buy back of bonds, reduction in working capital limits and sanctioning of fresh working capital. However, AEML confirms that there will be no undue burden on the consumers and the same will be presented at the time of the ensuing Tariff determination process.
- 3.11 The loans availed by AEML are for the Company as a whole which inter alia, include Generation, Transmission and Distribution businesses. The loan considered is taking into account the asset value as appearing in the Books of Accounts.
- 3.12 The assets of the company, including the Distribution and Transmission assets of the Company would be mortgaged with the lenders by creating an Indenture of Mortgage in favour of the Security Trustee, who is acting on behalf of the Lenders.
- 3.13 AEML also confirms that it will retain operational control over the regulated distribution assets and will act in a prudent and reasonable manner in utilization of such assets. This is in compliance with Regulation 8.8.5 (c) and (d) of MERC (General Conditions of Distribution Licence) Regulations, 2006.
- 3.14 The Security Trustee Agreement has been executed along with the Security Trustee – SBICap Trustee Co. Ltd. to avail the funding for the financing requirements of the Company which has already been provided as part of the earlier Petitions and there is no change in the Security Trustee, and hence no revision in the agreement is required.
- 3.15 AEML requested to take on record and approve the change regarding consortium of lenders of AEML for whose benefit the Distribution and Transmission Licences shall continue to be assigned (through the Security Trustee acting for the benefit of such Lenders) in terms of the Orders dated 2 January 2019, 1 June 2021 and 20 January 2023 passed by the Commission.
4. The Commission notes that there are six respondents in each of these two Petitions. Out of these six respondents, one respondent is the security trustee and the remaining five respondents are the lenders which are providing financial facilities to AEML for its Transmission and Distribution Businesses. It is observed that two respondents (SBI Cap Trustee and ICICI Bank) have filed their submissions stating that they support the Petitions, and they may be exempted from attending the E-Hearing as they have nothing additional to submit. No submissions have been filed by any of the other respondents.
5. On 24 September 2024, the Office of the Commission raised certain queries on AEML to get further clarity on the AEML's Petitions. Vide its letter dated 14 October 2024, AEML submitted its response. Key queries raised and responses submitted by AEML are summarized below:
- 5.1 **Query:** In the Petitions, it is stated that AEML has released certain amount against the existing Lenders as well as has obtained working capital limits for a new Bank. In this context, AEML to clarify how much existing loan was repaid and how much working capital limits has been availed by AEML. The said details shall be given for Bond, capex ECB loan, term loan, rupee term loan, working capital loan, other finances if any, etc.

**Reply:-** AEML has availed fresh working capital/ repaid/ reduced the working capital loans as per the following table:

Lender	Senior Secured Notes (US \$ 1 billion bond)	ICICI Bank	HDFC Bank	Qatar National Bank	CITI Bank
Fresh Loan / Repayment / Reduction	Repayment	Fresh Availment	Reduction in Working Capital Limit	Reduction in Working Capital Limit	Reduction in Working Capital Limit
Amount	\$ 120 million	INR 200 Cr.	INR 200 Cr.	INR 10 Cr.	\$ 7 million
Sanction	\$ 1 Billion	INR 200 Cr.	INR 900 Cr.	INR 60 Cr.	\$ 35 million
Current Limit	\$880 million	INR 200 Cr.	INR 700 Cr.	INR 50 Cr.	\$ 28 million

5.2 **Query:** It seems that ICICI Bank is the only new lender that has provided the Working Capital loan facility. The rest of the lenders are existing lenders for whose benefits the Transmission and Distribution Licences have already been assigned as a security. AEML to confirm the same and provide the objective of said new facility explaining how it is beneficial to the consumers.

**Reply:** AEML’s Working Capital Lenders consist majorly of Foreign Banks like DBS Bank, CITI Bank, Standard Chartered Bank, Qatar National Bank besides HDFC Bank. Onboarding of ICICI Bank in AEML’s Working Facility umbrella is based on various business requirements as follows:

- i. For e-freight payments to Southeast Central Railway (**SECR**), the Government mandated various banks, of which ICICI Bank is one of the banks that is mandated to effect online payments for the same. Other working capital Lenders mentioned above are not mandated by SECR.
- ii. Payments towards power procurements from various exchanges like Indian Energy Exchange (**IEX**), Power Exchange of India Limited (**PXIL**), and Hindustan Power Exchange (**HPX**) are also required to be given effect to from mandated banks appointed by these institutions, and as such, ICICI Bank is one of such mandated banks.
- iii. Besides this, AEML is required to furnish Bank Guarantees, Letters of Credits, and Standby Letters of Credit to various Government Agencies such as MMRDA, Pollution Control Board, MCGM, Customs, MSETCL, CTUIL etc., and since, ICICI Bank sanctioned these limits at a very competitive rate of 0.40% p.a. (*for Letter of Credits*) and 0.50% p.a. (*for Bank Guarantees and Standby Letter of Credits*), the same would be beneficial.

5.3 **Query:** It is observed that the rate of interest for Working Capital Loan from HDFC was presented as 5.85% in Case No. 183 of 2022 and 189 of 2022. However, the same has been presented as 7.75% in the present Case. AEML is requested to clarify the reasons for such a significant increase.

**Reply:**

- i. The Working Capital Loans availed by AEML are linked to benchmark reference rates like Treasury Bills or Bank Rates/ MCLR plus applicable interest spread charged by the Bank, which is usually 1.00 % to 1.50 % over and above the reference rate;
- ii. The above benchmark reference rates are linked to the various macro-economic conditions prevalent in the country and also linked to the World Economy as a whole;
- iii. Furthermore, the dynamics of the inclination/ movement in these rates are directly linked and proportional to the changes in the economy; and
- iv. In addition to the foregoing, it needs to be appreciated that it has always been the endeavour of AEML to draw the loans at the best possible rates and pay the interest on loans at the most competitive interest rates at the time of availing the loan facility.

With respect to the above in order to substantiate the same, reference is made to the data as provided below:

**Treasury Bills rates for the last 5 years demonstrating the change in the benchmark rates:**

Year	2024-25 *	2023-24	2022-23	2021-22	2020-21
Avg. Rate for 1M T-Bills	6.64	6.71	5.45	3.32	3.19
Avg. Rate for 3M T-Bills	6.74	6.85	5.78	3.48	3.27

\* Details up to 3<sup>rd</sup> October 2024

**Bank Rate details for State Bank of India (“SBI”) from FY 2020-21 to FY 2024-25 depicting the increase in the rate of interest:**

Year	2024-25*	2023-24	2022-23	2021-22	2020-21
Avg. Bank Rate for SBI	10.40	10.17	9.05	7.51	7.37

**Details of Marginal Cost Lending Rates for SBI indicating the increase in rates from FY 2020-21 to FY 2024-25:**

Year	2024-25	2023-24	2022-23	2021-22	2020-21
Avg. O/N MCLR for SBI	8.08	7.98	7.44	6.65	6.71
Avg. 1M MCLR for SBI	8.30	8.15	7.50	6.65	6.71
Avg. 3M MCLR for SBI	8.32	8.15	7.50	6.65	6.72
Avg. 6M MCLR for SBI	8.67	8.47	7.80	6.95	7.00
Avg. 1Y MCLR for SBI	8.77	8.57	7.85	7.00	7.05

5.4 **Query:** AEML to clarify whether the charge is being/has been created on the generation business of AEML.

**Reply:** As of 1 October 2024, AEML does not have a generation business, as the asset – Adani Dahanu Thermal Power Station (**ADTPS**) – has been hived off by AEML. The ADTPS assets were part of the security offered to the lenders of AEML, however, the terms and conditions of loan executed documents allowed AEML to dispose of assets at arm’s



length or for fair value. Accordingly, the disposal of ADTPS has been effected under the permitted terms and conditions of the loan documents. As the ADTPS asset no longer belongs to AEML, the charge created on the same will be released by the lenders through the appropriate process in due course.

5.5 **Query:** AEML is requested to provide the details of the loan facility availed as per Case No. 183 and 189 of 2022, the loan actually drawn against the tie-ups, earlier loan repaid, new loan facility availed as per present Petitions and the new actual loan availed under new finance arrangement. The said details shall be given for Bonds, capex ECB loans, term loans, rupee term loans, working capital loans, other finances if any, etc.

SN	Purpose	Lender	Loan Amt Rs. Cr	Loan Amt-O/S-Rs. Cr	Tenure	Repayment/Reduction of Loan	Addition of Loan	Loan Amt Closing	Loan Amt-O/S-Rs. Cr.	Total rate
								Sanction		
			As per Case No. 183 & 189 of 2022					As per Case No. 46 & 47 of 2024		
1	USD 1 Billion Bond-Long term loan	Madison Pacific Trust Ltd. acting on behalf of various Bond Holders	7,125	7,125	10 years	855	-	6,270	6,270	8.75%
2	USD 300 million Bond-Long term loan	Madison Pacific Trust Ltd. acting on behalf of various Bond Holders	2,232	2,232	10 years	-	-	2,232	2,232	8.69%
3	Working Capital	HDFC Bank	900	620-FB 25-NFB		200	-	700	220-FB 26-NFB	7.75%
4	Working Capital	DBS Bank India Ltd.	400	225		-	-	400	-	
5	Working Capital	Qatar National Bank	60	60		10	-	50	50	8.10%
6	Working Capital	CITI Bank N.A	205 (USD 35 Mn)	65-NFB		USD 7 Mn	-	205 USD 28 Mn	-	
7	Working Capital	Standard Chartered Bank	175	58-NFB		-	-	175	69-NFB	



SN	Purpose	Lender	Loan Amt Rs. Cr	Loan Amt-O/S-Rs. Cr	Tenure	Repayment/Reduction of Loan	Addition of Loan	Loan Amt Closing	Loan Amt-O/S-Rs. Cr.	Total rate
								Sanction		
			As per Case No. 183 & 189 of 2022					As per Case No. 46 & 47 of 2024		
8	Working Capital	Mizuho Bank	200	175-FB 3-NFB		-	-	200	197-FB 3-NFB	8.28%
9	Working Capital	ICICI Bank					200	200	72-NFB	

5.6 **Query:** AEML to provide the interest rates of the old loan portfolio and the new loan portfolio and justify how the same is in the interest of the consumers. The overall impact on the weighted average interest rates may be submitted. The said details shall be given for Bond, capex ECB loan, term loan, rupee term loan, working capital loan, other finances if any, etc.

**Reply:**

- i. The present Petitions are specifically for the addition of ICICI Bank as a new working capital lender.
- ii. As such, ICICI Bank had sanctioned these limits at a very competitive pricing of 0.40% p.a. (for Letter of Credits) and 0.50% p.a. (for Bank Guarantees and Standby Letter of Credits).
- iii. The existing lenders remain the same with the terms and conditions provided in the earlier Petitions with the lending rates as per the sanctioned terms and conditions.

Therefore, there is no change in the loan portfolio other than the introduction of ICICI Bank and as such, there is no adverse impact on the consumers.

5.7 **Query:-** AEML to provide details of closing Regulatory loan for FY 2023-24 as per Mid Term Review Order, old actual loan availed by AEML, and new loan availed/being availed by AEML.

The details are as follows:

Loan details	MTR order (INR. Cr.)		Order reference
	AEML-T	AEML-D	
Closing Regulatory loans as on 31 March 2024	471.37	2,674.96	<ul style="list-style-type: none"> <li>▪ AEML-T Order dated 31 March 2024 in Case No. 230 of 2022; Table 153</li> <li>▪ AEML-D Order dated 31 March 2024 in Case No. 231 of 2022; Table 5-61 and 5-62</li> </ul>

6. **At the E-Hearing held through video conferencing on 15 October 2024:**

The Advocate appearing on behalf of the Petitioner reiterated its submissions as made out in the Petition and stated that there is only a change in the working capital funding

arrangement and ICICI bank has offered the working capital loan facility to AEML. To that extent, the lenders' consortium has been changed for whose benefits the Transmission and Distribution Licences need to be assigned. No Respondent was present during the E-Hearing.

### ***Commission's Analysis and Ruling***

7. Section 17(3) and 17(4) of EA reads as follows-

*“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.*

*17(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.”*

8. As per the above provisions, a Licensee is required to obtain prior approval of the Commission for assigning his Licence or transfer its utility or any part thereof by way of these transactions.

9. On 16 September 2022, AEML-D filed two Cases (Case No. 183 of 2022 for its Transmission Business and Case No. 189 of 2022 for its Distribution Business) for taking on record the changes / addition to the then group of lenders of AEML and the capacity of SBICAP Trustee Company Ltd. as the security trustee acting for the benefit of such lenders of AEML. The Petitioner had sought approval of the Commission for the continuation of the assignment of its Transmission and Distribution Licences in favour of SBICAP Trustee Company Ltd. for change/addition in the then group of lenders.

10. In those proceedings, AEML had sought continuation of licence assignment (Transmission and Distribution Licences) in favour of SBICAP Trustee for the following new loan facilities availed from new lenders :

- i. The earlier USD 175 million ECB Capex loan had been refinanced by the USD 300 million Sustainability Linked Bond (GMTN Bonds).
- ii. AEML had availed new facility for the Hedging of GMTN bonds.
- iii. AEML has also availed new facility of working capital of Rs. 200 Cr.

11. Vide its common Order dated January 2023, the Commission allowed the continuation of the assignment by way of security of the Distribution and Transmission Licences subject to certain conditions. The relevant extract of the Order reads as follows:

12. ***“31. In view of the above, the Commission takes on record the changes in lenders of AEML and accords In-principle approval for continuation of assignment, by way of security, of the Distribution Licence No. 1 of 2011 and Transmission Licence No.1 of 2011 in favour of SBICAP Trustee Company Limited, on behalf of these new Lenders. However, in light of the observations made by the Commission in the preceding part of this Order, the Commission deems it fit to stipulate certain conditions to ensure that the utilization of funding so arranged is done only for the Licensed Businesses in Mumbai.***

***Accordingly, continuation of the assignment by way of security of the Distribution and Transmission Licenses is being allowed subject to the following conditions:***

- i. The assignment of Licenses by way of security is being allowed for the loan amount upto the regulatory loans as per the MYT Orders dated 30 March 2020 for Generation, Transmission and Distribution Businesses of AEML and not for the entire loan facility availed by AEML.*
  - ii. The finance arranged by way of the above funding arrangement shall be exclusively used for the purpose of Licensed businesses of AEML only.*
  - iii. AEML shall retain operational control over assets in Generation, Transmission and Distribution Businesses.*
  - iv. The Distribution and Transmission Licenses of AEML and the underlying assets cannot be assigned in favour of the nominee of the Security Trustee unless prior approval of the Commission is obtained at the time of creating rights in favour of such nominee.*
  - v. AEML shall ensure adherence to all the obligations under the Security Trustee Agreement and the Financing Agreements in a timely manner to avoid any default towards its lenders. AEML shall provide the details of fulfillment of the payment obligations to its lenders vis-à-vis the timelines and other requirements as provided in the financing agreements.*
13. Vide its MTR Petitions in Case No. 230 of 2022 and in Case No. 231 of 2022, AEML approached the Commission seeking approval of truing up of Annual Revenue Requirement (ARR) for FY 2019-20, FY 2020-21 and FY 2021-22 and provisional truing up of ARR for FY 2022-23 and determination of ARR and Tariff for FY 2023-24 to FY 2024-25 for its Transmission and Distribution businesses respectively. Reduction in interest rates were observed during those proceedings (from 9.11% to 8.65% for FY 2021-22) for both Transmission and Distribution Businesses. Further, there was a net saving of Rs. 3.93 Cr. for the Transmission Business, a saving of Rs. (-0.04 Cr.) for the supply business and a net saving of Rs. 7.55 Cr. for the wire business of AEML-D under truing up of ARR for FY 2021-22 on account of refinancing.
14. These net savings were shared between AEML and the consumers in accordance with the then prevailing MERC (Multi Year Tariff) Regulations, 2019.
15. Now, again there is a change in the consortium of the existing lenders of AEML and therefore AEML has approached the Commission for taking on record the change in the consortium of lenders of AEML and seeking approval of the Commission for the continuation of its Transmission and the Distribution Licences in favour of SBICAP Trustee Company Ltd. for the benefits of its lenders.
16. The Commission notes that though there is a change in the consortium of the existing lenders of AEML, there has been no refinancing in the present case. There is merely a loan reduction on account of buyback of bonds, reduction in working capital limits and sanctioning of fresh working capital. Further, in its replies, AEML has stated that the present Petition is specifically for the addition of ICICI Bank as a new working capital lender.

AEML has stated that ICICI Bank had sanctioned these limits at a very competitive pricing of 0.40% p.a. (for Letter of Credits) and 0.50% p.a. (for Bank Guarantees and Standby Letter of Credits). The existing lenders remain the same with the terms and conditions provided in the earlier petitions, with the lending rates as per the sanctioned terms and conditions. AEML has claimed that there is no change in the loan portfolio other than the introduction of ICICI Bank, and as such, there is no adverse impact on the consumers.

17. The Commission has verified the group of lenders and loan facilities availed by AEML as per its earlier Petitions in Case No. 183 of 2022 and Case No. 189 of 2022 vis-à-vis the group of lenders and loan facilities presented in present matters. It is observed that ICICI Bank has now been added to the group of lenders of AEML which has extended the working capital facility of Rs. 200 Cr.
18. AEML has also mentioned that for e-freight payment to Southeast Central Railway, the Government mandated various banks of which ICICI Bank is one of the banks that is mandated to effect online payments for the same. Further, payments towards power procurements from various exchanges like IEX, PXIL, and HPX are also required to be given effect from mandated banks appointed by these institutions and ICICI Bank is one such mandated bank. AEML has availed the non-fund-based working capital facility from ICICI Bank 0.40% p.a. (for Letter of Credits) and 0.50% p.a. (for Bank Guarantees and Standby Letter of Credits).
19. Accordingly, the Commission notes that there is no refinancing in the present matter. However, availing new loan facilities may have certain financial implications on AEML's ARR, and ideally, it should not increase the burden on common consumers in terms of additional tariffs. AEML has claimed that in the present cases, there has been no refinancing and there is merely a reduction on account of the buyback of bonds, reduction in working capital limits and sanctioning of fresh working capital. AEML has also confirmed that there will be no undue burden on the consumers, and the same will be presented at the time of the ensuing Tariff determination process.
20. In this context, the Commission notes that, under the provisions of the MYT Regulations 2024, AEML has already filed its Multi Year Tariff Petitions (Case No. 211 of 2024 filed by AEML-D and Case No. 184 of 2024 filed by AEML-T) seeking approval of truing up for FY 2022-23 and FY 2023-24, provisional truing up for FY 2024-25 and determination of ARR and Tariff for next control period from FY 2025-26 to FY 2029-30. Accordingly, while deciding these MYT Petitions, the Commission will evaluate the financial performances of AEML-D and AEML-T and allow the respective ARR components, which will also include the impact of the new working capital loan facility availed by AEML from ICICI Bank. Thus, AEML's claim that there will be no undue burden on the consumers on account of the new Working Capital loan facility will be verified by the Commission during the ongoing MYT proceedings.
21. It is observed that earlier AEML has all three businesses i.e. Generation Business, Transmission Business and Distribution Business. Under the Generation Business, AEML was operating Adani Dahanu Thermal Power Station (**ADTPS**), which was tied up with the Distribution Business of AEML. AEML had availed loan facility by creating security over the assets of all three businesses along with the Transmission and Distribution Licences in

favour of its lenders and the Commission had allowed such security creation vide its past Orders.

22. However, on 1 October 2024, the ADTPS i.e. generation business of AEML has been transferred to Adani Power Ltd. (APL). AEML-D, vide its Petition in Case No. 154 of 2024, has sought approval of the Commission for the Power Purchase Agreement (PPA) entered into between AEML-D and APL on account of the fact that the ownership of ADTPS which was earlier owned and operated by AEML had been transferred to APL. The Commission, vide its Order dated 6 January 2025, acknowledged the Generation business transfer of AEML to APL and approved the PPA between AEML-D and APL.
23. In response, the query raised in this regard, AEML has confirmed that as of 1 October 2024, AEML does not have a generation business, as the ADTPS has been hived off by AEML. The ADTPS assets were part of the security offered to the lenders of AEML, however, the terms and conditions of loan executed documents allowed AEML to dispose of assets at arm's length or for fair value. Accordingly, the disposal of ADTPS has been effected under the permitted terms and conditions of the loan documents. **As the ADTPS asset no longer belongs to AEML, the charge created on the same will be released by the lenders through the appropriate process in due course.**
24. The Commission notes that on account of the transfer of Generation business from AEML to APL, AEML now would be having only Transmission and Distribution Businesses, and it would be able to raise loans for its Transmission and Distribution businesses only. Also, it can create security over the assets of its Transmission and Distribution Businesses only. Hence, relief being sought in the present Petitions can be granted for the Transmission and Distribution Businesses only and not for all three businesses as allowed vide the past Orders of the Commission.
25. The Commission, in earlier similar cases (i.e., Case Nos. 311 of 2018 and 341 of 2018, in Case Nos. 34 of 2021, 35 of 2021, Case Nos. 183 of 2022 and 189 of 2022) had observed that the term loan availed by AEML was in excess of the regulatory loan as recorded in the Tariff Orders for AEML. The Commission, while passing Orders in those matters, had taken a stand that it would not be appropriate to pass the assignment/burden of excessive loans on the consumers and hence, the assignment of Licences by way of security was allowed for the loan amount upto the regulatory loans as per the then prevailing Tariff Orders issued for AEML and not for the entire loan amounts as per the Petitions filed by AEML. **In line with the stand taken in those Orders, the Commission deems it appropriate to allow the continuation of assignment of Distribution and Transmission Licences upto the regulatory loans as per the MTR Orders dated 31 March 2023 for Transmission and Distribution Businesses of AEML and not for the entire loan facility availed by AEML.**
26. The Commission is of the view that the additional lender (i.e. ICICI Bank) needs to be given comfort by creation of security in favour of Respondent No. 1 for the funds made available by it.
27. In view of the above, the Commission takes on record the changes in lenders of AEML and accords In-principle approval for the continuation of assignment, by way of security, of the Distribution Licence No. 1 of 2011 and Transmission Licence No.1 of 2011 as amended

from time to time, in favour of SBICAP Trustee Company Limited, on behalf of Lenders of AEML to the extent of loan facility required for running Transmission and Distribution Businesses only. However, in light of the observations made by the Commission in the preceding part of this Order and as per earlier approaches adopted in past approvals, the Commission deems it fit to stipulate certain conditions to ensure that the utilization of funding so arranged is done only for the Licensed Businesses in Mumbai. Accordingly, continuation of the assignment by way of security of the Distribution and Transmission Licences is being allowed subject to the following conditions:

- i. The assignment of Licences by way of security is being allowed for the loan amount upto the regulatory loans as per the MTR Orders dated 31 March 2023 for Transmission and Distribution Businesses of AEML and not for the entire loan facility availed by AEML.
  - ii. The finance arranged by way of the above funding arrangement shall be exclusively used for the purpose of Licensed businesses of AEML only.
  - iii. AEML shall retain operational control over assets in Transmission and Distribution Businesses.
  - iv. The Distribution and Transmission Licences of AEML and the underlying assets cannot be assigned in favour of the nominee of the Security Trustee unless prior approval of the Commission is obtained at the time of creating rights in favour of such nominee.
  - v. AEML shall ensure adherence to all the obligations under the Security Trustee Agreement and the Financing Agreements in a timely manner to avoid any default towards its lenders. AEML shall provide the details of fulfillment of the payment obligations to its lenders vis-à-vis the timelines and other requirements as provided in the financing agreements.
28. AEML's claim that there will be no undue burden on the consumers on account of the new Working Capital loan facility, will be verified by the Commission during the ongoing MYT proceedings.
29. Hence, the following Order:

### **ORDER**

1. **Case No. 46 of 2024 and 47 of 2024 are allowed subject to certain conditionalities.**
2. **The Commission takes on record the changes in lenders of Adani Electricity Mumbai Ltd. and accords in-principle approval for the continuation of assignment by way of security of the Distribution Licence No. 1 of 2011 and Transmission Licence No. 1 of 2011 as amended from time to time, in favour of SBICAP Trustee Company Limited, on behalf of its Lenders, subject to the following conditions:**
  - i. **The assignment of Licenses by way of security is being allowed for the loan amount upto the regulatory loans as per the Mid Term Review Orders dated 31 March 2023 for Transmission and Distribution Businesses of Adani Electricity Mumbai Ltd. and not for the entire loan facility availed by AEML.**




- ii. **The finance arranged by way of the above funding arrangement shall be exclusively used for the purpose of Licensed businesses of Adani Electricity Mumbai Ltd. only.**
  - iii. **Adani Electricity Mumbai Ltd. shall retain operational control over assets in Transmission and Distribution Businesses.**
  - iv. **The Distribution and Transmission Licences of Adani Electricity Mumbai Ltd. and the underlying assets cannot be assigned in favour of the nominee of the Security Trustee unless prior approval of the Commission is obtained at the time of creating rights in favour of such nominee.**
  - v. **Adani Electricity Mumbai Ltd. shall ensure adherence to all the obligations under the Security Trustee Agreement and the Financing Agreements in a timely manner to avoid any default towards its lenders. Adani Electricity Mumbai Ltd. shall provide the details of fulfillment of the payment obligations to its lenders vis-à-vis the timelines and other requirements as provided in the financing agreements.**
3. **The claim of Adani Electricity Mumbai Ltd. that there will be no undue burden on the consumers on account of the new Working Capital loan facility will be verified by the Commission during the ongoing Multi-Year Tariff proceedings.**

**Sd/-  
(Surendra J. Biyani)  
Member**

**Sd/-  
(Anand M. Limaye)  
Member**

**Sd/-  
(SanjayKumar)  
Chairperson**

  
**(Dr. Rajendra G. Ambekar)  
Secretary**

