

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 42/TD/2021**

Subject : Application for down-gradation of licence under Regulations 9(4) and 15(3)(a) of the Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of trading licence and other related matters) Regulations, 2020.

Date of Hearing : 8.4.2021

Coram : Shri P. K. Pujari, Chairperson  
Shri I. S. Jha, Member  
Shri Arun Goyal, Member  
Shri P. K. Singh, Member

Petitioner : National Energy Trading and Services Limited (NETST)

Parties Present : Shri Vidya Bhusan, NETST

**Record of Proceedings**

Case was called out for virtual hearing.

2. The Learned counsel for the Petitioner submitted that the instant Petition has been filed under Regulations 9(4) and 15(3)(a) of the Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of trading licence and other related matters) Regulations, 2020 (in short, 'the Trading Licence Regulations') seeking down-gradation of its trading licence from Category 'I' to Category 'III'.

3. In response to the specific query of the Commission regarding the Petitioner meeting the criteria of net worth and current & liquidity ratios as specified in the Trading Licence Regulations, the learned counsel for the Petitioner submitted that for Category 'III' trading licence, the Trading Licence Regulations provide for net worth requirement of Rs. 20 crore and minimum current & liquidity ratios of 1:1 each and in case either of the said ratio is less than 1:1, the licensee is required to maintain additional net worth of 100% of the net worth stipulated for the respective category of the trading licence as per Regulation 9(2) of the Trading Licence Regulations. It was submitted by the learned counsel that since the current and liquidity ratios in the Petitioner's case is less than 1:1, the Petitioner will be required to maintain the net worth of Rs. 40 crore against which the Petitioner already has net worth of Rs. 81 crore.

4. After hearing the learned counsel for the Petitioner, the Commission directed the Petitioner to submit the following information/ clarification on affidavit within three weeks:

(a) Audited Special Balance Sheet as on any date falling within 30 days immediately preceding the date of making the application i.e. 8.2.2021 along with Auditor's Report, Schedules and Notes to the accounts in terms of Regulation 6(b) of the Trading Licence Regulations; and



(b) Status of the investment Rs. 99.62 crore in Lanco Solar Energy Private Limited and plans to mitigate the risk of net worth erosion and liquidity due to uncertainty relating to recoverability of this investment. (As per the Petition, current and liquidity ratio as on 31.3.2020 is 073:1 and net worth is Rs. 81.99 crore. However, as per Auditor Report for the financial statement as on 31.3.2020 placed on record, there are uncertainties relating to recoverability of carrying value of investment of Rs. 99.62 crore in Lanco Solar Energy Private Limited, which is under Corporate Insolvency Resolution Process as per the National Company Law Tribunal order dated 14.6.2019. In view of the report of Auditor, there is uncertainty with regard to the value of investment of Rs. 99.62 crore, which would impact the net worth and liquidity of the Petitioner.) .

5. Subject to the above, the Commission reserved the order in the matter.

**By order of the Commission**

**Sd/-  
(T.D. Pant)  
Joint Chief (Law)**