

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No.76/MP/2023

Subject : Petition under Sections 17(3) & 17(4) of the Electricity Act, 2003 seeking approval for creation of security interest over the Petitioner's Assets in favour of Respondent No.2 (as the Security Trustee acting for the benefit of the Hedge Banks) in respect of the Petitioner's Transmission Project.

Date of Hearing : 24.4.2023

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

Petitioner : Lakadia Banaskantha Transco Ltd. (LBTL)

Respondents : Powerica Ltd. and Anr.

Parties Present : Shri Ramanuj Kumar, Advocate, LBTL
Ms. Priyal Modi, Advocate, LBTL
Shri Parveen Arora, Advocate, Powerica
Ms. Suruchi Kotoky, Advocate, Powerica
Shri Aishwarya Kaushiq, Advocate, Powerica

Record of Proceedings

Learned counsel for the Petitioner submitted that the present Petition has been filed seeking approval for creation of security interest over the Petitioner's assets in favour of Respondent No.2, Catalyst Trusteeship Ltd.- Security Trustee acting for the benefit of the lenders in respect of the Petitioner's Transmission Project. Learned counsel mainly submitted as under:

(a) For the purpose of part financing of transmission Project, the lenders of the Petitioners have provided/agreed to provide the financial assistance aggregating to USD 85 million and Respondent No.2 is acting as the Security Trustee for the purpose of creating and holding the securities for the benefits of the lenders.

(b) In terms of the financial documents, the Petitioner had earlier approached the Commission in Petition No. 99/MP/2022 seeking approval to create security interest in favour of Respondent No.2 for the benefit of the Project lenders, which was allowed by the Commission vide order dated 24.6.2022.

(c) Since the facility availed by the Petitioner is a foreign currency loan, which is subject to foreign exchange rate variation both in terms of principal and interest payment, the Petitioner has adopted a strategy of managing and reducing the risks associated with such a foreign currency loan by entering

into instruments of hedging and availing hedging products as a means to mitigate the risks and the volatility of a dynamic foreign exchange rate.

(d) Accordingly, the Petitioner has availed the hedging facilities from the various banks ('Hedging Banks') in accordance with the Reserve Bank of India's Master Direction – External Commercial Borrowings, Trade Credits and Structured Obligations dated 26.3.2019.

(e) Each of the Hedge Banks have appointed Respondent No.2, Catalyst Trusteeship Limited as Security Trustee for the purpose of creating and holding the securities for the benefit of the Hedge Banks pursuant to the deed of accession executed by each Hedge Bank to Security Trustee Appointment Agreement dated 28.10.2021.

(f) Accordingly, the Commission may approve the creation of security interest over the Petitioner's assets in favour of Respondent No.2, Catalyst Trusteeship Limited, Security Trustee acting for the benefit of the Hedge Banks on same terms as allowed vide order dated 24.6.2022

2. Learned counsel for the Respondent No.1, Powerica Ltd. submitted that the Respondent has no objection to the prayers made by the Petitioner as long as its rights under the Transmission Service Agreement as entered into with Petitioner are not affected prejudicially.

3. After hearing the representatives of the Petitioner and the Respondent, the Commission admitted the Petition and reserved the matter for order. It was considered that the petition may be disposed on the basis of admission.

By order of the Commission
Sd/-
(T.D. Pant)
Joint Chief (Law)