

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 202/TDL/2016

Coram:

Shri A.K.Singhal, Member

Shri A.S.Bakshi, Member

Dr. M.K.Iyer, Member

Date of Order: 20th of March, 2017

In the matter of

Application for grant of inter-State trading licence to Amplus Energy Solutions Private Limited.

And

In the matter of

Amplus Energy Solutions Private Limited
A-57, DDA Sheds, Okhla Industrial Phase-II,
New Delhi-110 020.

..... Petitioner

The following were present:

Shri Anil Bhat, Amplus Energy

Shri Sanjeev Agarwal, Amplus Energy

ORDER

The petitioner, Amplus Energy Solutions Private Limited, a company registered under the Companies Act, 1956 (1 of 1956) has made the present application under sub-section (1) of Section 15 of the Electricity Act, 2003 (hereinafter referred to as "the Act") read with the Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of Trading Licence and other related matters) Regulations, 2009 (hereinafter referred to as "Trading Licence Regulations") amended from time to time,

for grant of Category `IV` licence for inter-State trading in electricity in whole of India except the State of Jammu and Kashmir.

2. Regulation 6 of the Trading Licence Regulations provides for the procedure for grant of trading licence as under:

“6. Procedure for grant of licence

(1) Any person desirous of undertaking inter-State trading in electricity shall make an application to the Commission for grant of licence in the manner specified in Form-I appended to these regulations and such application shall be accompanied by ,-

(a) Such fee as may be prescribed by the Central Government from time to time payable through Bank Draft or pay order drawn in favour of Assistant Secretary, Central Electricity Regulatory Commission, New Delhi.

(b) Copies of the annual reports in case of the persons incorporated under the Companies Act, 1956 (1 of 1956) and audited accounts along with the Director's Report, Auditors' Report, the Schedules and notices on accounts for three years immediately preceding the year in which the application has been made and the special balance sheet as on any date falling within 30 days immediately preceding the date of making the application:

Provided that where the applicant has not been incorporated, registered or formed during the period of three years immediately preceding the year in which the application is made, the application shall be accompanied by the copies of the annual reports and audited accounts for such lesser period for which the applicant has been in existence.

(2) The application for grant of licence, along with annexures and enclosures shall also be submitted to the Commission on compact disc (CD).

(3) The applicant shall post complete application along with annexures and enclosures on his own website so as to facilitate access to the application by any person through internet and shall keep them on the website till the disposal of his application.

(4) The applicant shall within 7 days after making such application, publish a notice of his application, in two daily newspapers having circulation in each of the five regions in addition to those published from Delhi, including one economic daily newspaper in Form II, with the following particulars, name
xxxxxx

(5) The applicant shall within 7 days from the date of publication of the notice as aforesaid submit to the Commission on affidavit the details of the notice published and shall also file the original complete page of the newspaper in which the notice has been published.

(6) The applicant may file his reply to the objections or suggestions received in response to the notice within 45 days of its publication in the newspapers.

(7)The Commission after consideration of the objections or suggestions received in response to the notice published by the applicant and his reply may propose to grant

licence.

(8) When the Commission proposes to grant licence, it shall publish a notice of its proposal in two daily newspapers, as the Commission may consider appropriate, stating the name and address of the person to whom it proposes to issue the licence, with such other details as the Commission considers appropriate, to invite further objections or suggestions to its proposal.”

3. The petitioner has made the application as per Form-I along with CD and paid the fee of Rupees one lakh as prescribed by the Government of India.

4. The petitioner has posted the application for grant of trading licence on its website in terms of Regulation 6(3) of the Trading Licence Regulations. The petitioner has placed on record the relevant copies of the newspapers in original in which notice of its application has been issued. The notices under sub-section (2) of Section 15 of the Act read with clause (4) of Regulation 6 of the Trading Licence Regulations have been published by the petitioner on 15.12.2016 in all editions of ‘The India Express’, ‘The Economic Times’ and ‘The Financial Express’. No objection has been received in response to the public notices.

5. The petitioner company has been incorporated under the Companies Act, 1956 on 27.6.2013. Proviso to clause (1) of Regulation 3 of the Trading Licence Regulations provides that the applicant should have been authorized to undertake trading in electricity by its Memorandum of Association. Trading in electricity is covered under Main Objects of the Memorandum of Association of the petitioner. Para III (A) 3 of the Main Objects of the company reads as under:

“3. To own, establish, construct, operate and maintain necessary power station and to generally generate, accumulate, bank, distribute, transmit, trade, supply and deal in electricity...”

6. Transmission of electricity is covered under the Main Objects of the Memorandum of Association of the petitioner. However, the petitioner vide its affidavit dated 8.9.2016 has submitted that during the subsistence of the trading licence if granted by the Commission, it shall not apply for any transmission licence before any concerned authority without surrendering the trading licence granted to it. The affidavit has been taken on record.

7. The petitioner, vide Record of Proceedings for the hearing dated 19.1.2017, was directed to submit the following information:

- (a) Audited Balance Sheet as on 31.3.2016 alongwith Auditors' Report, P&L Account and Schedules and notes on accounts for the financial year 2015-16.
- (b) Details of Loans and advances given to associates as mentioned in Note 25 of Special Balance Sheet dated 31.8.2016 by clearly differentiating as short-term and long-term part.
- (c) As per the details of directors that Shri Sanjeev Aggarwal, Shri Guru Inder Mohan and Shri Jayant Goyal are working with Applicant Company since April, 2012, September, 2012 and March, 2019, respectively while the applicant company was incorporated on 27.6.2013. The petitioner may clarify the same.
- (d) Operational details of the company during last three years alongwith comments on corresponding increase in fixed assets of the company.
- (e) Details of share premium such as the date and no. of shares issued at premium, amount of premium and the details of valuation (i.e. valuation methodology along with computation) adopted to determine the share premium amount starting from the incorporation to special balance sheet date.

8. The petitioner, vide its affidavits dated 31.1.2017 and 28.2.2017, has submitted the Audited Balance Sheet as on 31.3.2016 alongwith Auditors' Report, P&L Account and Schedules and notes on accounts for the financial year 2015-16. The petitioner has

further submitted as under:

(a) With regard to details of loans and advances given to associates with clear differentiation as short term and long term part, the petitioner has submitted that the entire loans and advances given to associates as on 31.8.2016 was short term loan and there is no long term loan given to the Associate Companies.

(b) With regard to mismatch between the dates of appointments of the Directors of the applicant company, the petitioner has submitted that there was certain typographical error in the dates of joining of the Directors.

(c) With regard to operational details of the applicant company during the last three years along with comments on corresponding increase in fixed assets of the applicant company, the petitioner has submitted that the installed capacity of the solar plants increased from 0 kWp to 1747.6 KWp from 1.4.2013 to 31.3.2016. The petitioner has submitted that the growth in business was funded by equity share capital and OCD. It is noted that the increase in equity, reserve and surplus and fixed assets are due to fresh issue of shares at premium and increase in the operations of the business.

(d) With regard to details of share premium such as the date and nos of shares issued at premium, amount of premium and the details of valuation adopted to determine the share premium amount, the petitioner has submitted the details of allotment of equity as on 31.8.2016 as under:

Date of allotment	No. of Equity Share	Face Value	Premium	Total Amount	Premium per share
27.6.2013	10000	100000	0	100000	0.00

13.12.2014	310000	3100000	0	3100000	0.00
10.2.2015	34433	344330	13428870	13773200	390.00
29.6.2015	355854	3558540	59192755	62751295	166.34
30.9.2015	1503873	15038730	250154235	265192965	166.34
28.12.2015	2810036	28100360	467421389	495521749	166.34
Total	5024196	50241960	790197249	840439209	

As per the above details, the premium per share for the recent issues has been made at Rs.166.34. The petitioner has further placed on record the valuation report dated 22.6.2015 prepared by the Chartered Accountants.

10. In accordance with Regulation 3 (3) of the Trading Licence Regulations, a person applying for Category `IV` trading licence should have net worth of ₹ one crore, and should have maintained minimum current ratio and liquidity ratio of 1:1, as on date of audited balance sheet accompanying the application. As per Regulation 6 (1) (b) of the Trading Licence Regulations, the applicant is required to submit the special balance sheet as on any date falling within 30 days immediately preceding the date of making the application. The licensee filed its application under affidavit dated 3.9.2016 and submitted audited special balance sheet as on 31.8.2016.

11. Based on the special audited balance sheet as on 31.8.2016, net worth and liquidity ratios has been worked out as under:

Net Worth Computation	As per audited Balance Sheet as on 31.8.2016
Particulars	
A) Paid up equity capital (1)	502.42
B) Reserves and Surplus	
B.1. Capital Reserves	0.00
B.2. Capital Redemption Reserve	0.00
B.3. Debenture Redemption Reserve	0.00

B.4. Revaluation Reserve	0.00
B.5. Share Options Outstanding Account and Reserves other than free reserves	0.00
B.6. Securities Premium Reserve	7901.97
B.7. Surplus (P and L Account)	-1243.94
B.8. Other Free Reserves	
Free Reserves and Surplus considered for Net worth (2) (B6+B7+B8)	6658.03
C) Loans and Advances given to associates (3)	713.45
D) Deferred Expenditure (including Misc. Expenses) not written off (4)	0.000
Net Worth (1+2-3-4)	6447.00

12. The net worth of the petitioner is further represented by the following:

Net worth (Asset approach), Current Ratio and Liquidity Ratio Computation	As per special Balance Sheet as on 31.8.2016
A) Non-current Assets	
A.1. Net block of Tangible Asset	3821.96
A.2 Net Block of Intangible Asset	45.20
A.3 Capital work in progress	1447.17
A.4 Intangible Assets under development	0.00
A.5 Non-Current Investments (Fixed Deposit, investment in equity shares of subsidiary company)	2830.61
A.6 Deferred Tax Assets	130.81
A.7 Long-term loans and advances	2208.92
A.7.1 Less: Loans & Advances given to Associates included in above	0.00
A.7.2 Net Long Term Loans & Advances (A.7 - A.7.1)	2208.92
A.8 Other Non Current Asset	5.56
A.9 Deferred Expenditure (including Misc. Expenses) not written off (Not considered for net worth computation)	0.00
Total Non-Current Assets	10490.23
Total Non-Current Assets considered for net worth (1)	10490.23
B. Non-Current Liabilities, Pref. Share & Share Application money and Reserves other than free reserves	
B.1 Share application money pending allotment	0.00
B.2 Preference Share Capital	0.00

B.3 Long term Borrowings (i.e. Debentures)	6674.07
B.4 Deferred tax Liabilities	0.00
B.5 Other Long Term Liabilities (i.e. Security Deposit)	143.56
B.6 Long Term provisions (i.e. prov. for gratuity)	18.64
B.7 Reserves other than free reserves	0.00
Total Non-Current Liabilities, Reserves other than free reserves considered for Net worth (2)	6836.28
C. Current Assets	
C.1. Current Investments	0.00
C.2. Inventories	0.00
C.3. Trade Receivables	143.26
C.4. Cash and cash equivalents	2584.50
C.5 Short Term Loans and Advances	789.63
C.5.1 Less: Loans and Advances given to associates	713.45
C.5.2 Net Short Term Loan and Advances (C.5 - C.5.1)	76.18
C.6 Other current assets (TDS, Advance given, tax payable, accrued interest)	26.66
C.7 Deferred Expenditure (including Misc. Expenses) not written off (not considered for net worth & Liquidity purpose)	0.00
Total Current Assets	3544.06
Total Current Asset considered for Net worth (3)	2830.61
D. Current Liabilities	
D.1. Short-term Borrowings	0.00
D.2. Trade payables	0.96
D.3. Other Current liabilities	36.57
D.4. Short-term provisions	0.03
Total Current Liabilities considered for Net worth (4)	37.56
Net worth ((1-2)+(3-4))	6447.00

13. Based on the above, the net worth, current ratio and liquidity ratio work out as under:

S. No.	Particulars	31.8.2016
1.	Net worth (₹ in lakh)	6447.00

2.	Current ratio	94.35
3.	Liquidity ratio	94.35

14. In accordance with Regulation 3 (2) of the Trading Licence Regulations, the petitioner should have at least one full time professional having, qualifications and experience in power system operation and commercial aspects of power transfer and finance, commerce and accounts. The petitioner vide its affidavit dated 31.1.2017 has submitted that the professionals as provided in the affidavit are full time professionals in terms of Regulation 3 (2) of the Trading Licence Regulations.

15. On consideration of the above facts, we are ***prima facie*** satisfied that the petitioner meets the net worth requirements specified by the Commission for grant of Category `IV` trading licence and fulfills other conditions for grant of trading licence subject to the condition that the petitioner shall maintain the net worth as per the Trading Licence Regulations during the subsistence of the trading licence, if granted. The Commission proposes to grant Category `IV` trading licence to the petitioner. We direct that a notice under clause (a) of sub-section (5) of Section 15 of the Act be issued inviting further suggestions or objections to the proposal of the Commission.

16. List this petition for further directions on 6.4.2017.

Sd/-
(Dr. M.K.Iyer)
Member

sd/-
(A.S. Bakshi)
Member

sd/-
(A.K. Singhal)
Member