

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 9/SM/2021**

**Coram:**

**Shri P.K. Pujari, Chairperson**

**Shri I. S. Jha, Member**

**Shri Arun Goyal, Member**

**Shri P.K. Singh, Member**

**Date of Order: 3<sup>rd</sup> November, 2021**

**In the matter of**

Non-compliance of the provisions of the Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of trading licence and other related matters) Regulations 2020, by Atria Energy Services Private Limited.

**And**

**In the matter of**

Atria Energy Services Private Limited (AESPL),  
1st Floor, No.11, Commissariat Road,  
Bangalore, Karnataka - 650 025

**...Respondent**

**Parties Present:**

Shri Tabrez Alawat, Advocate, AESPL

**ORDER**

The Respondent, Atria Energy Services Private Limited had filed the Petition No. 105/TD/2021 under Regulation 9(4) and Regulation 15(3)(a) of the Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of trading licence and other related matters) Regulations, 2020 (hereinafter referred to as "the Trading Licence Regulations") for down-gradation of inter-State trading licence in electricity from Category 'IV' to Category 'V' granted vide order dated 20.6.2017.

2. The Commission after considering the documents placed on record, in its order dated 29.06.2021 in Petition No. 105/TD/2021, had observed that the Respondent company does not meet requirements of net worth for any category of trading licence as prescribed under Regulation 3(3)(a) of the Trading Licence Regulations. Accordingly, the Commission, while disposing of the Petition No. 105/TD/2021 vide order dated 29.06.2021 by rejecting the prayer of the Respondent for down gradation of its Trading Licence from Category 'IV' to Category 'V', directed to initiate appropriate proceeding against the Respondent as per the provisions of the Trading Licence Regulations. Relevant portion of the order dated 29.06.2021 is extracted as under:

*“16. As per above-mentioned provisions, trading licensee is obligated to maintain the net worth in accordance with Regulation 3 of the 2020 Trading Licence Regulations at all times and the current and liquidity ratios of 1:1 at the end of every financial year. Evidently, the Applicant has failed to fulfill its obligations to maintain the net worth as specified in the 2020 Trading Licence Regulations.*

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*18. Since the licensee has failed to fulfill required net worth to hold the inter-State trading licence for any of Category in terms of the 2020 Trading Licence Regulations, we direct the office of the Commission to initiate appropriate proceedings against the Applicant as per the provisions of the 2020 Trading Licence Regulations.”*

3. Subsequently, in terms of the above-quoted order, suo motu proceeding was initiated against the Respondent for non-fulfilment of required net worth criteria as per the provisions of the Trading Licence Regulations. Vide order dated 08.07.2021 in Petition No. 9/SM/2021, the Respondent was directed to file its response as to why penal provision not be invoked in terms of Regulation 19 of the Trading Licence Regulations for failure to maintain required net worth, current ratio and liquidity ratio for holding any category of inter-State trading licence. Relevant portion of the order dated 08.07.2021 is extracted as under:

*“8. Thus, based on documents available on record in Petition No.105/TD/2021, we are satisfied that a prima facie case exists against the Respondent with respect to*

*contravention of Regulation 17(3) of the Trading Licence Regulations since it has failed to maintain the required net worth as prescribed under Regulations 3(3)(a) and 3(3)(b) read with Regulation 9(2) of the Trading Licence Regulations. Accordingly, we direct the Respondent to file its response within one month from the issuance of this order as to why penal provision be not invoked in terms of Regulation 19 of the Trading Licence Regulations for failure to maintain required net worth for holding any category of inter-State trading licence.”*

4. In response, the Respondent, vide affidavit dated 07.08.2021, has submitted the following:

(a) In the computation of the net worth of the Respondent, an amount of Rs. 80,55,083/- was given by the Respondent to its associates as “loans and advances”. There appears to be certain misunderstanding of facts and issues, which has been exacerbated on account of the Covid-19 pandemic.

(b) The advances of Rs. 80,55,083/- relates to advance made by the Respondent for specified purpose of installation of solar power plant to Atria Power Corporation Private Limited (APCPL) and other miscellaneous payments and not for advancing the loan to associate.

(c) Out of the said amount of Rs. 80,55,083/-, Rs. 80 lakh pertains to the advance made by the Respondent for installation of the solar power plant to APCPL. The same is evident from the Agreement dated 20.03.2020 placed on record. The said solar power plant is being installed at Atria Institute of Technology. The construction work of the buildings at Atria Institute of Technology has been impacted on account of Covid-19 pandemic. Resultantly, installation of the solar power plant has been also delayed. The solar power plant is likely to be completed by 31.03.2022.

(d) The remaining amount of Rs. 55,083/- pertains to other miscellaneous payments.

(e) The payment of Rs 80,55,083/- was towards the specified purpose of giving advance to APCPL for installation of solar power plant/ other miscellaneous expenses and not as a loan to any associate companies. Therefore, the deduction made for loans and advances no longer needs to be taken into consideration for computation of net worth.

(f) Without prejudice to the above, the net worth of the Respondent is Rs. 2.1 crore as on date, even if Rs. 80,55,083/- provided for advance for installation of the solar roof top to APCPL and other miscellaneous payments, are for sake of presumption considered as “loans and advances” and deducted from paid up capital and free capital, for determination of the net worth criteria.

(g) There was no deliberate violation of any terms and conditions of the Trading Licence Regulations.

5. The matter was heard on 22.10.2021 through video conferencing. During the course of hearing, the learned counsel for the Respondent reiterated the submissions made in the reply the same is not repeated for sake of brevity.

### **Analysis and Decision**

6. We have considered the submissions of the Respondent. The Respondent is holding a Category ‘IV’ trading licence for which the prescribed net worth is Rs. 10 crore which the Respondent is required to maintain at all times. The Respondent had approached for down-gradation of its trading licence from Category ‘IV’ to Category ‘V’. On analysis of its audited balance sheet as on 30.09.2020, it was noticed that the Respondent had net worth of Rs. 166.27 lakh. Therefore, application of Respondent for down-gradation of trading licence was rejected vide order dated 29.06.2021 in Petition No. 105/TD/2021 and the present proceeding was initiated for revocation of licence.

7. The Respondent in its reply to the show cause notice has explained that there was an inadvertent error and miscommunication by the personnel of the Respondent due to Covid-19 pandemic. It has been submitted by the Respondent that an amount of Rs. 80,55,083/- was reduced from the net worth as loans and advances given to associates. However, out of the said amount, payment of Rs.80 lakh was given to

APCPL for the purpose of installation of solar power plant at Atria Institute of Technology. The above amount has been paid for the specified purposes and not as a loan to any associates company. Therefore, deduction made for loans and advances is no longer needed for computation of the net worth. It has been further submitted that there was no wilful violation of any terms and conditions of the Trading Licence Regulations. The Respondent has placed on record the corrected special audited balance sheet as on 30.06.2021.

8. In the light of the submissions made by the learned counsel for the Respondent and corrected audited special balance sheet dated 30.06.2021 placed on record, net worth, current ratio and liquidity ratio have been worked out as under:

<b>(Rs. in lakh)</b>	
<b>Net Worth Computation</b>	<b>As per corrected Audited Balance Sheet as on 30.06.2021</b>
<b>Particulars</b>	
<b>(A) Paid up equity capital (1)</b>	<b>248.50</b>
<b>(B) Reserves and Surplus</b>	
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	0.00
other than free reserves	0.00
B.6. Securities Premium Reserve	0.00
B.7. Surplus (P and L Account)	42.19
B.8. Other Free Reserves	0.00
<b>Free Reserves and Surplus Considered for Net worth (2) (B6+B7+B8)</b>	<b>42.19</b>
<b>(C) Loans &amp; Advances given to associates (3)</b>	<b>0.00</b>
<b>(D) Deferred Expenditure (including Miscellaneous Expenses) not written off (4)</b>	<b>0.00</b>
<b>Net Worth (1+2-3-4)</b>	<b>290.69</b>

9. Based on the corrected audited special balance sheet as on 30.06.2021, the net worth of the Respondent is further represented by the following:

<b>(Rs. in lakh)</b>	
<b>Net worth (Asset approach), Current Ratio and Liquidity Ratio Computation</b>	<b>As on 30.06.2021</b>
<b>(A) Non-current Assets</b>	
A.1. Net block of tangible Asset	8.44
A.2. Net Block of intangible Asset	0.00
A.3. Capital work in progress	0.00
A.4. Intangible Assets under development	0.00
A.5. Non-Current Investments	0.00
A.6. Deferred Tax Assets	0.00
A.7. Long-term loans and advances	0.00
A.7.1 Less: Loans and Advances given to Associates included in above	0.00
A.7.2 Net Long Term Loans and Advances (A.7 - A.7.1)	0.00
A.8. Other Non-Current Asset	0.00
A.9. Deferred Expenditure (including Miscellaneous Expenses) not written off (Not considered for net worth computation)	0.00
Total Non-Current Assets	8.44
<b>Total Non-Current Assets considered for net worth (1)</b>	<b>8.44</b>
<b>(B) Non-Current Liabilities, Preferential Share and Share Application money and Reserves other than free reserves</b>	
B.1. Share application money pending allotment	0.00
B.2. Preference Share Capital	0.00
B.3. Long term Borrowings (i.e. compulsory convertible debentures)	2.00
B.4. Deferred tax liabilities	0.00
B.5. Other long term liabilities	0.00
B.6. Long Term provisions	0.02
B.7. Reserves other than free reserves	0.00
<b>Total Non-Current Liabilities, Reserves other than free reserves considered for Net worth (2)</b>	<b>2.02</b>
<b>(C) Current Assets</b>	
C.1. Current Investments	1.11
C.2. Inventories	0.00
C.3. Trade Receivables	234.09
C.4. Cash and cash equivalents	102.72
C.5. Short Term Loans and Advances	94.16
C.5.1 Less: Loans and Advances given to associates	0.00
C.5.2 Net Short Term Loan and Advances(C.5 - C.5.1)	94.16
C.6. Other current assets*	791.78
C.7. Deferred Expenditure (including Miscellaneous Expenses) not written off (not considered for net worth and Liquidity)	0.00

purpose)	
Total Current Assets	<b>1223.86</b>
<b>Total Current Asset considered for Net worth (3)</b>	<b>1223.86</b>
<b>(D) Current Liabilities</b>	
D.1. Short-term Borrowings	0.00
D.2. Trade payables	210.77
D.3. Other Current liabilities	19.84
D.4. Short-term provisions	708.98
<b>Total Current Liabilities considered for Net worth (4)</b>	<b>939.59</b>
<b>Net worth ((1-2)+(3-4))</b>	<b>290.69</b>

10. Based on the above, net worth, current ratio and liquidity ratio of the Respondent are as under:

	<b>As on 30.06.2021</b>
<b>Net worth</b> (Rs. in lakh)	<b>290.69</b>
<b>Current Ratio</b> (Total Current Asset)/(Total Current Liability) (Minimum 1:1)	<b>1.30</b>
<b>Liquid Ratio</b> (Total Current Asset – Inventories - Prepaid expenses)/(Total Current Liability) (Minimum 1:1)	<b>1.30</b>

11. As per Regulation 3(a) of the Trading Licence Regulations, the Respondent is required to maintain minimum net worth of Rs.10 crore for holding category 'IV' trading licence. It is observed that as per the corrected audited special balance sheet, the Respondent does not fulfil the requirement of net worth of Category 'IV' trading licence. However, the Respondent may be meeting the net worth, current ratio and liquidity ratio requirements for holding Category 'V' trading licence.

12. In light of the above, we observe that the Respondent may be eligible to hold a Category 'V' licence, for which the Respondent had earlier filed the Petition No. 105/TD/2021. The Respondent, in its submissions, has prayed for closure of the present proceeding and downgrading its trading licence from Category 'IV' to

Category 'V'. Considering the submissions of the Respondent and in view of the corrected net worth of the Respondent as on 30.06.2021, the Commission closes the present proceedings for invoking the penal provision.

13. Further, considering the submissions of the Respondent to downgrade its trading licence from Category 'IV' to Category 'V' and in view of the fact that since earlier Petition No. 105/TD/2021 of the Respondent was rejected by the commission due to incorrect submissions of the Respondent, which now has been corrected, it is at liberty to file a fresh Petition within 15 days of this order for downgrading its trading licence from Category 'IV' to Category 'V'.

14. In view of the above discussion and findings, the respondent is discharged from the show cause notice and the present Petition No. 9/SM/2021 is dropped.

Sd/-  
**(P.K. Singh)**  
Member

sd/-  
**(Arun Goyal)**  
Member

sd/-  
**(I.S. Jha)**  
Member

sd/-  
**(P.K. Pujari)**  
Chairperson