

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 213/TD/2022**

**Coram:**

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

**Shri Arun Goyal, Member**

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

**Date of Order: 19<sup>th</sup> October, 2022**

**In the matter of**

Petition under Section 14 of the Electricity Act, 2003 read with Regulation 6 of the Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of trading licence and other related matters) Regulations, 2020 for grant of an inter-State trading licence in electricity.

**And**

**In the matter of**

**Visual Percept Solar Projects Private Limited,  
Samanvay, 600  
Tapovan, Ambawadi,  
Ahmedabad-380 015  
Gujarat**

**.....Petitioner**

**The following were present:**

Ms. Divya Chaturvedi, Advocate, VPSPPL  
Shri Anuj Thomas, Advocate, VPSPPL  
Shri Parth Desai, VPSPPL

**ORDER**

The Petitioner, Visual Percept Solar Projects Private Limited, a company registered under the Companies Act, 2013 has made the present application under Section 14 of the Electricity Act, 2003 (hereinafter referred to as "the Act") read with Regulation 6 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”) amended from time to time, for grant of Category `III` trading licence for inter-State trading in electricity in whole of India.

2. Case was called out for virtual hearing on 29.9.2022. During the course of hearing, the learned counsel for the Petitioner submitted that the Petitioner satisfies all the criteria for grant of Category ‘III’ trading licence as stipulated in the Trading Licence Regulations. She further submitted that while as on the date of filing of the application, the experience of its concerned professional from the field of finance, commerce & accounts was falling a little short of 5 years. However, as on date, the said employee, now being appointed as Chief Financial Officer of Petitioner company, fulfils the required experience of 5 years as specified in the Trading Licence Regulations. The learned counsel submitted that currently the Petitioner has submitted the audited special balance sheet as on 31.5.2022 while the present application was filed by the Petitioner on 29.7.2022 and in case the Commission so directs, the Petitioner will submit the audited special balance sheet falling within 30 days immediately preceding date of filing of present application. The Petitioner has complied with the requirement of issuance of public notice of its application but has not received any objections/suggestions thereof. Vide Record of Proceedings for the hearing, the Petitioner was directed to submitted the following information:

- (a) Audited special balance sheet as on date falling within 30 days immediately preceding the date of filing the application along with notes;
- (b) Details of full-time professionals in the field of finance, commerce & accounts on affidavit; and

(c) Undertaking to the effect that the Petitioner company shall not undertake transmission business without surrendering the trading licence, if granted by the Commission.

3. The Petitioner vide its affidavit dated 11.10.2022 has filed the information called for.

4. With regard to the audited special balance sheet, the Petitioner has submitted the audited special balance sheet as on 30.6.2022.

5. With regard to details of full-time professionals in the field of finance, commerce & accounts, the Petitioner has submitted the details as under:

(a) In compliance with Regulation 3(2) of the Trading Licence Regulations, the Petitioner had submitted the details of full-time professionals in the field of (i) System Operation or Power Trading or Energy Risk Management and (ii) Finance, Commerce and Accounts engaged by it. As per as per the Company Master Data and Signatory Details, retrieved from the website of Ministry of Corporate Affairs on 27.9.2022 at 18:05 hours and 18:08 hours respectively, Ms. Heli Shah was appointed as Chief Finance Officer in the Petitioner Company as on 26.9.2022.

(b) Ms. Heli Shah has been working with the Petitioner company with effect from 26.9.2022. In this regard, the Petitioner has placed on record the appointment letter issued by the Human Resources Department of the Petitioner company. She has five years of experience in the field of finance, commerce and accounts as a Chartered Accountant. Accordingly, the Petitioner company is duly meeting the requirements under Regulation 3(2) of the Trading Licence Regulations pertaining to appointment of full-time professionals in the field of finance, commerce & account.

6. The Petitioner has undertaken to the effect that the Petitioner company shall not undertake transmission business without surrendering the trading licence, if granted by the Commission. The Petitioner has placed on record the affidavit in this regard.

7. We have examined the documents on record. 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 application fee as prescribed by the Central Government from time to time and shall be paid as per the procedure specified in Central Electricity Regulatory Commission (Payment of Fees) Regulations, 2012, as amended from time to time or any statutory re-enactment thereof.*

*(b) Copies of the annual reports in case of the persons incorporated under the Companies Act, 1956 or Companies Act, 2013 including audited accounts along with the Directors' Report, Auditors' Report, the Schedules and notes to accounts for one Year immediately preceding the Year in which the application has been made and the audited special balance sheet as on any date falling within 30 days immediately preceding the date of filing the application.*

*(2) The Applicant shall post complete application along with annexures and enclosures on its 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 the application.*

*(3) The Applicant shall within 7 days after making such application, publish a notice of its 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, namely:-*

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*(4) 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.*

*(5) The Applicant shall allow a period of 30 days to the public to file objections or suggestions to the notice of application published in the newspapers.*



(6) *The Applicant shall file its reply before the Commission within 30 days from the last date of receipt of objections or suggestions from the public.*

(7) *The Commission after consideration of the objections or suggestions received in response to the notice published by the Applicant and its reply may reject the application or 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 and with such other details as the Commission considers appropriate, to invite further objections or suggestions to its proposal.”*

8. The Petitioner has submitted the application as per Form-I along with the requisite fees.

9. The Petitioner has uploaded the application for grant of trading licence on its website in terms of Clause (3) of Regulation 6 of the Trading Licence Regulations and further placed on record the relevant copies of the newspapers in original in which notice of its application has been issued. The Petitioner vide its affidavit dated 5.8.2022 has submitted that 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 2.8.2022 in Indian Express (Chandigarh, Delhi, Jaipur, Lucknow, Nagpur, Pune, Vadodara, Kolkata and Ahmedabad editions), Financial Express (Bangaluru, Chandigarh, Chennai, Delhi, Hyderabad Kochi, Kolkata, Lucknow, Mumbai and Pune editions) and the Assam Tribune (Guwahati edition) It has been submitted by the Petitioner that no objection has been received in response to the public notices.

10. The Petitioner Company has been incorporated under the Companies Act, 2013 on 16.8.2010. Proviso to Clause (1) of Regulation 3 of the Trading Licence Regulations



provides that the Petitioner should have been authorized to undertake trading in electricity by its Memorandum of Association. We note that trading in electricity is covered under Main Objects of the Memorandum of Association of the Petitioner company. Paragraph 1 of the Main Objects of the Memorandum of Association of the Petitioner company reads as under:

*"1. To carry on in India or abroad the business of generation, development, accumulation, production, manufacture, purchase, process, transformation, distribution, transmission, sale, supply, exchange, renovation, alteration, modernization, deal in solar or any kind of energy like wind energy, wave energy, tidal energy, hydro energy, nuclear near, bio energy or any other form of energy and any products or by-products derived from any such business of energy and to set up any power plants, stations, farms, parks, solar energy systems."*

11. In view of the above, it has been submitted by the Petitioner that it fulfills the requirements specified in Clause (1) of Regulation 3 of the Trading Licence Regulations. The Petitioner has submitted that Memorandum of Association authorizes to undertake transmission of electricity. In this regard, the Petitioner has submitted that it will not carry out transmission business without surrendering the trading licence, if granted by the Commission.

12. In accordance with Clause (3) of Regulation 3 of the Trading Licence Regulations, a person applying for Category `III` trading licence should have net worth of Rs. twenty crore and should have maintained minimum current ratio and liquidity ratio of 1:1 as on the date of audited balance sheet accompanying the application. The Petitioner has submitted audited special balance sheet as on 30.6.2022.



13. Based on the special audited balance sheet as on 30.6.2022, net worth, current ratio and liquidity ratio have been worked out as under:

(Rs. in lakh)	
Net Worth Computation	As per Special Audited Balance Sheet as on 30.6.2022
<b>Particulars</b>	
<b>A) Paid up equity capital (1)</b>	<b>1745.00</b>
<b>B) Reserves and surplus</b>	
B.1. Capital reserves	236.00
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	704.40
B.7. Surplus (P and L Account)	15655.32
B.8. Other free reserves (i.e. general reserve and cash flow reserve)	0.00
<b>Free reserves and surplus considered for net worth (2)</b>	<b>15655.32</b>
<b>C) Loans and 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>17400.32</b>

14. The net worth of the Petitioner is further represented by the following:

(Rs. in lakh)	
Net worth (Asset approach), Current Ratio and Liquidity Ratio computation	As per Special Audited Balance Sheet as on 30.6.2022
<b>A) Non-current assets</b>	
A.1 Net block of tangible asset	14769.51
A.2 Net block of intangible asset	1.46
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 (Right of use assets, capital advances and prepaid expenses, etc.)	2.75
A.9 Deferred expenditure (including miscellaneous expenses) not written off (Not considered for net worth computation)	0.00
Total non-current assets	14773.71
<b>Total non-current assets considered for net worth (1)</b>	<b>14773.71</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	0.00
B.4 Deferred tax liabilities	833.26
B.5 Other long term liabilities	0.00
B.6 Long term provisions	0.00
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>833.26</b>
<b>C. Current Assets</b>	
C.1. Current investments	3042.97
C.2. Inventories	70.30
C.3. Trade receivables	405.51
C.4. Cash and cash equivalents	58.05
C.5 Short term loans and advances	0.00
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)	0.00
C.6 Other current assets	24.30
C.7 Deferred expenditure	0.00
Total current assets	3601.12
<b>Total current asset considered for net worth (3)</b>	<b>3601.12</b>
<b>D. Current liabilities</b>	
D.1. Short-term borrowings	0.00
D.2. Trade payables	1.36
D.3. Other current liabilities	111.53
D.4. Short-term provisions	28.36
<b>Total current liabilities considered for net worth (4)</b>	<b>141.25</b>
<b>Net worth ((1-2)+(3-4))</b>	<b>17400.32</b>



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

<b>Sr. No.</b>	<b>Particulars</b>	<b>As per Special Audited Balance Sheet as on 30.6.2022</b>
1	Net worth (Rs. in lakh)	17400.32
2	Current ratio	25.49
3	Liquidity ratio	24.83

16. In accordance with Clause (2) of Regulation 3 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, finance, commerce and accounts. As per information submitted by the Petitioner, it fulfils the requirements of Clause (2) of Regulation 3 of the Trading Licence Regulations.

17. On consideration of the above facts, after a preliminary examination, we find that the Petitioner meets the requirements as specified in the Trading Licence Regulations for grant of Category `III` trading licence. In view thereof, the Commission proposes to grant Category `III` 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.

18. The Petition shall be listed for final hearing on 17.11.2022.

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

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

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