

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 251/TD/2021

Coram:

**Shri I. S. Jha, Member
Shri Arun Goyal, Member
Shri P.K. Singh, Member**

Date of Order: 23rd January, 2022

In the matter of

Application under Section 15 of the Electricity Act, 2003 read with Regulation 15(3) and Regulations 3 and 6 of the Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of trading licence and other related matters) Regulations, 2020 seeking down-gradation of trading licence of Atria Energy Services Private Limited from Category "IV" to Category "V" trading licence.

And

In the matter of

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

...Applicant

Parties Present:

Shri Tabrez Alawat, Advocate, AESPL

ORDER

The Applicant, 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' (granted vide order dated 20.06.2017) to Category 'V'.



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 did 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 rejected 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.

3. Subsequently, in terms of the order dated 29.06.2021, suo motu proceeding was initiated against the Respondent for non-fulfilment of the 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. The Applicant vide its reply dated 07.08.2021 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 was further submitted by the Applicant 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 Applicant has submitted the corrected special audited balance sheet as on 30.06.2021. After examining the special audited balance sheet as on 30.06.2021, the Commission in its order dated 03.11.2021 had observed that as per the corrected audited special balance sheet, the Applicant does not fulfil the requirement of net worth of Category 'IV' trading licence. However, the Applicant may be meeting the net worth, current ratio and liquidity ratio requirements for holding Category 'V' trading licence. Accordingly, the Commission dropped the proceedings for invoking penal provisions and the Applicant was granted liberty to file fresh Petition for downgrading of its trading licence. Relevant portion of the order dated 03.11.2021 is extracted as under:

"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'."

4. Pursuant to direction quoted above in order dated 03.11.2021, the Applicant has filed the present Petition for down-gradation of its trading licence from Category 'IV' to Category 'V'.

5. Case was called out for virtual hearing on 21.01.2022. During the course of hearing, learned counsel for the Applicant reiterated the submissions made in the Petition and prayed to downgrade the trading licence from Category 'IV' to Category 'V'.

6. We have considered the submissions of the Applicant. Regulation 9(4) of the Trading Licence Regulations provides as under:

“(4) The Trading Licensee shall make an appropriate application accompanied by prescribed fees for up-gradation of its licence to a higher category or down-gradation of its licence to a lower category in order to fulfill the conditions of these regulations in accordance with the procedure specified in Regulation 15 of these regulations.”

7. Further, Regulation 15(3) of the Trading Licence Regulations provides as under:

“(3) Downgradation of licence:

(a) The Trading Licensee may file an application to the Commission for downgradation of its licence to a lower category at any time: Provided that the Trading Licensee shall not be allowed to apply for up-gradation of licence within the same Year.

(b) The Trading Licensee shall be required to upload the audited special balance sheet to support the compliance of Net Worth requirement for lower category licence.

(c) While applying for downgradation of licence, the Trading Licensee shall be required to pay the licence fee applicable for the category of licence for which the application is being submitted.”

8. On examination of the application, we find that the Applicant being a Category 'IV' licensee fulfils all requirements for grant of Category 'V' inter-State trading licence specified in Regulation 3(2) of the Trading Licence Regulations. As regards the net worth requirements for Category 'V' trading licence, Regulation 3(3) of the Trading Licence Regulations provides that a person applying for Category 'V' trading licence should have net worth of Rs. 2 crore and should have minimum current ratio and liquidity ratio of 1:1 on the date of Special Audited Balance Sheet accompanying the application. The Applicant has submitted the special audited balance sheet as on 30.06.2021.

9. Based on the special audited balance sheet as of 30.06.2021 submitted by the Applicant, its net worth has been worked out as under:

(Rs. in lakh)	
Net Worth Computation	As per Special Audited Balance Sheet as on 30.06.2021
Particulars	
A) Paid up equity capital (1)	248.50
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 & reserves 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 (i.e. general reserve and cash flow reserve)	0.00
Free Reserves and Surplus considered for net worth (2) (B6+B7+B8)	42.19
C) Loans and Advances given to associates (3)	0.00
D) Deferred expenditure (including Misc. Expenses) not written off (4)	0.00
Net Worth (1+2-3-4)	290.69

10. The net worth of the Applicant is further represented by the following:

(Rs. in lakh)	
Net worth (Asset approach), Current Ratio & Liquidity Ratio computation	As per Special Audited Balance Sheet as on 30.6.2021
A) Non-current Assets	
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 (Right of use assets, capital advances and prepaid expenses, etc.)	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
Total Non-Current Assets considered for net worth (1)	8.44
B. Non-Current Liabilities, Preferential Share and 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	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
Total Non-Current Liabilities, Reserves other than free reserves considered for Net worth (2)	2.02
C. Current Assets	
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	0.00
Total Current assets	1223.86
Total Current Asset considered for Net worth (3)	1223.86
D. Current Liabilities	
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
Total Current Liabilities considered for Net worth (4)	939.59
Net worth ((1-2)+(3-4))	290.69

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

Sr. No.	Particulars	As per Audited special balance sheet as on 30.06.2021
1	Net worth (Rs. in lakh)	290.69
2	Current ratio	1.30
3	Liquidity ratio	1.30

12. In terms of the above, the Applicant meets the net worth, current ratio and liquidity requirements specified in the Trading Licence Regulations. Accordingly, we approve the down-gradation of the licence of the Applicant from Category 'IV' to Category 'V' with effect from the date of issuance of the order. The licensee shall remain bound by the terms and conditions contained in the order dated 20.06.2017 whereby it was issued with Category 'IV' trading licence.

13. Let an extract copy of this order be sent to the Central Government in Ministry of Power and Central Electricity Authority in terms of sub-section (7) of Section 15 of the Electricity Act, 2003 for their information and record.

14. We direct that necessary endorsement be made on the licence issued to the applicant with regard to change of Category of the licensee.

15. Petition No. 251/TD/2021 is allowed in terms of the above.

Sd/-
(P.K. Singh)
Member

sd/-
(Arun Goyal)
Member

sd/-
(I.S. Jha)
Member