

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 262/TD/2021**

**Coram:**

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

**Shri Arun Goyal, Member**

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

**Date of Order: 15<sup>th</sup> February, 2022**

**In the matter of**

Application 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**

**Ideal Energy Solution Private Limited,**

29, Rosedale Society,

Aliganj Road,

Kashipur-244 713, Uttarakhand.

**..... Applicant**

**The following were present:**

Shri Akash Agarwal, IESPL

Shri Tarun Kumar Tyagi, IESPL

**ORDER**

The Applicant, Ideal Energy Solutions 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 `V` trading licence for inter-State trading in electricity in whole of India.

2. Case was called out for virtual hearing on 21.1.2022. The representative of the Applicant submitted that the Applicant company has complied with all requirements prescribed under the Trading Licence Regulations and further submitted that the Applicant company undertakes to comply with the requirements specified in the Trading Licence Regulations during the subsistence of the trading licence, if granted.

3. The Applicant, vide Record for Proceedings for the hearing dated 21.1.2022, was directed to submit the following information:

(a) Audited special balance sheet along with schedules and notes to the accounts as on 31.12.2021; and

(b) Demonstrate the clause in its Memorandum of Association which permits the Petitioner company to undertake the trading in electricity.

4. The Applicant vide its affidavit dated 31.1.2022 has submitted the audited special balance sheet as on 31.12.2021 and amended Memorandum of Association permitting the Applicant company to undertake trading in electricity.

5. 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.”*

6. The Applicant has submitted the application as per Form-I along with the requisite fees.

7. The Applicant 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 Applicant vide its affidavit dated 6.12.2021 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 Applicant on 4.12.2021 in all editions of 'Financial Express' and 'Indian Express' having circulation in five regions. It has been submitted by the Applicant that no objection has been received in response to the public notices.

8. The Applicant company has been incorporated under the Companies Act, 2013 on 4.3.2021. 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. We note that trading in electricity is covered under Main Objects of the Memorandum of Association of the Applicant company. Paragraph 1(b) of the Main Objects of the Memorandum of Association of the Applicant company reads as under:

*"3rd (a) 7. To establish and carry on the businesses of generators, suppliers, processors, accumulators, distributors, traders and of dealers in and act an trader and Power Exchange Member in the sale and purchase of electricity within and across the geographical boundary of India and electrical energy in the form and any process and with any fuel, derivatives including but not limited to renewal energy certificates, carbon credit, energy conservation certificates or by product connected with or related to the generation and supply of electrical energy."*

9. In view of the above, it has been submitted by the Applicant that it fulfills the requirements specified in Clause (1) of Regulation 3 of the Trading Licence Regulations.

10. In accordance with Clause (3) of Regulation 3 of the Trading Licence Regulations, a person applying for Category `V` trading licence should have net worth of Rs. two 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 Applicant has submitted audited special balance sheet as on 31.12.2021.

11. Based on the special audited balance sheet as on 31.12.2021, 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 Special Audited Balance Sheet as on 31.12.2021</b>
<b>Particulars</b>	
<b>A) Paid up equity capital (1)</b>	<b>200.00</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 other than free reserves	0.00
B.6. Securities Premium Reserve	0.00
B.7. Surplus (P and L Account)	3.80
B.8. Other Free Reserves (i.e. general reserve and cash flow reserve)	0.00
<b>Free Reserves &amp; Surplus considered for net worth (2) (B6+B7+B8)</b>	<b>3.80</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>203.80</b>

12. 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 31.12.2021
<b>A) Non-current Assets</b>	
A.1 Net block of tangible asset	3.92
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
<b>Total Non-Current Assets</b>	<b>3.92</b>
<b>Total Non-Current Assets considered for net worth (1)</b>	<b>3.92</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	0.50
B.4 Deferred tax Liabilities	0.00
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>0.50</b>
<b>C. Current Assets</b>	
C.1. Current investments	76.00
C.2. Inventories	1.01
C.3. Trade Receivables	10.56

C.4. Cash and cash equivalents	3.44
C.5 Short Term Loans and Advances	109.78
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)	109.78
C.6 Other current assets	3.15
C.7 Deferred Expenditure	0.00
Total Current Assets	203.95
<b>Total Current Asset considered for Net worth (3)</b>	<b>203.95</b>
<b>D. Current Liabilities</b>	
D.1. Short-term Borrowings	0.00
D.2. Trade payables	2.29
D.3. Other Current liabilities	0.00
D.4. Short-term provisions	1.28
<b>Total Current Liabilities considered for Net worth (4)</b>	<b>3.57</b>
<b>Net worth ((1-2)+(3-4))</b>	<b>203.80</b>

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

Sr. No.	Particulars	As per Special Audited Balance Sheet as on 31.12.2021
1	Net worth (Rs. in lakh)	203.80
2	Current ratio	57.12
3	Liquidity ratio	56.84

14. In accordance with Clause (2) of Regulation 3 of the Trading Licence Regulations, the Applicant 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 Applicant, it fulfils the requirements of Clause (2) of Regulation 3 of the Trading Licence Regulations.

15. On consideration of the above facts, after a preliminary examination, we find that the Applicant meets the requirements as specified in the Trading Licence

Regulations for grant of Category `V` trading licence. In view thereof, the Commission proposes to grant Category `V` trading licence to the Applicant. 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. The Petition shall be listed for final hearing in due course for which notice will be issued separately.

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

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

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