

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 272/TD/2022**

**Coram:**

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

**Shri Arun Goyal, Member**

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

**Date of Order: 7<sup>th</sup> November, 2022**

**In the matter of**

Application on behalf of Gita Power & Infrastructure Private Limited under Regulation 3(4) and Regulation 15(3) read with Regulation 3(3) 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 license from Category 'III' to Category 'V'.

**And**

**In the matter of**

Gita Power & Infrastructure Private Limited,  
OPG Nagar, Periya Obulapuram,  
Village: Nagaraja Kandigai,  
Madharapakkam Road,  
Gummidipoondi,  
Thiruvallur, Tamil Nadu – 601 201

.....**Petitioner**

**Following was present:**

Shri Mridual Chakravarty, Advocate for the Petitioner  
Ms. Sindhiya Rastogi, Advocate for the Petitioner  
Shri Lakshyajit Sinigh Bagdwal, Advocate for the Petitioner  
Shri Biju Mattam, Advocate for the Petitioner  
Shri Chetan Garg, Advocate for the Petitioner  
Ms. Alchi Thapliyal, Advocate for the Petitioner

**ORDER**

The Petitioner, Gita Power & Infrastructure Private Limited, has filed the present Application for down-gradation of its inter-State trading licence in electricity from Category 'III' to Category 'V'.

2. By order dated 20.10.2015, the Petitioner was granted inter-State trading licence in electricity for Category 'III' to trade in electricity as an electricity trader in the whole of India, except in State of Jammu & Kashmir, in accordance 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 "the 2009 Trading License Regulations").

3. The 2009 Trading Licence Regulations has since been repealed and the Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of trading licence and other related matters) Regulations, 2020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 2020 Trading Licence Regulations") has been notified. Accordingly, the Petitioner has now approached the Commission under Regulation 3 (3) of the 2020 Trading Licence Regulations for down-gradation of its inter-State trading licence from Category 'III' to Category 'V' and is desirous to trade not more than 500 MUs in a year allowed for a Category 'V' licence. The Petitioner has submitted that during the financial year 2021-22, the volume of power trading undertaken by it did not exceeded 500 MUs.

**Hearing dated 3.11.2022**

4. The matter was heard on 3.11.2022. During the course of hearing, the learned counsel further submitted that the Applicant fulfils all the requirements of Category 'V' inter-State trading licence and has already submitted all the requisite details in support thereof including the audited special balance sheet.

## **Analysis and Decision**

5. We have considered the submissions of the Applicant. Regulation 9(4) of the 2020 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.”*

6. Further, Regulation 15(3) of the 2020 Trading Licence Regulations provides as under:

*“(3) Down-gradation of licence:*

*(a) The Trading Licensee may file an application to the Commission for down-gradation 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.”*

7. On examination of the application, we find that the Petitioner being a Category 'III' licensee fulfills all technical requirements for grant of Category 'V' inter-State trading licence specified in Regulation 3(2) of the 2020 Trading Licence Regulations. As regards the net worth requirements for Category 'V' trading licence, Regulation 3(3) of the 2020 Trading Licence Regulations provides that a person applying for Category 'V' trading licence should have net worth of Rs. 2 crore and should have maintained minimum current ratio and liquidity ratio of 1:1 on the date of Special Audited Balance Sheet accompanying the application.

8. Based on the special audited balance sheet as of 31.8.2022 submitted by the Petitioner, its net worth has been worked out as under:

<b>Net Worth Computation</b>	<b>As per Special Audited balance sheet as on 31.8.2022</b>
<b>Particulars</b>	<b>(Rs. in lakh)</b>
<b>(A) Paid up equity capital (1)</b>	<b>57.37</b>
<b>(B) Reserves &amp; Surplus</b>	
B.1. Capital Reserves	142.31
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	51384.18
B.7. Surplus (P & L Account)	64049.99
B.8. Other Free Reserves (i.e. general reserve and cash flow reserve)	44285.53
<b>Free Reserves &amp; Surplus Considered for Net worth (2) (B6+B7+B8)</b>	<b>31619.72</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>31677.01</b>

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

<b>Net worth (Asset approach), Current Ratio &amp; Liquidity Ratio Computation</b>	<b>As per Special Audited balance sheet as on 31.8.2022</b>
<b>(A) Non-current Assets</b>	<b>(Rs. in lakh)</b>
A.1. Net block of tangible Asset	2759.75
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	32038.58
A.6. Deferred Tax Assets	1.02
A.7. Long-term loans and advances	0.00
A.7.1 Less: Loans & Advances given to Associates included in above	0.00
<b>A.7.2 Net Long Term Loans &amp; Advances (A.7 - A.7.1)</b>	<b>0.00</b>
A.8. Other Non-Current Asset (right of use assets, capital advances and prepaid expenses, etc.)	76.85
A.9. Deferred Expenditure (including Miscellaneous Expenses) not written off (Not considered for net worth)	0.00

<b>Net worth (Asset approach), Current Ratio &amp; Liquidity Ratio Computation</b>	<b>As per Special Audited balance sheet as on 31.8.2022</b>
computation)	
<b>Total Non-Current Assets</b>	34876.20
<b>Total Non-Current Assets considered for net worth (1)</b>	<b>34876.20</b>
<b>(B) Non-Current Liabilities, Preferential Share &amp; 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)	74.58
B.4. Deferred tax Liabilities	0.00
B.5. Other Long Term Liabilities	2984.67
B.6. Long Term provisions	4.14
B.7. Reserves other than free reserves	142.31
<b>Total Non-Current Liabilities, reserves other than free reserves considered for Net worth (2)</b>	<b>3205.70</b>
<b>(C) Current Assets</b>	
C.1. Current Investments	1302.39
C.2. Inventories	0.00
C.3. Trade Receivables (sundry debtor)	38.76
C.4. Cash and cash equivalents	1497.62
C.5. Short Term Loans & Advances	182.50
C.5.1 Less: Loans & Advances given to associates	0.00
C.5.2 <b>Net Short Term Loan &amp; Advances(C.5 - C.5.1)</b>	182.50
C.6. Other current assets	340.08
C.7. Deferred Expenditure (including Misc. Expenses) not written off (not considered for net worth & Liquidity purpose)	0.00
Total Current Assets	<b>3361.35</b>
<b>Total Current Asset considered for Net worth (3)</b>	<b>3361.35</b>
<b>(D) Current Liabilities</b>	
D.1. Short-term Borrowings	30.37
D.2. Trade payables (Sundry creditors)	3209.00
D.3. Other Current liabilities	115.07
D.4. Short-term provisions	0.35
<b>Total Current Liabilities considered for Net worth (4)</b>	<b>3354.79</b>
<b>Net worth [(1-2)+(3-4)]</b>	<b>31677.01</b>

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

	<b>As per Special Audited balance sheet as on 31.8.2022</b>
<b>Net worth (Rs. in lakh)</b>	<b>31677.01</b>
<b>Current Ratio</b> (Total Current Asset)/(Total Current Liability) (Minimum 1:1)	<b>1.00</b>
<b>Liquid Ratio</b> (Total Current Asset – Inventories - Prepaid expenses)/ (Total Current Liability) (Minimum 1:1)	<b>1.00</b>

11. In terms of the above, the Petitioner meets the net worth, current ratio and liquidity ratio requirements as specified in the 2020, Trading Licence Regulations. The Petitioner has paid the licence fee for Category 'V' trading licence. Accordingly, we approve the down-gradation of the licence of the Petitioner from Category 'III' to Category 'V' from the issuance of the order.

12. It is noticed that as per Regulation 7 (3) of the of the Central Electricity Regulatory Commission (Payment of Fees) Regulations, 2012 as amended from time to time (in short 'the Payment of Fees Regulations'), the Petitioner was required to pay Rs. 6 lakh for Category 'III' licence fees for the year 2022-23. However, the Petitioner has paid Rs. 2 lakh for Category 'V' licence fees. Accordingly, the Petitioner is directed to pay the balance fees of Rs. 4 lakh along with 1% late payment surcharge in terms of Regulation 9(1) of the Payment of Fees Regulations within fifteen days. The licensee shall remain bound by the terms and conditions contained in the order dated 20.10.2015.

13. A copy of this order shall 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. The Petition No. 272/TD/2022 is disposed of in terms of the above.

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

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

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