

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 90/MP/2022

Coram:

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

Date of Order: 26th September, 2022

In the matter of

Petition for change of Trading Licence Category from Category 'III' to Category 'V'

And

In the matter of

Customized Energy Solutions India Private Limited
A-501, GO Square, Aundh,
Hinjewadi Link Road,
Wakad, Pune, Maharashtra- 411 057

Petitioner

Following was present:

Ms. Netra Walawalkar, CESIPL

ORDER

The Petitioner, Customized Energy Solutions India Private Limited, has filed the present Petition for down-gradation of its inter-State trading licence in electricity from Category 'III' to Category 'V'.

2. By order dated 8.6.2011, Customized Energy Solutions India Private Limited (licensee) was granted trading licence for Category 'IV' to trade in electricity as an electricity trader in accordance with Central Electricity Regulatory Commission (Procedure, Terms and Conditions of Trading licence

and other related matters) Regulations, 2009 as amended from time to time subject to the terms and conditions contained in the licence.

3. Subsequently, based on the request of the Petitioner, vide order dated 5.5.2017, the licence of the Petitioner company was upgraded from Category 'IV' to Category 'III'.

4. The 2009 Trading Licence Regulations has since been repealed and the Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of trading licence and other related matters) Regulations, 2020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. The category of licence of the Petitioner remains unchanged as Category 'III' under the 2020 Trading License Regulations also. The Petitioner has now approached the Commission under provisions of the 2020 Trading Licence Regulations for down-gradation of its licence.

5. The Petitioner has submitted that in terms of Regulation 3 (3) (a) of the Trading Licence Regulations, it has filed the present Petition by virtue of its current net worth.

6. The matter was heard on 14.6.2022. During the course of hearing, the Commission observed that as per Regulation 6(1)(b) of the 2020 Trading Licence Regulations, the Petitioner is required to submit Audited Special Balance Sheet along with notes to the accounts as on any date falling within 30

days immediately preceding the date of making the application. In response, the representative of Petitioner requested for time to file the same.

Accordingly, the Petitioner was directed to file the Audited Special Balance Sheet in terms of Regulation 3(3) of Trading Licence Regulations. The Petitioner vide its affidavit dated 20.9.2022 has submitted the Audited Special Balance Sheet as on 15.1.2022

7. We have considered the submissions of the Petitioner. 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.”

8. 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.”

9. On perusal 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', Regulation 3(3) of the 2020 Trading Licence Regulations provides that a person applying for Category 'V' trading licence should have net worth Rs. 2 crore and should have maintained minimum current ratio and liquidity ratio of 1:1 on the date of audited special balance sheet accompanying the application.

10. Based on the Audited Balance Sheet dated 15.1.2022 submitted by the Petitioner, its net worth has been worked out as under:

Net Worth Computation	As per Special Audited Balance Sheet as on 15.1.2022
Particulars	(Rs. in lakh)
A) Paid up equity capital (1)	318.34
B) Reserves & 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	128.01
B.7. Surplus (P & L Account)	546.93
B.8. Other free reserves (i.e. general reserve and cash flow reserve)	0.00
Free Reserves & Surplus Considered for Net worth (2) (B6+B7+B8)	674.95
C) Loans & Advances given to associates/Subsidiary (3)	0.00
D) Deferred expenditure (including Miscellaneous Expenses) not written off (4)	0.00
Net Worth (1+2-3-4)	993.28

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

Net worth (Asset approach), Current Ratio & Liquidity Ratio Computation	As per Special Audited Balance Sheet
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	As on 15.1.2022
A) Non-current Assets	(Rs. in lakh)
A.1. Net block of tangible asset	105.33
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	23.01
A.7 Long-term loans and advances	0.00
A.7.1 Less: Loans & Advances given to Associates included in above	0.00
A.7.2 Net Long Term Loans & Advances (A.7 - A.7.1)	0.00
A.8 Other Non-current Asset (Current tax Asset)	125.62
A.9 Deferred Expenditure	0.00
Total Non-Current Assets	253.86
Total Non-current Assets considered for net worth (1)	253.86
B. Non-Current Liabilities, Pref. Share & 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	0.00
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
Total Non-Current Liabilities, reserves other than free reserves considered for net worth (2)	0.00
C. Current Assets	0.00
C.1. Current Investments	0.00
C.2. Inventories	0.00
C.3. Trade Receivables	627.72
C.4. Cash and cash equivalents	793.32
C.5 Short Term Loans & Advances	58.75
C.5.1 Less: Loans & Advances given to associates/subsidiary	0.00
C.5.2 Net Short-Term Loan and Advances (C.5 - C.5.1)	58.75
C.6 Other current assets (contractual reimbursement expenses, interest accrued but not due in fixed assets, advance to vendor/ employees, etc.)	307.84
C.7 Deferred Expenditure	0.00

Total Current Assets	1787.63
Total Current Asset considered for net worth (3)	1787.63
D. Current Liabilities	211.03
D.1. Short-term borrowings	0.00
D.2. Trade payables	211.02
D.3. Other current liabilities (Provision for forward contract, payable to employees, advances from customers, etc.)	652.39
D.4. Short-term provisions	184.80
Total current liabilities considered for net worth (4)	1048.21
Net worth (1+2) +(3-4)	993.28

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

Particulars	As on 15.1.2022
Net Worth (Rs. in lakh)	993.28
Current Ratio	1.71
Liquidity ratio	1.69

12. In terms of the above, the Petitioner meets the net worth, current ratio and liquidity requirements specified by the Commission for category 'V' licence. Accordingly, we approve the down-gradation of the licence of the Petitioner from Category 'III' 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 8.6.2011.

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 Petitioner with regard to change of Category of the licensee.

15. Petition No. 90/MP/2022 stands disposed of accordingly.

Sd/-
(P.K.Singh)
Member

sd/-
(Arun Goyal)
Member

sd/-
(I.S.Jha)
Member