

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 351/TD/2024

Coram:

**Shri Jishnu Barua, Chairperson
Shri Ramesh Babu V., Member
Shri Harish Dudani, Member**

Date of Order: 26th October, 2024

In the matter of

Application/ Petition under Section 15 of the Electricity Act, 2003 read with Regulation 15 (1), Regulation 3 and 6 of Central Electricity Regulatory Commission (Procedure, Terms and Conditions for Grant of Trading License and other Related Matters) Regulations 2020 seeking upgradation of Trading Licence of Altilium Energies Private Limited from Category V to Category III Trading Licence.

And

In the matter of

Altilium Energies Private Limited (AEPL),
Flat No. 1303, PKT-A,
The Sleuths CGHS Ltd., Plot No.6,
Sector 19 B, Dwarka, Delhi-110 075

....Petitioner

Parties Present:

Shri Mridul Chakravarty, Advocate, AEPL
Shri Hemant Singh, Advocate, AEPL
Shri Saurav Roy, Advocate, AEPL
Shri Jai Lal, Advocate, AEPL
Shri Nishant Kumar, Advocate, AEPL
Shri Fazl, Advocate, AEPL
Shri Gandharv, Advocate, AEPL
Shri Arun Lal, Advocate, AEPL
Shri Pawan Singh, Advocate, AEPL
Shri Indrayudh, Advocate, AEPL

ORDER

The Petitioner, Altilium Energies Private Limited (AEPL), has filed the present Petition for the upgradation of its inter-State trading licence in electricity from Category 'V' to Category 'III'.



2. By order dated 23.5.2021 in Petition No. 76/TD/2021, Altilium Energies Private Limited was granted a Category “V” licence for inter-State trading in electricity in the whole of India in accordance with the provisions of the Central Electricity Regulatory Commission (Procedure, Terms, and Conditions for grant of Trading licence and other related matters) Regulations, 2020.

3. The Petitioner has submitted that upon an assessment of the commercial viability of its trading business and associated commercial and regulatory factors, AEPL is seeking to amend its trading licence from Category ‘V’ to Category ‘III’ and is desirous of trading up to 4000 MUs in a year. The Petitioner has further submitted that the trading volume of the Petitioner has been increasing over the last 3 years and has undertaken that the Petitioner will pay an applicable differential licence fee for a Category ‘III’ licence for the financial year 2023-24, in terms of proviso to Regulation 15(1)(e) of the Trading Licence Regulations, 2020.

Hearing dated 18.10.2024

4. During the course of the hearing on 18.10.2024, the learned counsel for the Petitioner submitted that the Petitioner Company meets the net worth, current ratio, and liquidity ratio requirements as specified by the Commission for the grant of a Category III licence. In response to the Commission’s specific query regarding the Petitioner’s Liquidity Ratio being 0.81, i.e., lower than the requirement of 1:1, the learned counsel for the Petitioner submitted that the Petitioner is making all efforts to increase its Liquidity Ratio to 1:1 and in the past, the Commission has exercised its powers under Regulation 23 of the Trading Licence Regulations to relax such

requirement. In this regard, the reliance was placed on the order dated 10.4.2023 in Petition No. 37/TD/2023.

Analysis and Decision

5. We have considered the submissions of the Petitioner. Regulation 9(4) of the Trading Licence Regulations 2020 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. Regulation 15(1) of the Trading Licence Regulations 2020 provides as under:

“15(1) Upgradation of licence:

(a) The Trading Licensee may at any time during a particular year apply for a higher category licence on the basis of the volume proposed to be traded in a particular Year.

(b) The Trading Licensee shall file an application before the Commission for upgradation of its licence to a higher category as soon as he expects the trading volume to exceed the trading volume limit specified for the Trading Licensee’s existing category.

(c) The Trading Licensee shall be granted an opportunity of being heard by the Commission before taking a decision on the application.

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

(e) The Trading Licensee shall pay licence fee applicable to the higher category licence if in a particular Year the licence has been upgraded:

Provided that in case a Trading Licensee has already paid licence fee applicable for its existing lower category licence in a particular year, then the Trading Licensee shall have to make payment equivalent to difference of fee applicable for higher category licence and fee already paid for existing licence category.”



7. The Petitioner has filed an application for the upgradation of its licence in accordance with the Trading Licence Regulations, 2020. On perusal of the application, the Petitioner being a Category 'V' licensee, fulfils all technical requirements for the grant of a Category 'III' inter-State trading licence. As regards the net worth requirements for Category 'III', Regulation 3(3) (a) of the Trading Licence Regulations, 2020 provides that a person applying for a Category 'III' trading licence should have a net worth of Rs. 20 crore and should have maintained minimum current ration and liquidity ratio of 1:1 on the date of audited special balance sheet accompanying the Petition.

8. The Petitioner has submitted the audited special balance sheet as on 20.8.2024. Based on the audited special balance sheet, its net worth has been worked out as under:

Net Worth Computation	(Rs. in lakh) As per Audited Special Balance sheet as on 20.8.2024
Particulars	
A) Paid up equity capital (1)	205.26
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)	3385.28
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)	3385.28
C) Loans and Advances given to associates (3)	559.52
D) Deferred expenditure (including Misc. Expenses) not written off (4)	0.00
Net Worth (1+2-3-4)	3031.02

9. 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 Audited Special Balance sheet as on 20.08.2024
A) Non-current Assets	
A.1 Net block of Tangible Asset	3052.62
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	1068.18
A.6 Deferred Tax Assets	0.00
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 (Right of use assets, capital advances and prepaid expenses, etc.)	52.90
A.9 Deferred expenditure (including Misc. Expenses) not written off (Not considered for net worth computation)	0.00
Total Non-Current Assets	4173.70
Total Non-Current Assets considered for net worth (1)	4173.70
B. Non-Current Liabilities, Preferential 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	1609.34
B.4 Deferred tax Liabilities	872.23
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)	2481.57
C. Current Assets	
C.1. Current Investments	0.00
C.2. Inventories	2.74
C.3. Trade Receivables	638.09
C.4. Cash and cash equivalents	861.22
C.5 Short Term Loans & Advances	2097.20
C.5.1 Less: Loans and Advances given to associates	559.52
C.5.2 Net Short Term Loan and Advances (C.5 - C.5.1)	1537.68
C.6 Other current assets	154.77
C.7 Deferred Expenditure	0.00

Total Current Assets	3194.50
Total Current Asset considered for Net worth (3)	3194.50
D. Current Liabilities	
D.1. Short-term Borrowings	90.90
D.2. Trade payables	996.80
D.3. Other Current liabilities	487.80
D.4. Short-term provisions	280.11
Total Current Liabilities considered for Net worth (4)	1855.61
Net worth ((1-2)+(3-4))	3031.0

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

Sr. No.	Particulars	As per Audited Special Balance sheet as on 20.08.2024
1	Net worth (Rs. in lakh)	3031.02
2	Current ratio	1.72
3	Liquidity ratio	0.81

11. As per the above special audited balance sheet dated 20.8.2024, the Petitioner fulfils the net worth requirement for the grant of a Category 'III' trading licensee. However, the Petitioner does not meet the requirement of liquidity ratio specified in Regulation 3(3)(b) of the Trading Licence Regulations. It is noted that the Petitioner is already an inter-State trading licensee and carrying out trading business from the grant of trading licence, i.e., 23.5.2021. Despite the fact that the Petitioner does not meet the liquidity ratio criteria of the Regulations, it is financially sound with respect to the net worth and current ratio for carrying out electricity trade. The Petitioner company meets other criteria for the grant of trading licence as required under the Trading Licence Regulations, 2020. Keeping in view the facts and circumstances of the case, we up-graduate the inter-State licence granted to the Petitioner from Category 'V' to Category 'III' from the issuance of this order subject to the condition that the Petitioner company shall increase its liquidity ratio within six months and shall place on record the compliance affidavit in this regard. The



licensee shall remain bound by the terms and conditions contained in the order dated 23.5.2021 in Petition No. 76/TD/2021, whereby it was issued with Category 'V' trading licence.

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

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

14. Petition No. 351/TD/2024 is allowed in terms of the above.

Sd/-
(Harish Dudani)
Member

sd/-
(Ramesh Babu)
Member

sd/-
(Jishnu Barua)
Chairperson

