

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 405/TD/2024**

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

**Date of Order: 7<sup>th</sup> December, 2024**

**In the matter of**

Application under Sections 14 and Section 15 (1) 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 Category-IV trading license.

**And  
In the matter of**

**ERO POWER LLP,**  
A-805, Lodha Altia, New Cuffe Parade  
Wadala, Mumbai – 400037  
Maharashtra, India

**.....Petitioner**

**The following were present:**

Shri Tabrez Malawat, Advocate, EPL  
Shri Syed Hamza, Advocate, EPL  
Shri Sourajit Sarkar, Advocate, EPL  
Ms. Rupali Jain, Advocate, EPL

**ORDER**

The Petitioner, **ERO POWER LLP**, has made the present application under Sections 14 and 15 (1) of the Electricity Act, 2003 (hereinafter referred to as “the Act”) and Regulation 6 of the Central Electricity Regulatory Commission (Procedure, Terms and Conditions for the grant of Trading Licence and other related matters) Regulations, 2020 (hereinafter referred to as “the Trading Licence Regulations”) amended from time

to time, for the grant of a Category 'IV' trading licence for inter-State trading in electricity across India.

### **Hearing dated 6.11.2024**

2. The matter was listed for the hearing on 6.11.2024. During the course of the hearing, the learned counsel for the Petitioner submitted that the Petitioner satisfies all the criteria for the grant of a Category 'IV' trading licence as stipulated in the Trading Licence Regulations and prayed to grant a trading licence to the Petitioner.

3. Vide Record of Proceedings for the hearing dated 6.11.2024, the Petitioner was directed to submit an audited special balance sheet as on any date falling within 30 days immediately preceding the date of filing of the present application within two weeks. The Petitioner, vide its affidavit dated 18.11.2024, has submitted the audited special balance sheet as on 31.8.2024.

4. We have perused the documents available on record. Regulation 6 of the Trading Licence Regulations provides for the procedure for the grant of a 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 in Form II, with the following particulars, namely:*

*\*\*\*\*\**

*(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."*

5. The Petitioner has submitted the application as per Form-I, along with the requisite fees.

6. The Petitioner has uploaded the application for the grant of a 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 published. The Petitioner, vide its affidavit dated 2.10.2024, 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 Petitioner on 1.10.2024 in the 'Business Standard' (Ahmedabad, Bhopal, Bengaluru, Bhubaneswar, Chandigarh, Chennai, Delhi, Hyderabad, Kochi, Lucknow, Kolkata, Mumbai & Pune editions) and Times of India (Bhopal, Chandigarh, Delhi, Hyderabad, Kolkata & Guwahati editions). It has been submitted by the Petitioner that no objection has been received in response to the public notices.

7. The Petitioner is a Limited Liability Partnership and was incorporated under the Limited Liability Partnership Act, 2008 on 19.3.2020. Proviso to Clause (1) of Regulation 3 of the Trading Licence Regulations provides that the Petitioner should have been authorized to undertake trading in electricity. We note that trading in electricity is covered under the Business Activities Clause of the LLP Agreement. Clause D of the Business Activities of the Petitioner reads as under:

*“ To carry on the business of Power Generation, Power Trading, Power Distribution and all allied activities including but not limited to business related all allied services in Generation, Trading and Distribution, Solar Roof top / Ground mounted plant Installations & allied services, Power consultancy Services, Project Modelling, Power Trading and act as a trader in sale and purchase of electricity and electrical energy in any form and in any market including power exchange and derivatives market and by any process and in any fuel, derivatives and to enter into demand side management contracts, energy conservation contracts including energy performance contracts, megawatt contracts, enter into contracts*

*for banking of electricity or any other contract and to operate as an energy trading company and to get registered with appropriate agency in accordance with the Electricity Act 2003 or any other act, regulations/ rules framed therein, policy guidelines laid down by the Central Government / State Government or any nodal agency from time to time or any statutory modifications or re-enactment thereof and do all acts and things necessary or required for doing aforesaid business, including providing advisory and consultancy in issues related to energy and trading of energy, Solar Farms, Manpower Contracts, IT, Electronic Security – CCTV, Access control, intrusion alarm, Perimeter Security and Automation in Services which includes gate barriers swing gate automation, sliding gate automation, automated bollards, Facility Management and all activities incidental or necessary for carrying on the aforesaid business.”*

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

9. In accordance with Clause (3) of Regulation 3 of the Trading Licence Regulations, a person applying for a Category 'IV' trading licence should have a net worth of Rs. ten crores and should have maintained a minimum current ratio and liquidity ratio of 1:1 as on the date of the audited special balance sheet accompanying the application. The Petitioner has submitted the audited special balance sheet as on 31.8.2024.

10. Based on the audited special balance sheet as on 31.8.2024, net worth, current ratio, and liquidity ratio have been worked out as under:

| <b>Net Worth Computation</b>                        |  | <b>(Rs. in lakh)</b>  |
|---|--|---|
|   |  | <b>As per the audited special balance sheet as on 31.8.2024</b> |
| <b>Particulars</b>                                  |  |   |
| <b>A) Paid up equity capital (Partners' Capital</b> |  | <b>1173.00</b>  |

|   |                |
|---|----------------|
| <b>Account) (1)</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 & Reserves other than free reserves    | 0.00           |
| B.6. Securities Premium Reserve   | 0.00           |
| B.7. Surplus (P and L Account)  | 0.00           |
| 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>0.00</b>    |
| <b>C) Loans and Advances given to associates (3)</b>                          | <b>0.00</b>    |
| <b>D) Deferred expenditure (including Misc. Expenses) not written off (4)</b> | <b>0.00</b>    |
| <b>Net Worth (1+2-3-4)</b>  | <b>1173.00</b> |

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

|  | (Rs. in lakh)   |
|--|---|
| <b>Net worth (Asset approach), Current Ratio &amp; Liquidity Ratio computation</b>             | <b>As per the audited special balance sheet as on 31.8.2024</b> |
| <b>A) Non-current Assets</b>   |   |
| A.1 Net block of Tangible Asset  | 19.90   |
| A.2 Net Block of Intangible Asset  | 4.05  |
| A.3 Capital work in progress   | 306.80  |
| A.4 Intangible Assets under development  | 0.00  |
| A.5 Non-Current investments  | 37.31   |
| A.6 Deferred Tax Assets  | 0.00  |
| A.7 Long-term loans and advances   | 259.58  |
| 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)   | 259.58  |
| A.8 Other non-current asset (Right of use assets, capital advances and prepaid expenses, etc.) | 34.93   |

|   |                |
|---|----------------|
| A.9 Deferred expenditure (including Misc. Expenses) not written off (Not considered for net worth computation)            | 0.00           |
| <b>Total Non-Current Assets</b>   | <b>662.57</b>  |
| <b>Total Non-Current Assets considered for net worth (1)</b>  | <b>662.57</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  | 0.00           |
| B.4 Deferred tax Liabilities  | 0.00           |
| B.5 Other Long Term Liabilities   | 0.00           |
| B.6 Long Term provisions  | 7.63           |
| 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>7.63</b>    |
| <b>C. Current Assets</b>  |                |
| C.1. Current Investments  | 0.00           |
| C.2. Inventories  | 0.00           |
| C.3. Trade Receivables  | 299.48         |
| C.4. Cash and cash equivalents  | 252.34         |
| C.5 Short Term Loans & Advances   | 0.00           |
| 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)  | 0.00           |
| C.6 Other current assets  | 0.05           |
| C.7 Deferred Expenditure  | 0.00           |
| Total Current Assets  | 551.87         |
| <b>Total Current Asset considered for Net worth (3)</b>   | <b>551.87</b>  |
| <b>D. Current Liabilities</b>   |                |
| D.1. Short-term Borrowings  | 0.00           |
| D.2. Trade payables   | 13.17          |
| D.3. Other Current liabilities  | 17.19          |
| D.4. Short-term provisions  | 3.43           |
| <b>Total Current Liabilities considered for Net worth (4)</b>   | <b>33.79</b>   |
| <b>Net worth ((1-2) + (3-4))</b>  | <b>1173.00</b> |

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

| <b>Sr. No.</b> | <b>Particulars</b>      | <b>As per the audited special balance sheet as on 31.8.2024</b> |
|----------------|-------------------------|---|
| 1              | Net worth (Rs. in lakh) | 1173.00   |
| 2              | Current ratio           | 16.33   |
| 3              | Liquidity ratio         | 16.33   |

13. In accordance with Clause (2) of Regulation 3 of the Trading Licence Regulations, the Petitioner should have at least one full-time professional with qualifications and experience in power system operation and commercial aspects of power transfer, finance, commerce, and accounts. With regard to full-time professionals, the Petitioner has submitted that Mr. Vikram Yermalkar, Head of Trading, Founder & designated Partner is a B.E (Electrical), PGD in Electricity Regulation MERC, having 20+ years' experience in Power trading, energy risk management, distribution licensee business, Mr. Vandana Yermalkar, CEO is a B.E (Electrical), EMBA-Finance, PG in Electricity Regulation having 20+ years' experience in Finance, commercial aspect of power sector, distribution business, Mr. Nisar Shaikh, Head - Technical & Commercial, is a B.E (Electrical), having 20+ years' experience in Power trading, energy risk management, distribution licensee business, Mr. Amol Ajalkar, Head-Projects is B.E (Electrical), having 19+ years' experience in Design of electrical system, MEP, Project Coordination, Power Risk management and Ms. Supriya Nirantare, Head- Designs is a B.E (Electrical), Executive MBA (Australia), having experience of 18+ years in Electrical – HV, MV< LV design, Mr. Jaikumar Dakhane, Head - Business Development is a BE (Power Engineering), MBA (Power Management), L.L.B, having 14 years' experience in



thermal, hydro, renewable and infrastructure projects, power trading energy risk management, and Mr. Manish Puranik, Head - Finance is a CA, having 10 years' experience in finance, accounts, audit & MIS reporting. Accordingly, as per the information submitted by the Petitioner, it fulfils the requirements of Clause (2) of Regulation 3 of the Trading Licence Regulations.

14. On consideration of the above facts, after a preliminary examination, we find that the Petitioner meets the requirements as specified in the Trading Licence Regulations for the grant of a Category 'IV' trading licence. In view thereof, the Commission proposes to grant a Category 'IV' trading licence to the Petitioner. 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.

15. The Petitioner is directed to submit, on an affidavit within a week, an undertaking to the effect that it will not engage in the transmission business without surrendering the trading licence, if granted by the Commission.

16. The Petition shall be listed for a final hearing on **26.12.2024**.

Sd/-  
**(Harish Dudani)**  
**Member**

Sd/-  
**(Ramesh Babu V.)**  
**Member**

sd/-  
**(Jishnu Barua)**  
**Chairperson**