

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 407/TD/2024**

**Coram:  
Shri Jishnu Barua, Chairperson  
Shri Harish Dudani, Member**

**Date of Order: 27<sup>th</sup> November, 2024**

**In the matter of**

Application under Sections 14 and 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 license and other related matters), Regulations, 2020 for the grant of an inter-State Category-V trading licence.

**And  
In the matter of**

**Avaada Power Trading Private Limited,  
Registered Office:  
910/19, Suryakiran, Kasturba Gandhi Marg,  
New Delhi-10001**

**Correspondence address:  
C-II, C Block, Sector 65,  
Noida-201307, Uttar Pradesh**

**.....Petitioner**

**The following were present:  
Shri Chetan Jain, APTPL  
Shri Atulesh Parasar, APTPL**

**ORDER**

The Petitioner, Avaada Power Trading Private Limited, has made the present application under Sections 14 and 15 (1) 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 the grant of Trading Licence and other related matters) Regulations, 2020 (hereinafter referred to as "the Trading Licence Regulations"),

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

### **Hearing dated 22.11.2024**

2. During the course of the hearing on 22.11.2024, the representative of the Petitioner submitted that the Petitioner satisfies all the criteria for the grant of a Category 'V' trading licence as stipulated in the Trading Licence Regulations and prayed to grant a trading licence to the Petitioner Company.

3. 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.”*

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

5. 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 10.10.2024, 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 company on 5.10.2024 in the 'The Indian Express' (Jaipur, Chandigarh,

Lucknow, Mumbai, Ahmedabad, Vadodara & Kolkata editions), 'The New Indian Express' (Thiruvananthapuram & New Delhi editions), 'The Meghalaya Guardian' (Shillong edition) and 'The Financial Express' (Chandigarh, Lucknow, Pune, Ahmedabad, Mumbai, Kolkata, Chennai, Bengaluru, Hyderabad, Kochi & New Delhi editions). The Petitioner has submitted that no objection has been received in response to the public notices.

6. The Petitioner Company was incorporated under the Companies Act, 2013 on 24.7.2018. 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 by its Memorandum of Association. We note that trading in electricity is covered under its Memorandum of Association of the Petitioner Company. Clause III (A)1. of the Memorandum of Association of the Petitioner company reads as under:

*“III(A)1. To carry on the business of generation, transmission, distribution, purchase, sale, import, export or otherwise deal/trade in all forms of electrical power and electrical energy, both conventional and non-conventional and other ancillary activities, buying and selling of sale photo voltaic panels, components and parts etc. to provide power plant construction, operation and maintenance services and maintain power generating stations including construction of buildings, superstructures, works, machines, equipment’s cables, wires, lines, accumulators, lamps, and works and to undertake or to carry on the business of managing, owning, acquiring, controlling, erecting., commissioning... or carry such other things that may be necessary or convenient to carry out the business of trading of power in India or abroad within the aim of providing sustainable energy solutions to meet the growing energy demands of India, to promote the use of renewable energy sources, reduce carbon emissions, and contribute to the nation's goals of achieving energy security and sustainability, to invest in and adopt cutting-edge technologies and practices that enhance the efficiency, safety, and scalability of power trading business, to collaborate with governmental bodies, private entities, research institutions, and other stakeholders in the energy sector to drive innovation and best practices in the field of power trading, to operate with the highest standards of corporate governance .”*

7. 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.

8. In accordance with Clause (3) of Regulation 3 of the Trading Licence Regulations, a person applying for a Category 'V' trading licence should have a net worth of Rs. two 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.

9. 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 (1)</b>	<b>250.00</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 & Reserves other than free reserves	0.00
B.6. Securities Premium Reserve	0.00
B.7. Surplus (P and L Account)	(4.26)
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>(4.26)</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>245.74</b>

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

(Rs. in lakh)	
Net worth (Asset approach), Current Ratio & Liquidity Ratio computation	As per the Audited Special Balance sheet as on 31.8.2024
<b>A) Non-current Assets</b>	
A.1 Net block of Tangible Asset	100.15
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 & 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.)	0.00
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>100.15</b>
<b>Total Non-Current Assets considered for net worth (1)</b>	<b>100.15</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	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>0.00</b>
<b>C. Current Assets</b>	
C.1. Current Investments	0.00
C.2. Inventories	0.00
C.3. Trade Receivables	0.00
C.4. Cash and cash equivalents	50.13
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	101.44
C.7 Deferred Expenditure	0.00
Total Current Assets	151.57
<b>Total Current Asset considered for Net worth (3)</b>	<b>151.57</b>
<b>D. Current Liabilities</b>	
D.1. Short-term Borrowings	5.11
D.2. Trade payables	0.00
D.3. Other Current liabilities	0.87
D.4. Short-term provisions	0.00
<b>Total Current Liabilities considered for Net worth (4)</b>	<b>5.98</b>
<b>Net worth ((1-2)+(3-4))</b>	<b>245.74</b>

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

Sr. No.	Particulars	As per Audited Special Balance sheet as on 31.8.2024
1.	Net Worth (Rs. In lakh)	245.74
2.	Current ratio	25.33
3.	Liquidity ratio	19.56

12. 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. Chetan Jain, General Manager, Business Development (Trading), has a B. Tech in Electrical & Electronics Engineering and an MBA in Power Management, having 15 year of experience in the Power Sector and Ms. Priyanka Joshi, Senior Manager, Accounts is a Chartered Accountant having 10 years' experience in the finance and accounts sector. Accordingly, as per the information submitted by the Petitioner, it

fulfils the requirements of Clause (2) of Regulation 3 of the Trading Licence Regulations.

13. 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 'V' trading licence. In view thereof, the Commission proposes to grant a Category 'V' 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.

14. It is noticed that the Memorandum of Association of the Petitioner company authorized to undertake the transmission business. 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.

15. The Petition shall be listed for a final hearing on **13.12.2024**.

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

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