

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 257/TD/2023

Coram:

Shri Jishnu Barua, Chairperson

Shri I.S. Jha, Member

Shri Arun Goyal, Member

Shri P.K. Singh, Member

Date of Order: 29th September, 2023

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 Licence and other related matters) Regulations, 2020 for grant of an inter-State Trading Licence.

And

In the matter of

Elsa Consultancy,

No. 2461 4th Main, 2nd 'A' Cross,

HAL, 3rd Stage, BDA Layout,

Bangalore-560 017, Karnataka

.....Petitioner

The following were present:

Shri Tabrez Malawat, Advocate for the Petitioner

Shri Syed Hamza, Advocate for the Petitioner

Shri Sourajit Sarkar, Advocate for the Petitioner

Shri Badri Narayanan, Advocate for the Petitioner

ORDER

The Petitioner, Elsa Consultancy, a sole proprietorship firm, 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 (1) 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 ‘V’ trading licence for inter-State trading in electricity in across India.

2. The matter was listed for the hearing on 27.9.2023. 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 ‘V’ trading licence as stipulated in the Trading Licence Regulations.

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 having circulation in each of the five regions in addition to those published from Delhi, including one economic daily newspaper 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 11.8.2023, 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 10.8.2023 in 'The Business Standard' (Ahmadabad, Bengaluru, Chandigarh, Chennai, Delhi, Hyderabad, and Kolkata, editions), 'The India Express' (Ahmadabad, Chandigarh, Delhi, Jaipur, Kolkata, Lucknow, Mumbai, Pune, and Nagpur editions). It has been submitted by the Petitioner that no objection has been received in response to the public notices.

6. The Petitioner company was registered on 30.6.2012. The Petitioner Company was incorporated under the Companies Act, 1956, on 20. 3.2008. 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 since the Petitioner is a proprietorship firm, trading in electricity is covered under its Deed of Business dated 18.4.2023. Clause 1 of the Deed of Business dated 18.4.2023 of the Petitioner company reads as under:

"1 ... establish and carry on the business of trading in electricity and sale of all forms of electrical power/energy, both conventional, non-conventional and renewable, within India amongst power user, Producers, State Electricity Board, Power Utilities, generating companies, distribution and all other traders including supply and trading of electrical power/energy across all local State boundaries and various Union Territories within the geographical borders of the country. Further, the sole proprietorship also intends to undertake consultancy business in energy sector and provide various power management solutions to varied nature of companies and entities."

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 crore 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 17.7.2023.

9. Based on the Audited Special Balance Sheet as on 17.7.2023, net worth, current ratio, and liquidity ratio, have been worked out as under:

(Rs. in lakh)	
Net Worth Computation	As per Audited Special balance sheet as on 17.7.2023
Particulars	
A) Share capital (1)	735.34
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)	0.00
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)	0.00
C) Loans and Advances given to associates (3)	0.00
D) Deferred expenditure (including Misc. Expenses) not written off (4)	0.00
Net Worth (1+2-3-4)	735.34

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 Audited Special balance sheet as on 17.7.2023
A) Non-current Assets	
A.1 Net block of Tangible Asset	145.60
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	797.30
A.6 Deferred Tax Assets	0.00
A.7 Long-term loans and advances	13.35
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)	13.35
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
Total Non-Current Assets	956.25
Total Non-Current Assets considered for net worth (1)	956.25
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	433.47
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)	433.47
C. Current Assets	

C.1. Current Investments	0.00
C.2. Inventories	0.00
C.3. Trade Receivables	169.37
C.4. Cash and cash equivalents	28.62
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	78.00
C.7 Deferred Expenditure	0.00
Total Current Assets	275.99
Total Current Asset considered for Net worth (3)	275.99
D. Current Liabilities	
D.1. Short-term Borrowings	0.00
D.2. Trade payables	23.28
D.3. Other Current liabilities	37.91
D.4. Short-term provisions	2.25
Total Current Liabilities considered for Net worth (4)	63.44
Net worth ((1-2)+(3-4))	735.34

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 17.7.2023
1	Net worth (Rs. in lakh)	735.34
2	Current ratio	4.35
3	Liquidity ratio	4.35

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. 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. The Petition shall be listed for a final hearing on **20.10.2023**.

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

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

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

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

