

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 312/TD/2023

**Coram:
Shri Jishnu Barua, Chairperson
Shri Arun Goyal, Member
Shri P.K. Singh, Member**

Date of Order: 13th December, 2023

In the matter of

Application under Sections 14 and 15 (1) of the Electricity Act, 2003 read with Regulation 6 (1) of the Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of trading license and other related matters) Regulations, 2020 for grant of an inter-State trading licence.

**And
In the matter of**

**Yggdrasil Commodities India Private Limited,
304, Tower 12, Emaar Palm Garden,
Sector-83 Gurgaon-122004, Haryana**

.....Petitioner

The following were present:

Shri Nishant Kumar, Advocate, YCIPL
Ms. Aparjita, Advocate, YCIPL
Ms. Rushali Agarwal, YCIPL
Shri Harshit Sinha, YCIPL
Shri Ayush, Kumar, YCIPL

ORDER

The Petitioner, Yggdrasil Commodities India 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”)



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

2. The matter was listed for the hearing on 10.11.2023. 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. In response to the specific query of the Commission with regard to the technical qualifications of the requisite full-time professionals, learned counsel for the Petitioner submitted that the foreign qualifications of the full-time professional are equivalent to the qualification prescribed in the Trading Licence Regulations, 2020 and sought liberty to file an additional affidavit on the above aspect. Accordingly, the Petitioner was directed to file an additional affidavit demonstrating that the foreign qualifications of its full-time professionals are equivalent to the qualifications prescribed under Trading Licence Regulations along with all supporting details/documents. The Petitioner was further directed to clarify the designation/ role of its two professionals, namely, Mr. Soren Bodo Andersen and Ms. Izabela Prokop.

3. The Petitioner, vide its affidavit dated 11.12.2023, has submitted as under:

(a) Mr. Henrik Hansen has obtained a Master degree (MSc) in software engineering from Aalborg University, Denmark in the year 2004 and has more than 10 years' experience in power sector as a technical professional. Further, Mr. Soaren Agersbeak Jensen has obtained a Master Degree (MBA) in Auditing and Finance from Aarhus School of Business, Denmark in the year 2001 and has an experience of working as a financial professional for more than 20 years in energy

sector. Therefore, both the full-time professionals of the Applicant company possess the required qualifications and experience in terms of the Trading Licence Regulations. As per the Information Brochure Issued by the Association of Indian Universities (AIU) a foreign degree can be recognized as equivalent to Indian Degree if the certain conditions are satisfied. In order to satisfy the conditions/norms, full time professionals, namely, Mr. Henrik Hansen (Technical Professional) and Mr. Soren Agersbaek Jensen (Finance Professional), have executed their respective self-declaration which has been duly notarized before the court of Denmark. The Petitioner has placed on the record a copy of the self-declaration executed by the above professionals.

(b) With regard to the designation/ role of the two professionals (Mr. Soren Bodo Andersen and Ms. Izabela Prokop), Mr. Soren Bodo Andersen is a power sector professional having more than 7 years' experience within the field. Mr. Soren will be responsible for developing trading strategies on behalf of the Applicant company for the Indian power market and he shall also be responsible for procuring and selling power on the various Power Exchanges in India. Ms. Izabela Prokop is a professional in handling liquidity management, financial forecasting and managing cash flows for the energy sector. Ms. Izabela will be responsible for the liquidity management, financial forecasting, cashflow reconciliations, managing periodic closing processes and auditing preparations for the Applicant company.



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 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.”*

5. The Petitioner has submitted the application as per Form-I along with the requisite fees. 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 11.10.2023 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 5.10.2023 in ‘The Business Standard’ (Ahmadabad, Bhopal, Bengaluru, Bhubaneswar, Kolkata, Chandigarh, Chennai, New Delhi, Hyderabad, Kochi, Lucknow, Mumbai and Pune editions), ‘Gana Adhikar’ (Guwahati), Haribhoomi (New Delhi edition), Varatha Bharti (Bengaluru edition). It has been submitted by the Petitioner that no objection has been received in response to the public notices.

6. The Petitioner Company was incorporated under the Companies Act, 2013, on 26.12.2022. 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 3(a) ii of the Memorandum of Association of the Petitioner company reads as under:

"3(a) ii. To establish and carry out Inter-State and/or Intra-State trading of electricity, REC& ECerts on IEX, PXIL or on any other energy/Power Exchange or any other platform for purchase of electric power and sale thereof."

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 31.8.2023.

9. Based on the Audited Special Balance Sheet as on 31.8.2023, net worth, current ratio, and liquidity ratio, have been worked out as under:

Net Worth Computation		(Rs. in lakh)
Particulars	As per Special Audited Balance Sheet as on 31.08.2023	
A) Paid up equity capital (1)	250.00	
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)	(15.03)	



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)	-15.03
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)	234.97

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 Special Audited Balance Sheet as on 31.8.2023
A) Non-current Assets	
A.1 Net block of Tangible Asset	0.00
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
Total Non-Current Assets	0.00
Total Non-Current Assets considered for net worth (1)	0.00
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	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	
C.1. Current Investments	0.00
C.2. Inventories	0.00
C.3. Trade Receivables	0.00
C.4. Cash and cash equivalents	238.31
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	0.14
C.7 Deferred Expenditure	0.00
Total Current Assets	238.45
Total Current Asset considered for Net worth (3)	238.45
D. Current Liabilities	
D.1. Short-term Borrowings	0.00
D.2. Trade payables	3.20
D.3. Other Current liabilities	0.28
D.4. Short-term provisions	0.00
Total Current Liabilities considered for Net worth (4)	3.48
Net worth $((1-2)+(3-4))$	234.97

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

Sr. No.	Particulars	As per Special Audited Balance Sheet as on 31.8.2023
1	Net worth (Rs. in lakh)	234.97
2	Current ratio	68.52
3	Liquidity ratio	68.52

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 **5.1.2024**.

Sd/-
(P.K. Singh)
Member

sd/-
(Arun Goyal)
Member

sd/-
(Jishnu Barua)
Chairperson

