

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 364/TD/2022

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

Date of Order: 25th October, 2023

In the matter of

Petition seeking for down-gradation of the inter-State trading licence from Category I to Category V as granted to by the Petitioner and for the change in name of inter-State trading licence of the Petitioner.

And

In the matter of

Svaryu Energy Limited,
(formerly, Refex Energy Ltd.)
11th Floor, Bascon Futura IT Park, 10/2, Venkat
Narayana Road, T Nagar,
Chennai-600017

.....**Petitioner**

The following were present:

Shri Anand Ganeshan, Advocate for the Petitioner
Shri Amal Nair, Advocate for the Petitioner
Ms. Kritika Khanna, Advocate for the Petitioner

ORDER

The Petitioner, Svaryu Energy Limited, (Formerly Refex Energy Limited which is an associated company of Refex Industries Limited) has filed the present Petition for the down-gradation of its inter-State trading licence in electricity from Category 'I' to Category 'V'.

2. By order dated 30.8.2018 in Petition No. 44/TD/2018, Refex Energy Limited (REL) was granted a Category 'I' 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, 2009 (hereinafter referred to as, “the 2009 Trading Licence Regulations”). The 2009 Trading Licence Regulations have since been repealed and the Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of trading licence and other related matters) Regulations, 2020 (hereinafter referred to as “the Trading Licence Regulations, 2020”) have been notified. Accordingly, the Petitioner has now approached the Commission under Regulation 3 (3) of the 2020 Trading Licence Regulations for down-gradation of its inter-State trading licence from Category ‘I’ to Category ‘V’ and is desirous to trade not more than 500 MUs in a year allowed for a Category ‘V’ licence.

3. The matter was heard on 14.2.2023. During the course of the hearing, the Commission observed that the Petitioner had already undertaken to surrender the trading licence as per directions vide Order dated 17.2.2022 in Petition No. 3/TD/2022. In response, the learned counsel for the Petitioner submitted that he has undertaken to surrender the trading licence issued to REL upon conclusion of the existing obligations under the trading licence granted and as of now, certain obligations are still outstanding. Learned counsel, however, added that down-gradation of the trading licence category would not hamper its existing obligations as the volume of electricity thereunder is less than 500 MUs (Category V ceiling).

4. It is noticed that Refex Industries Limited had also made an application for the grant of a Category ‘I’ trading licence for inter-State trading in electricity. The Commission, while granting the trading licence, vide its order dated 17.2.2022 in Petition No. 3/TD/2022, observed that Refex Energy Limited, a related party to the Applicant, is already a Category-I trading licensee. In response, Refex Industries Limited submitted that since the Applicant is a public listed company, it might not be possible to transfer the trading licence granted to

Refex Energy Limited which is an associate company of Refex Industries Limited. It was further submitted that the trading licence granted to Refex Energy Limited will be surrendered if a licence is granted to the Applicant. The Commission vide its order dated 17.2.2022 had directed Refex Industries Limited to submit the Undertaking from Refex Energy Limited that it will surrender the trading licence granted to it if a trading licence is granted to the Applicant and that Refex Energy Limited will not enter any new contracts and fulfil all the obligations under existing contracts till the process of surrender is completed. In response, Refex Industries Limited vide its affidavit dated 15.2.2022 had submitted as under:

“...M/s Refex Energy Limited, hereby undertakes to initiate the process of surrendering the inter-State trading licence No. 82/Trading Licence/2018/CERC as granted by the Central Electricity Regulatory Commission to us on 30.8.2018, upon grant of a Category-I inter-State trading license to Refex Industries Limited and upon fulfilling the existing obligations of the Company as morefully stated in clause 4 below.

4. The trading licence would be surrendered by Refex Energy Limited upon conclusion of the existing obligations under the trading licence granted. Further, except for the purposes of satisfying the existing obligations, no fresh contractual obligations would be undertaken by Refex Energy Limited upon the grant of the trading licence to Refex Industries Limited.”

5. Vide Record of Proceedings for the hearing dated 14.2.2023, the Petitioner was directed to deposit requisite outstanding fees as per Category I and submit the rationale for applying new licence despite holding one under the same management and Special Audited Balance Sheet as on 31.1.20223. The Petitioner, vide its affidavit dated 27.3.2023, has complied with the above direction. With regard to the rationale for applying new licence despite holding one under the same management, the Petitioner has submitted that since Refex Industries Limited is a public listed company, it was not possible for it to transfer the trading licence to Refex Industries Limited which was granted to the Petitioner. In the circumstances, Refex Industries Limited applied for and obtained a new licence and the

Petitioner had expressed its intention to surrender the existing licence. The Petitioner has further submitted that it would not enter into new contracts and would initiate the process of surrendering the licence upon fulfilling the existing contractual obligations.

Analysis and Decision

6. We have considered the submissions of the Petitioner. Regulation 9(4) of the 2020 Trading Licence Regulations 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.”

7. Further, Regulation 15(3) of the 2020 Trading Licence Regulations provides as under:

“(3) Down-gradation of licence:

(a) The Trading Licensee may file an application to the Commission for down-gradation of its licence to a lower category at any time: Provided that the Trading Licensee shall not be allowed to apply for up-gradation of licence within the same Year.

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

(c) While applying for downgradation of licence, the Trading Licensee shall be required to pay the licence fee applicable for the category of licence for which the application is being submitted.”

8. On perusal of the Petition, we find that the Petitioner being a Category ‘I’ licensee fulfills all technical requirements for a grant of Category ‘V’ inter-State trading licence specified in Regulation 3(2) of the Trading Licence Regulations, 2020. As regards the net worth requirements for a Category ‘V’ trading licence, Regulation 3(3) of the Trading Licence Regulations, 2020 provides that a person applying for a Category ‘V’ trading licence should have a net worth of Rs. 2 crore and should have maintained minimum current ratio and liquidity ratio of 1:1 on the date of Special Audited Balance Sheet accompanying the application.

9. The Petitioner has placed on the record the Special Audited Balance Sheet as on 28.2.2023. Based on the Special Audited Balance Sheet submitted by the Petitioner, its net worth has been worked out as under:

Net Worth Computation	As per Special Audited Balance Sheet as on 28.2.2023
Particulars	(Rs. in lakh)
A) Paid up equity capital (1)	1600.00
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)	0.00
B.8. Other Free Reserves (i.e. general reserve and cash flow reserve)	13156.00
Free Reserves & Surplus considered for net worth (2) (B6+B7+B8)	13156.00
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)	14756.00

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

Net worth (Asset approach), Current Ratio & Liquidity Ratio computation	As per Special Audited Balance Sheet as on 28.2.2023
A) Non-current Assets	(Rs. in lakh)
A.1 Net block of Tangible Asset	1822.00
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	2062.00
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	3884.00
Total Non-Current Assets considered for net worth (1)	3884.00
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	160.00
B.5 Other Long Term Liabilities	3799.00
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)	3959.00
C. Current Assets	
C.1. Current Investments	0.00
C.2. Inventories	1772.00
C.3. Trade Receivables	9239.00
C.4. Cash and cash equivalents	3461.00
C.5 Short Term Loans & Advances	6230.00
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)	6230.00
C.6 Other current assets	8612.00
C.7 Deferred Expenditure	0.00
Total Current Assets	29314.00
Total Current Asset considered for Net worth (3)	29314.00
D. Current Liabilities	
D.1. Short-term Borrowings	5509.00
D.2. Trade payables	6157.00
D.3. Other Current liabilities	689.00
D.4. Short-term provisions	2128.00
Total Current Liabilities considered for Net worth (4)	14483.00
Net worth ((1-2)+(3-4))	14756.00

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

Sr. No.	Particulars	As per the Special Audited Balance Sheet as on 28.2.2023
1	Net worth (Rs. in lakh)	14756.00
2	Current ratio	2.02
3	Liquidity ratio	1.90

12. In terms of the above, the Petitioner meets the net worth, current ratio and liquidity ratio requirements as specified in the Trading Licence Regulations, 2020. The Petitioner has

paid the licence fee for a Category 'V' trading licence. Accordingly, we approve the down-gradation of the licence of the Petitioner from Category 'I' to Category 'V' with effect from the issuance of the order.

13. The Petitioner is directed to pay the differential fees i.e. for Category 'I' in terms of Regulation 21 (3) of the Trading Licence Regulations, 2020, within a month. The Petitioner shall fulfil the terms and conditions specified in the Trading Licence Regulations, 2020 failing which the Petitioner licensee shall be liable for appropriate action for non-compliance with the direction of the Commission under the provisions of the Electricity Act, 2003, and relevant Regulations. The licensee shall remain bound by the terms and conditions contained in the order dated 30.8.2018.

14. The Petitioner has further prayed for the change of name of the company from 'Refex Energy Limited' to 'Svaryu Energy Limited' with effect from 16.3.2022. The Petitioner has submitted that, consequent to the change of name, there are no compositional or structural changes, including shareholding or directorship, in the Petitioner company.

15. We have considered the submissions of the Petitioner and perused the documents on record. Consequent to the issue of the certificate dated 16.3.2022 by the Registrar of Companies, Chennai, we direct that the name of the licensee be changed from "Refex Energy Limited to 'Svaryu Energy Limited' in the Commission's records. It is, however, clarified that with the change of name of Refex Energy Limited to 'Svaryu Energy Limited', all financial and other contractual liabilities of 'Refex Energy Limited' as a trading licensee shall stand transferred to 'Svaryu Energy Limited'. It is further directed that Svaryu Energy Limited shall always maintain the net worth criteria and current & liquidity ratio as specified in the Trading Licence Regulations, 2020 shall always maintain the net worth criteria and current & liquidity

ratio as specified in the Trading Licence Regulations.

16. Refex Energy Limited is directed to comply with the undertaking recorded in para 4 above.

17. 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.

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

19. Petition No. 364/TD/2022 is disposed of in terms of the above.

Sd/-
(P.K. Singh)
Member

sd/-
(Arun Goyal)
Member

sd/-
(I.S. Jha)
Member

sd/-
(Jishnu Barua)
Chairperson