

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 285/TD/2022

Coram:

Shri I.S. Jha, Member

Shri Arun Goyal, Member

Shri P.K. Singh, Member

Date of Order: 5th December, 2022

In the matter of

Application under Section 14 of the Electricity Act, 2003 read with Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of trading licence and other related matters) Regulations, 2020.

And

In the matter of

VEH Global India Private Limited,
9th Floor, My Home Twitza, Plot No.30/A,
TSIIC Hyderabad Knowledge City,
Raidurg, Hyderabad,
Telangana-500 081

.....Petitioner

The following were present:

Shri Nishant Kumar, Advocate, VGIPL

Shri Animesh Kumar, Advocate, VGIPL

Ms. Rushali Agarwal, Advocate, VGIPL

ORDER

The Petitioner, VEH Global India Private Limited, a company registered under the Companies Act, 2013 has made the present application under Section 14 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 grant



of Trading Licence and other related matters) Regulations, 2020 (hereinafter referred to as “the Trading Licence Regulations”) amended from time to time, for grant of Category ‘IV’ trading licence for inter-State trading in electricity in whole of India.

2. Case was called out for virtual hearing on 10.11.2022. During the course of hearing, the learned counsel for the Petitioner submitted that the Petitioner satisfies all the criteria for grant of Category ‘IV’ trading licence as stipulated in the Trading Licence Regulations.

3. The Petitioner vide Record of Proceedings for the hearing dated 10.11.2022 was directed to file (a) revised audited special balance sheet as on 15.10.2022; (b) confirmation to the effect that the professional(s) from the discipline of finance, commerce and account are full time professionals of the Petitioner company in terms of Regulation 3 (2) of the Trading Licence Regulations; and (c) copy of certificate of incorporation of AEG Solar India Private Limited.

4. The Petitioner, vide its affidavit dated 2.12.2022, has filed the information called for.

(a) With regard to audited special balance sheet, the Petitioner has submitted the audited special balance sheet as on 31.10.2022.

(b) With regard to full time professional(s) from the discipline from finance, commerce & accounts in terms of Regulation 3 (2) of Trading Licence Regulations, the Petitioner has submitted that Shri Manoj Kumar Sahoo working



as head, Finance with the Petitioner company is from the discipline of finance & commerce and is employed as a full time professionals in terms of Regulation 3(2) of Trading Licence Regulations.

(c) With regard to certificate of incorporation of AEG Solar India Private Limited, the Petitioner has placed on record the copy of the certificate of incorporation dated 05.02.2015, as issued by Ministry of corporate Affairs, Government of India.

5. We have examined the documents available on record. Regulation 6 of the Trading Licence Regulations provides for the procedure for grant of 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.”

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

7. The Petitioner has uploaded the application for grant of 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 issued. The Petitioner vide its affidavit dated 11.10.2022 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 8.10.2022 in Financial Express (Ahmedabad, Bengaluru, Chandigarh, Chennai, Hyderabad, Kochi, Kolkata, Lucknow, Mumbai, Pune editions),



Jansatta (Kolkata, Chandigarh, New Delhi and Lucknow editions), Amar Asom (Guwahati edition) Haribhoomi (New Delhi edition) and Varatha Bharti (Bengaluru edition).It has been submitted by the Petitioner that no objection has been received in response to the public notices.

8. The Petitioner Company has been incorporated under the Companies Act, 2013 on 20.09.2016. 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 Main Objects of the Memorandum of Association of the Petitioner company. Paragraph III (7) of the Objects of the Memorandum of Association of the Petitioner company reads as under:

"III.(7) 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, Procurement, designing, erection & Commissioning of electrical systems, Consultancy, Manufacturing and repairing of special purpose test equipment`s, Procurement, designing, erection & commissioning of solar systems, sale and purchase of Electrical & electronics instruments and equipment`s and sale & purchase of electrical maintenance tools, materials and equipment`s."

9. In view of the above, it has been submitted by the Petitioner that it fulfills the requirements specified in Clause (1) of Regulation 3 of the Trading Licence Regulations. The Petitioner has submitted that Memorandum of Association authorizes to undertake transmission of electricity. In this regard, the Petitioner has submitted that it will not carry out transmission business without surrendering the trading licence, if granted by the Commission.



10. In accordance with Clause (3) of Regulation 3 of the Trading Licence Regulations, a person applying for Category `IV` trading licence should have net worth of Rs. Ten Crore and should have maintained minimum current ratio and liquidity ratio of 1:1 as on the date of audited special balance sheet accompanying the application. The Petitioner has submitted audited special balance sheet as on 30.10.2022.

11. Based on the special audited balance sheet as on 30.10.2022, net worth, current ratio and liquidity ratio have been worked out as under:

(Rs. in lakh)	
Net Worth Computation	As per Special Audited Balance Sheet as on 31.10.2022
Particulars	
A) Paid up equity capital (1)	486.42
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	1094.90
B.7. Surplus (P and L Account)	(187.11)
B.8. Other Free Reserves (i.e. general reserve and cash flow reserve)	0.00
Free Reserves & Surplus considered for net worth (2)	907.79
C) Loans and Advances given to associates (3)	210.14
D) Deferred expenditure (including Misc. Expenses) not written off (4)	0.00
Net Worth (1+2-3-4)	1184.07

12. 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 31.10.2022
A) Non-current Assets	
A.1 Net block of Tangible Asset	127.13
A.2 Net Block of Intangible Asset	92.79
A.3 Capital work in progress	0.00
A.4 Intangible Assets under development	0.00
A.5 Non-Current investments	28.80
A.6 Deferred Tax Assets	60.84
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.)	1325.53
A.9 Deferred expenditure (including Misc. Expenses) not written off (Not considered for net worth computation)	0.00
Total Non-Current Assets	1635.10
Total Non-Current Assets considered for net worth (1)	1635.10
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	528.24
B.6 Long Term provisions	51.50
B.7 Reserves other than free reserves	0.00
Total Non-Current Liabilities, Reserves other than free reserves considered for Net worth (2)	579.74
C. Current Assets	
C.1. Current Investments	0.00
C.2. Inventories	0.00

C.3. Trade Receivables	1224.70
C.4. Cash and cash equivalents	195.81
C.5 Short Term Loans & Advances	210.14
C.5.1 Less: Loans and Advances given to associates	210.14
C.5.2 Net Short Term Loan and Advances (C.5 - C.5.1)	0.00
C.6 Other current assets	1537.54
C.7 Deferred Expenditure	0.00
Total Current Assets	2958.05
Total Current Asset considered for Net worth (3)	2958.05
D. Current Liabilities	
D.1. Short-term Borrowings	0.00
D.2. Trade payables	1702.52
D.3. Other Current liabilities	1083.04
D.4. Short-term provisions	43.78
Total Current Liabilities considered for Net worth (4)	2829.34
Net worth ((1-2)+(3-4))	1184.07

13. 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 30.10.2022
1	Net worth (Rs. in lakh)	1184.07
2	Current ratio	1.05
3	Liquidity ratio	1.02

14. In accordance with Clause (2) of Regulation 3 of the Trading Licence Regulations, the Petitioner should have at least one full-time professional having qualifications and experience in power system operation and commercial aspects of power transfer, finance, commerce and accounts. As per information submitted by the

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

15. 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 grant of Category `IV` trading licence. In view thereof, the Commission proposes to grant 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.

16. The Petition shall be listed for final hearing on 22.12.2022.

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

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

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

