CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI

Petition No. 84/TD/2025

Coram:
Shri Jishnu Barua, Chairperson
Shri Ramesh Babu V., Member
Shri Harish Dudani, Member

Date of Order: 24th February ,2025

In the matter of

Application under Section 15 (1) of the Electricity Act, 2003 read with Regulation 6 (1) Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of trading licence and other related matters) Regulations, 2020 for the grant of a trading licence.

And
In the matter of

KVK Energy & Infrastructure Private Limited,
Registered office:
No.6-3-1109/ A/1,3rd Floor, Navabharat
Chambers, Raj Bhavan Road, Somajiguda,
Hyderabad 500082.

Correspondence address:
Plot No.484/ A, Road No.36, Jubilees Hills,
Hyderabad-500033.

….Petitioner

The following was present:
Shri Rajesh Mahajan, KVK Energy

ORDER

The Petitioner, KVK Energy & Infrastructure Private Limited (hereinafter referred to as ‘the Petitioner’), registered under the Companies Act, 1956, has made the present application under Section 15(1) of the Electricity Act, 1956 read with Regulation 6 (1) (hereinafter referred to as “the Act”) 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 'IV' trading licence for inter-State trading in electricity in whole of India.

Hearing dated 6.2.2025

2. The matter was listed for the hearing on 6.2.2025. During the course of the hearing, the representative of the Petitioner submitted that the Petitioner satisfies all the criteria for the grant of a Category 'IV' trading licence as stipulated in the Trading Licence Regulations and prayed to grant a trading licence to the Petitioner. Vide Record of Proceedings for the hearing dated 6.2.2025, the Petitioner was directed to submit the following information:

(a) A copy of the Petitioner's Certificate of Incorporation;

(b) Undertaking to the effect that Applicant does not hold a transmission licence and shall not undertake transmission of electricity if granted a trading licence;

(c) Confirmation to the effect that Sh. Rajesh Mahajan is a full-time employee of the Applicant Company;

(d) Details of the qualifications, experience, and designation of S/Shri, K. S. Prakash Rao (Qualification), P. N. Prasada Raju (Qualification), and T. Jyothi (Qualification & Experience); and

(e) Special Audited Balance sheet as on 30.10.2024 or on a subsequent date.

3. The Petitioner, vide its affidavit dated 13.2.2025, has submitted the information called for. The Petitioner has placed on record a copy of the Certificate of Incorporation of the company and Special Audited Balance sheet as on 31.12.2024. With regard to the

transmission business, the Petitioner has submitted that it does not hold a transmission licence as per the provisions of the Act and shall not engage in the transmission of electricity in any manner. If the Petitioner company decides to obtain a transmission licence, it shall surrender its trading licence before proceeding with the transmission of electricity. The Petitioner has further confirmed that Sh. Rajesh Mahajan is a full-time employee of the Applicant Company. The Petitioner has also placed on record the qualifications, experience, and designation of S/Shri, K. S. Prakash Rao (Qualification), P. N. Prasada Raju (Qualification), and T. Jyothi (Qualification & Experience).

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 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.

6. 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 25.11.2024, 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 16.11.2024 in the 'Business Line' (Chennai, Bengaluru, Coimbatore, Delhi, Hubballi, Hyderabad, Kochi, Kolkata, Kozhikode, Madurai, Mangaluru, Mumbai, Thiruvananthapuram, Tiruchirapalli, Tirupati, Vijayawada, and Visakhapatnam

editions), the ‘Hans India’ (Delhi, Tirupati, Kurnool, Khammam, Vijayawada, Visakhapatnam, Warangal, and Hyderabad editions). It has been submitted by the Petitioner that no objection has been received in response to the public notices.

7. The Petitioner Company was incorporated under the Companies Act, 1956 on 13.3.2006. Proviso to Clause (1) of Regulation 3 of the Trading Licence Regulations provides that the Petitioner should have been authorized to undertake the 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) 1 & 2 of the Memorandum of Association of the Petitioner company reads as under:

> *“3(A)1. To carry on in India or else where the business to generate, receive, produce, improve, buy, sell, resell, acquire, use, transmit, accumulate, employ, distribute, develop, handle, protect, supply and to act as collaborator or otherwise to deal in electric power in all its branches at such place or places as may be permitted by appropriate authorities by establishment of thermal power plants, solar power plants and other power plants based on any source of energy as may be developed or invented in future.*
>
> *3(A)2. To transit, distribute, supply and sell such power either directly or through transmission lines or facilitates of central/ State Governments, other consumers of electricity including for captive consumption for any industrial projects promoted by this Company or promoter companies, joint venture companies or otherwise and generally to develop, generate, accumulate power at any other place or places and to transmit, distribute, sell and supply such power.”*

8. 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.

9. In accordance with Clause (3) of Regulation 3 of the Trading Licence Regulations, a person applying for a Category 'IV' trading licence should have a net worth of Rs. ten 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 Balance Sheet as on 31.12.2024.

10. Based on the Audited Special Balance Sheet as on 31.12.2024, net worth, current ratio, and liquidity ratio have been worked out as under:

(Rs. in lakh)

Net Worth Computation	**As per Provisional Balance sheet as on 31.12.2024**
Particulars	
A) Paid up equity capital (1)	**1550.00**
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)	(442.33)
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)	**(442.33)**
C) Loans and Advances given to associates (3)	**15.12**
D) Deferred expenditure (including Misc. Expenses) not written off (4)	**0.00**
Net Worth (1+2-3-4)	**1092.55**

11. 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 Provisional Balance sheet as on 31.12.2024**
A) Non-current Assets	
A.1 Net block of Tangible Asset	**0.38**
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	**1164.06**
A.6 Deferred Tax Assets	**1.24**
A.7 Long-term loans and advances	**100.10**
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)	100.10
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	1265.78
Total Non-Current Assets considered for net worth (1)	**1265.78**
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	**181.49**
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)	**181.49**
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	**1.12**
C.5 Short Term Loans & Advances	0.00
C.5.1 Less: Loans and Advances given to associates	15.12
C.5.2 Net Short Term Loan and Advances (C.5 - C.5.1)	(15.12)
C.6 Other current assets	**33.77**
C.7 Deferred Expenditure	0.00
Total Current Assets	19.77
Total Current Asset considered for Net worth (3)	**19.77**
D. Current Liabilities	
D.1. Short-term Borrowings	0.00
D.2. Trade payables	0.00

D.3. Other Current liabilities	11.51
D.4. Short-term provisions	0.00
Total Current Liabilities considered for Net worth (4)	**11.51**
Net worth ((1-2)+(3-4))	**1092.55**

12. Based on the Audited Balance Sheet as on 30.9.2024, net worth, current ratio, and liquidity ratio have been worked out as under:

Sr. No.	Particulars	As per Provisional Balance sheet as on 31.12.2024
1	Net Worth (Rs. in lakh)	1092.55
2	Current ratio	1.72
3	Liquidity ratio	1.72

13. 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 Shri Rajesh Mahajan, MBA, B.E. (Electrical), is a full-time Advisor and has 32 years' experience in Sales, Marketing, Business Development, and Project Management of power and infrastructure sectors, Power Trading, Shri K. S. Prakash Rao, is GM - Operations & Maintenance and has 20 years' experience in the power generation and transmission sector, Shri M.A. Khayyum, CA, is GM - Accounts & Finance and has 18 years' experience in Accounts & Finance, Shri P.N. Prasada Raju, is DGM-Commercial and Power Trading and has 18 years' experience in power sales and power trading, Ms. T. Jyothi, is a Sr. Manager, Commercial (Power trading) and has 8 years' experience in the power sales and power trading, Shri Vengadesan and Shri Dhivya Prasad, are an Electrical Engineer and have two years' experience in power sales and

trading activities. Accordingly, as per the information submitted by the Petitioner, it fulfils the requirements of Clause (2) of Regulation 3 of the Trading Licence Regulations.

14. The Memorandum of Association authorizes the Petitioner company to engage in the transmission of electricity. The Petitioner has submitted 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. 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 'IV' trading licence. In view thereof, the Commission proposes to grant a 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 a final hearing on **11.3.2025**

Sd/-	**sd/-**	**sd/-**
(Harish Dudani)	**(Ramesh Babu V.)**	**(Jishnu Barua)**
Member	**Member**	**Chairperson**