

MAHARASHTRA ELECTRICITY REGULATORY COMMISSION
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TRADING LICENCE No. 1 OF 2007

**LICENCE FOR TRADING OF ELECTRICITY IN THE STATE OF
MAHARASHTRA UPTO 100 Million kWh per annum**

Dated: September 28, 2007

Licence granted by the Maharashtra Electricity Regulatory Commission under Section 14 of the Electricity Act, 2003 (36 of 2003) to **M/s Global Energy Limited** having its registered office at C-301, House of Lords, Miramar, Panaji, Goa-403001 to trade electricity within the area of trading (as defined in this Licence) and with the powers and upon the terms and conditions specified herein.

Part I: General

1 SHORT TITLE

This Licence may be called the MERC Trading Licence (**Licence No 1 of 2007**).

2 DEFINITIONS

In this Licence unless the context otherwise requires:

- (a) “**Accounting Statement**” means for each financial year, accounting statements in respect of the Licensed Business, comprising-
 - (i) a balance sheet, prepared in accordance with the form contained in Part I of Schedule VI to the Companies Act, 1956;

- (ii) a profit and loss account, complying with the requirements contained in Part II of Schedule VI to the Companies Act, 1956;
- (iii) a cash flow statement, prepared in accordance with the Accounting Standard on Cash Flow Statement (AS-3) of the Institute of Chartered Accountants of India;
- (iv) a report of the statutory auditors' of the Electricity Trader;
- (v) cost records prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956,

together with notes thereto, and such other supporting statements and information as the Commission may direct from time to time;

- (b) “**Act**” means the Electricity Act, 2003 (36 of 2003);
- (c) “**Commission**” means the Maharashtra Electricity Regulatory Commission;
- (d) “**Licence**” means this licence under which the Electricity Trader is authorised to conduct the Licensed Business;
- (e) “**Licensed Business**” means the business of trading of electricity pursuant to this licence.
- (f) “**Regulations**” means the Maharashtra Electricity Regulatory Commission (Trading Licence Conditions) Regulations, 2004.
- (g) “**Electricity Trader**” means **M/s Global Energy Limited** in its capacity as operator of the Licensed Business

Words or expressions used herein and not defined shall have the meanings assigned to them in the Act.

Part II: General Terms and Conditions

3 AREA OF TRADING

The area of trading shall be the State of Maharashtra.

4 COMMENCEMENT AND TERM OF LICENCE

The Licence shall come into force from the Twenty Eighth day of September, 2007 and, unless revoked earlier by the Commission in accordance with the provisions of Section 19 of the Act or Licence Conditions, shall remain in force for the period of five years.

5 DUTIES

5.1 The Electricity Trader shall undertake the Licensed Business in accordance with the provisions of the Act and the rules and regulations made thereunder.

Provided that it shall be the duty of the Electricity Trader to comply with the following:

- (a) This licence does not entitle the Electricity Trader to undertake the business of transmission or distribution of electricity;
- (b) The Electricity Trader shall comply with the requirements of the applicable laws in force and, in particular, the Act, the rules and regulations made thereunder, the State Grid Code, orders and directions issued by the Commission from time to time;
- (c) The Electricity Trader shall increase his net worth if the volume of trade moves from a lower category to a higher category and the change of category shall be decided based on the volume of electricity traded for the year ending as at the 31st of March of each year and the Electricity Trader shall keep the Commission informed of his moving from one category to the other and subsequent changes in the net worth;
- (d) The Electricity Trader shall be subject to the trading margins fixed by the Commission;
- (e) The Electricity Trader shall be governed by the technical requirements, capital adequacy requirements and creditworthiness as may be specified by the Commission and shall upgrade these technical and capital adequacy requirements, including staff, when the volume of trading increases;
- (f) The Electricity Trader shall establish adequate communication facilities like telephone, fax, computer, internet facilities, before undertaking trading;

- (g) The Electricity Trader shall coordinate with Regional Electricity Boards or Regional Power Committees, as the case may be, the State Load Despatch Centre and the State Transmission Utility with regard to the Licensed Business;
- (h) The Electricity Trader shall render all assistance to any person authorized by the Commission for carrying out his duties relating to the licence;
- (i) All trading arrangements shall be done through letters of credit or other commercially acceptable instrument;
- (j) The Electricity Trader shall not omit or neglect to undertake the Licensed Business for four consecutive quarters;
- (k) The Electricity Trader shall maintain an up-to-date record of his customers and the transactions entered into by him with other parties.

5.2 The Electricity Trader shall as soon as practicable report to the Commission-

- (a) any significant change in his circumstances which may affect the Electricity Trader's ability to meet his obligations under the Act, the rules and the regulations thereunder, directions and orders issued by the Commission, agreements or the Licence;
- (b) any material breach, or likelihood thereof, of the provisions of the Act, the rules and the regulations thereunder, directions and orders issued by the Commission, agreement or the Licence, which was reasonably within his knowledge, along with the reasons therefor, as soon as practicable; and
- (c) any change in management control or major change in the shareholding pattern of the Electricity Trader.

Explanation I – for the purpose of this clause, “management control” shall include the right to appoint majority of the directors or to control the management or policy decisions of the Electricity Trader, including by virtue of shareholding or management rights or shareholders’ agreement or partnership agreement or trust deed or voting agreement or in any other manner;

Explanation II – for the purpose of this clause, “major change in shareholding pattern” shall mean the acquisition, by such person as specified in Regulation 7 of the

Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997, as in force from time to time, of such per cent of shares or voting rights in the Electricity Trader as would entail a disclosure under sub-regulation (1) of that Regulation.

5.3 The Electricity Trader shall seek the approval of the Commission before creating any encumbrance on the assets of the Licensed Business, except where such encumbrance is created for the purpose of the Licensed Business.

5.4 The Electricity Trader may engage any of its subsidiaries or holding company or a subsidiary of such holding company to provide any goods or services to the Electricity Trader in connection with the Licensed Business, subject to the following conditions:

- (a) that the transaction shall be undertaken on an “arms-length basis” and at a value that is fair and reasonable in the circumstances, which for the purposes of this clause, shall mean with respect to any specific transaction, substantially on terms that would be obtained between the Electricity Trader and a third party unrelated to and unconnected with the Electricity Trader;
- (b) that the Electricity Trader shall report to the Commission, for each financial year, the details of all transactions of the nature referred to in this Regulation entered into during the financial year;
- (c) that the Electricity Trader shall submit to the Commission, for each financial year, a certificate from a Chartered Accountant as regards compliance with the requirement of clause (a) above .

Explanation – for the purpose of this clause, the terms “subsidiary” and “holding company” shall have the same meaning as under Section 4 of the Companies Act, 1956.

6 ACCOUNTS

6.1 The financial year of the Electricity Trader shall run from the first of April to the following thirty-first of March.

6.2 The Electricity Trader shall in respect of the Licensed Business:

- (a) keep such accounting records as would be required so that the revenues, costs, assets, liabilities, reserves and provisions for, or reasonably

attributable to the Licensed Business are separately identifiable in the books of the Electricity Trader; and

- (b) prepare on a consistent basis from such accounting records, the Accounting Statements prepared in accordance with the provisions of the Companies Act, 1956 and/or the standards or guidelines of the Institute of Chartered Accountants of India.

6.3 The Electricity Trader shall upon written request by any person make available a copy of its Accounting Statements at a reasonable price not exceeding photocopying charges.

7 PROVISION OF INFORMATION TO THE COMMISSION

The Electricity Trader shall furnish to the Commission such information, documents and details related to the Licensed Business as the Commission may require.

8 STANDARDS OF PERFORMANCE

The Electricity Trader shall furnish performance details to the Commission for such periods and in such form as may be specified.

9 LICENCE FEES

During the period that the Licence is in force, the Electricity Trader shall, by the 10th of April of every year, or such further period as the Commission may allow, pay to the Commission such licence fees as may be specified.

10 DECISION ON INTERPRETATION OF LICENCE

The interpretation of the Licence and the terms and conditions thereof shall be as determined by the Commission.

Sd/-
(S.B. Kulkarni)
Member

Sd/-
(A. Velayutham)
Member

Sd/-
(Dr Pramod Deo)
Chairman

(P.B.Patil)
Secretary, MERC