

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 80/TDL/2013**

**Coram:**

**Shri Gireesh B.Pradhan, Chairperson**

**Shri M. Deena Dayalan, Member**

**Shri A.K.Singhal, Member**

**Date of Hearing: 22.4.2014**

**Date of order: 01.5.2014**

**In the matter of**

Application for grant of inter-State trading licence to Rajasthan Renewable Energy Corporation of India (RRECI).

**And  
In the matter of**

Rajasthan Renewable Energy Corporation of India  
E-166, Yudhisthir Marg,  
C-Scheme, Jaipur

**....Petitioner**

**The following were present:**

Shri Bipin Gupta, Advocate, RRECI  
Shri B.K.Makhija, RRECI

**ORDER**

The petitioner, Rajasthan Renewable Energy Corporation of India, a Government of Rajasthan Undertaking and a company registered under the Companies Act, 1956 (1 of 1956) has made the present petition under sub-section (1) of Section 15 of the Electricity Act, 2003 (36 of 2003) (hereinafter referred to as "the Act") read with Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of Trading licence and other related

matters) Regulations, 2009 (hereinafter referred to as “the Trading Licence Regulations”) amended from time to time, for grant of Category ‘I’ licence for inter-State trading in electricity in whole of India. The petitioner vide its affidavit dated 22.4.2014 has submitted that looking in the market situation, the petitioner intends to seek the trading licence for Category 'III' instead of Category 'I' as prayed in its original petition. Accordingly, the petitioner has requested to grant it Category 'III' inter-State trading licence.

2. 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 applicant to the Commission for grant of licence in the manner specified in Form-I appended to these regulations and such applicant shall be accompanied by , -*

*(a) Such fee as may be prescribed by the Central Government from time to time and payable through NEFT/RTGS only as per the procedure specified in Central Electricity Regulatory Commission (Payment of Fees) Regulations, 2012 or any subsequent enactment thereof.*

*(b) Copies of the annual reports in case of the persons incorporated under the Companies Act, 1956 (1 of 1956) and audited accounts along with the Director’s Report, Auditors’ Report, the Schedules and notes on accounts for one year immediately preceding the year in which the application has been made and the special balance sheet as on any date falling within 30 days immediately preceding the date of making the application:*

*Provided that where the applicant has not been incorporated, registered or formed during the period of three years immediately preceding the year in which the application is made, the application shall be accompanied by the copies of the annual reports and audited accounts for such lesser period for which the applicant has been in existence.*

*(2) The application for grant of licence, along with annexures and enclosures shall also be submitted to the Commission on compact disc (CD).*

*(3) The applicant shall post complete application along with annexures and enclosures on his own 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 his application.*

*(4) The applicant shall within 7 days after making such application, publish a notice of his 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:-*

*x x x x x x*

*(5) 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.*

*(6) The applicant may file his reply to the objections or suggestions received in response to the notice within 45 days of its publication in the newspapers.*

*(7) The Commission after consideration of the objections or suggestions received in response to the notice published by the applicant and his reply 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, with such other details as the Commission considers appropriate, to invite further objections or suggestions to its proposal.”*

3. The petitioner has made the application as per Form-I along with CD and paid the fee of ₹ one lakh as prescribed by the Government of India.

4. The petitioner has posted the application for grant of trading licence on its website in terms of Regulation 6(3) of the Trading Licence Regulations. The petitioner has placed on record the relevant copies of the newspapers in original in which notice of its application has been issued. The 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 applicant on 5.5.2013 in all editions of 'The Financial Express' and 'The Indian Express`. No objection has been received in response to the public notices.

5. The petitioner company was originally incorporated under the Companies Act, 1956 as Rajasthan State Power Corporation Limited on 6.4.1995. The name

of the petitioner company was changed to Rajasthan Renewable Energy Corporation Limited and certificate to that effect was issued by the Registrar of Companies, Rajasthan, Jaipur on 9.8.2002. Trading in electricity is covered under the objects of the petitioner company. Para 6A of the objects of the company reads as under:

*"6A. To carry on the business of purchasing, selling, importing, exporting, trading of power including billing and collection thereof."*

6. In accordance with Regulation 3 (3) of the trading licence regulations, a person applying for Category `III` trading licence should have net worth of ₹ 5 crore, and should have maintained minimum current ratio and liquidity ratio of 1:1, as on date of audited balance sheet accompanying the application. The applicant has submitted the special audited balance sheet as on 31.3.2013. Based on the special balance sheet as on 31.3.2013, net worth and liquidity ratios has been worked out as under:

(₹ in lakh)

Sl. No	Particulars	As on 31.3.2013
1	<b>Share Capital</b>	
	Paid up equity capital	1294.10
2	<b>Reserves and Surplus</b>	
	General Reserves	39.59
	Profit and Loss account (After adjusting the over stated reserve of ₹ 273.55 lakh as specified in Auditor's Certificate dated 22.3.2014)	8823.54
	Total of Reserves & Surplus	<b>8863.13</b>
	<b>Total of Equity Capital and Free Reserves</b>	<b>10157.23</b>
3	<b>Loans and Advances to associates</b>	101.36
4	Misc. Expenses to the extent not written off or adjusted	0.00
	<b>Net Worth (1 + 2 - 3-4)</b>	<b>10055.87</b>

7. The net worth of the petitioner is further represented by the following:

(₹ in lakh)

Particulars	31.3.2013
<b>Fixed /Non-current Assets</b>	
Net block	13453.70
Capital work in progress	100.11
Long-term loans and advances	77.09
Less: Loans & Advances to associates	0.00
<b>Net Loans &amp; Advances</b>	<b>77.09</b>
Other Non-Current Assets	0.10
<b>Total Fixed/Non Current Assets (1)</b>	<b>13631.00</b>
<b>Total Investments (2)</b>	<b>5.00</b>
<b>Non-Current Liabilities &amp; Revaluation Reserve</b>	
Capital Reserve/Revaluation Reserve	35.18
Long term Borrowings	2100.66
Other Long Term Liabilities (EMD, SD and others)	1295.75
Deferred tax Liabilities	2924.26
<b>Total Non-Current Liabilities (3)</b>	<b>6355.85</b>
<b>Current Assets</b>	
Cash and Bank Balance	13339.26
Short Term Loans & Advances	1014.66
Less: Loans and Advances to associates	101.36
Net Loans and Advances	<b>913.30</b>
Inventories	0.00
Sundry Debtors/Trade Receivables	627.78
Other current assets (i.e. Grants, Advance against the Grants and Earmarked funds)	6746.94
<b>Total Current Asset (4)</b>	<b>21627.28</b>
<b>Current Liabilities</b>	
Sundry Creditors/Trade Payables	398.98
Short term provisions as per Balance sheet	589.19
Provision for Service Tax liability & removal of old debit balance as reported in Para A-2 and A.3 of Audit Report for the year 2012-13 (As per Auditor Certificate dated 22.03.2014, to this extent the reserves has been overstated.)	273.55
Other current liabilities	17589.84
<b>Total Current Liabilities (5)</b>	<b>18851.56</b>
<b>Net worth (1+2-3+4-5)</b>	<b>10055.87</b>

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

S. No.	Particulars	31.3.2013
1.	Net worth (₹ in lakh)	<b>10055.87</b>
2.	Current ratio	2:46
3.	Liquidity ratio	2.46

9. On consideration of the above facts, we are ***prima facie*** satisfied that the petitioner meets the net worth requirements specified by the Commission for grant of Category `III` licence and has fulfilled other conditions for grant of trading licence. The Commission proposes to grant Category `III` 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.

10. List this petition for further directions on 29.5.2014.

Sd/-  
(A.K.Singhal)  
Member

sd/-  
(M Deena Dayalan)  
Member

sd/-  
(Gireesh B.Pradhan)  
Chairperson