

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 63/TDL/2016

Coram:

Shri Gireesh B. Pradhan, Chairperson

Shri A.K. Singhal, Member

Shri A.S. Bakshi, Member

Dr. M.K.Iyer, Member

Date of Hearing: 26.7.2016

Date of order : 29.8.2016

In the matter of

Application for grant of inter-State trading licence to Cleantech Solar Energy Limited.

And

In the matter of

Cleantech Solar Energy Limited
4th Floor, 402-A, Poonam Chambers,
Wing A, Dr. Annie Besant Road,
Worli, Mumbai-400 018

...Petitioner

The following was present:

Shri Siddharth Kothari, Advocate, CSEL

ORDER

The petitioner, Cleantech Solar Energy Limited, a company registered under the Companies Act, 1956 (1 of 1956) has made the present application under sub-section (1) of Section 15 of the Electricity Act, 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 "Trading Licence Regulations") amended from time to time, for grant of Category `III` licence for inter-State trading in electricity in all States and Union Territories of India.

2. 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 petitioner submitted the provisional balance sheet as on 31.1.2016 along with its application. The petitioner, vide letter dated 25.4.2016 *inter alia* was directed to submit the audited special balance sheet and profit and loss account along with notes of accounts as on any date falling within 30 days immediately preceding the date of making the application i.e. 22.3.2016 in terms of Regulation 6 (1) (b) of the Trading Licence Regulations. The petitioner vide its affidavit dated 7.6.2016 has submitted the audited balance sheet as on 31.3.2016.

3. The matter was heard on 28.7.2016. During the course of hearing, learned counsel for the petitioner handed over the copy of Audited special balance sheet as on 28.7.2016.

4. Based on the audited balance sheet as on 31.3.2016 and audited special balance sheet as on 28.7.2016, net worth and liquidity ratios have been worked out as under:

(₹ in lakh)

Net Worth Computation	As per Audited special Balance Sheet as on 28.7.2016	As per Audited Balance Sheet as on 31.3.2016
Particulars		
A) Paid up equity capital (1)	1000.00	1000.00
B) Reserves & Surplus.		
B.1. Capital Reserves	0.00	0.00
B.2. Capital Redemption Reserve	0.00	0.00
B.3. Debenture Redemption Reserve	0.00	0.00
B.4. Revaluation Reserve	0.00	0.00
B.5. Share Options Outstanding Account & Reserves other than free reserves	0.00	0.00
B.6. Securities Premium Reserve	0.00	0.00
B.7. Surplus (P & L Account)	(-)1294.81	(-)1039.74
B.8. Other Free Reserves (i.e. Contingency Reserve)	0.00	0.00
Free Reserves & Surplus Considered for Net worth (2) (B6+B7+B8)	(-)1294.81	(-)1039.74
C) Loans & Advances given to associates (3)	0.00	0.00
D) Deferred Expenditure (including Misc. Expenses) not written off (4)	0.000	0.00
NETWORTH as per the Definition stipulated in Regulation 2 (1)(o) (1+2-3-4)	(-)294.81	(-)39.74

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

(₹ in lakh)

Net Worth Computation	As per Audited special Balance Sheet as on 28.7.2016	As per Audited Balance Sheet as on 31.3.2016
Net worth (Asset approach), Current Ratio and Liquidity Ratio Computation		
A) Non-current Assets		
A.1. Net block of Tangible Asset	2392.72	2430.91

A.2 Net Block of Intangible Asset	0.44	0.45
A.3 Capital work in progress (i.e. towards Machinery)	3111.63	1736.37
A.4 Intangible Assets under development	0.00	0.00
A.5 Non-Current Investments	0.00	0.00
A.6 Deferred Tax Assets	0.00	0.00
A.7 Long-term loans and advances	5.38	5.38
A.7.1 Less: Loans & Advances given to Associates included in above	0.00	0.00
A.7.2 Net Long Term Loans and Advances (A.7 - A.7.1)	5.38	5.38
A.8 Other Non Current Asset	0.00	0.00
A.9 Deferred Expenditure (including Misc. Expenses) not written off (Not considered for net worth computation)	0.00	0.00
Total Non-Current Assets	5510.16	4173.11
Total Non-Current Assets considered for net worth (1)	5510.16	4173.11
B. Non-Current Liabilities, Pref. Share and Share Application money and Reserves other than free reserves		
B.1 Share application money pending allotment	1000.00	0.00
B.2 Preference Share Capital	0.00	0.00
B.3 Long term Borrowings	4511.00	3000.00
B.4 Deferred tax Liabilities	504.95	504.95
B.5 Other Long Term Liabilities	0.00	0.00
B.6 Long Term provisions (i.e. Provision for Gratuity)	1.54	1.54
B.7 Reserves other than free reserves	0.00	0.00
Total Non-Current Liabilities, Reserves other than free reserves considered for Net worth (2)	6017.49	3506.49
C. Current Assets		
C.1. Current Investments (i.e. in Mutual Fund)	271.43	103.54
C.2. Inventories	0.00	0.00
C.3. Trade Receivables	42.79	34.69
C.4. Cash and cash equivalents	1545.34	193.66
C.5 Short Term Loans & Advances	6.01	7.82
C.5.1 Less: Loans & Advances given to associates	0.00	0.00
C.5.2 Net Short Term Loan and Advances(C.5 - C.5.1)	6.01	7.82
C.6 Other current assets (Pre paid expenses, other receivables and interest accrued on FD)	6.58	4.17
C.7 Deferred Expenditure (including Misc. Expenses) not written off (not considered for net worth & Liquidity purpose)	0.00	0.00
Total Current Assets	1872.14	343.88
Total Current Asset considered for Net worth (3)	1872.14	343.88

D. Current Liabilities		
D.1. Short-term Borrowings	0.00	0.00
D.2. Trade payables	1361.56	725.81
D.3. Other Current liabilities (Statutory dues, other payable, retention money, interest accrued but not due on debentures)	277.20	315.92
D.4. Short-term provisions (Provision for gratuity, leave encashment and other expenses)	20.86	8.52
Total Current Liabilities considered for Net worth (4)	1659.62	1050.25
Net worth ((1-2)+(3-4))	(-)294.81	(-) 39.74

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

S. No.	Particulars	28.7.2016	31.3.2016
1.	Net worth (` in lakh)	-294.81	-39.74
2.	Current ratio	1.13	0.33
3.	Liquidity ratio	1.13	0.33

7. It is noted that as per the Board Resolution dated 15.7.2016 and EGM dated 19.7.2016, Board of the petitioner has allotted Rs. 10 crore equity to one of its group companies, namely M/s Cleantech Solar Asia Pte. Ltd. In this regard, the petitioner has submitted proof of remittance of share application money under automatic route, namely certificate of foreign inward remittance dated 28.7.2016 issued by City Bank, Bank Statement for the month of July 2017 and Advance Reporting Form filed with Reserve Bank of India on 9.8.2016. However, in the special balance sheet dated 28.7.2016, Rs. 10 crore has been showed under the head 'share application money'. Accordingly, as per special balance sheet as on 28.7.2016, net worth of the applicant company has been computed as Rs. (-) 294.81 lakh. Moreover, as per audited balance sheet as on 31.3.2016, net worth of the applicant

company has been computed as (-) 39.74 lakh. It is further noted that the petitioner has not submitted the Director`s report for the financial year 2015-16.

8. From the preceding para it is noted that the petitioner does not meet the net worth requirement of Rs. 5 crore for Category III licence.

9. In view of the above, the petitioner is not eligible for grant of Category III licence for not satisfying the requirement of clause (3) of Regulation 3 of the Trading Licence Regulations.

10. Accordingly, the petition No. 63/TDL/2016 is dismissed.

Sd/-
(Dr.M.K.Iyer)
Member

Sd/-
(A.S. Bakshi)
Member

Sd/-
(A. K. Singhal)
Member

Sd/-
(Gireesh B. Pradhan)
Chairperson