

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 237/TDL/2015

Coram:

Shri A.K. Singhal, Member

Shri A.S.Bakshi, Member

Dr. M.K.Iyer, member

Date of Hearing: 04.2.2016

Date of order : 11.2.2016

In the matter of

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

And

In the matter of

ReNew Solar Energy Private Limited
138, Ansal Chambers II, Bikaji Cama Place,
Delhi-110 066

....Petitioner

The following were present:

Shri Ishan Nagpal, RSEPL

Shri Prabhat K. Mishra, RSEPL

ORDER

The petitioner, ReNew Solar Energy Private 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 `IV` 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 `IV` trading licence should have net worth of ₹ 1 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, vide letter dated 26.10.2015 *inter alia* was directed to submit the audited special 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. 23.9.2015 in terms of Regulation 6 (1) (b) of the Trading Licence Regulations. The petitioner has submitted the special audited balance sheet as on 15.9.2015.

3. Based on the special balance sheet as on 15.9.2015, net worth and liquidity ratios have been worked out as under:

(₹ in lakh)

Net Worth Computation	As per special Balance Sheet as on 15.9.2015
Particulars	
A) Paid up equity capital (1)	4.40
B) Reserves & 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	30.44
B.7. Surplus (P and L Account)	-37.68

B.8. Other Free Reserves	0.00
Free Reserves & Surplus Considered for Net worth (2) (B6+B7+B8)	-7.24
C) Loans and Advances given to associates (3)	0.00
D) Deferred Expenditure (including Misc. Expenses) not written off (4)	0.00
Net Worth (1+2-3-4)	-2.84

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

(₹ in lakh)

Net worth (Asset approach), Current Ratio and Liquidity Ratio Computation	As on 15.9.2015
A) Non-current Assets	
A.1. Net block of Tangible Asset	129.38
A.2 Net Block of Intangible Asset	0.00
A.3 Capital work in progress	158.67
A.4 Intangible Assets under development	0.00
A.5 Non-Current Investments	0.00
A.6 Deferred Tax Assets	0.00
A.7 Long-term loans and advances	8.68
A.7.1 Less: Loans & Advances given to Associates included in above	0.00
A.7.2 Net Long Term Loans and Advances (A.7 - A.7.1)	8.68
A.8 Other Non Current Asset (unbilled revenue, interest accrued on fixed deposit with banks)	63.39
A.9 Deferred Expenditure (including Misc. Expenses) not written off (Not considered for net worth computation)	32.78
Total Non-Current Assets	392.90
Total Non-Current Assets considered for net worth (1)	392.90
B. Non-Current Liabilities, Pref. Share and Share Application money and Reserves other than free reserves	
B.1 Share application money pending allotment	115.00
B.2 Preference Share Capital	0.00
B.3 Long term Borrowings	86.03
B.4 Deferred tax Liabilities	19.95
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)	220.99
C. Current Assets	
C.1. Current Investments	0.00
C.2. Inventories	0.00
C.3. Trade Receivables	1.14
C.4. Cash and cash equivalents	143.42
C.5 Short Term Loans & Advances	12.83
C.5.1 Less: Loans & Advances given to associates	0.00
C.5.2 Net Short Term Loan & Advances(C.5 - C.5.1)	12.83
C.6 Other current assets (Unamortised ancillary cost of borrowing, and non-current bank balance)	6.28
C.7 Deferred Expenditure (including Misc. Expenses) not written off (not considered for net worth & Liquidity purpose)	0.00
Total Current Assets	163.67
Total Current Asset considered for Net worth (3)	163.67
D. Current Liabilities	
D.1. Short-term Borrowings	296.24
D.2. Trade payables	14.89
D.3. Other Current liabilities (Current maturity of long term borrowings, interest accrued on borrowings, investment consideration payable, advance from ultimate holding company, Share application money due for refund.)	27.29
D.4. Short-term provisions	0.00
Total Current Liabilities considered for Net worth (4)	338.42
Net worth ((1-2)+(3-4))	-2.84
Current Ratio (Total Current Asset/ Total Current Liability) (Minimum 1:1)	0.48
Liquid ratio (Total Current Asset - Inventories/ Total Current Liability) (Minimum 1:1)	0.48

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

S. No.	Particulars	15.9.2015
1.	Net worth (₹ in lakh)	-2.84
2.	Current ratio	0.48
3.	Liquidity ratio	0.48

6. It is noted that as per the Board Resolution dated 9.9.2015, the Board of the petitioner has allotted 115000 fully paid equity share having face value of ₹ 10 each @ premium of ₹ 90 to the holding company of the petitioner, namely Renew Solar Energy Private Limited. However, in the special balance sheet as on 15.9.2015, the petitioner did not include the transaction of 115000 share allotted to Renew Solar Energy Private Limited. Moreover, in the Note 25 of the special balance sheet, it has been indicated that the company expects to allot shares against share application money within next 12 months.

7. From the preceding para it is noted that the petitioner does not meet the net worth requirement of ₹ 1 crore for Category IV licence.

8. In accordance with Regulation 3 (2) 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 and finance, commerce and accounts. However, perusal of the bio-data of the professionals submitted by the petitioner reveals that no professional is full time employee of the petitioner company and all professionals are also associated with the Renew Power

Venture Private Limited (ultimate holding company of the petitioner).
Therefore, the petitioner does not satisfy the requirement stipulated in the
Regulation 3 (2) of the Trading Licence Regulations.

9. In view of the above, the petitioner is not eligible for grant of Category
IV licence for not satisfying the requirement of clauses (2) and (3) of
Regulation 3 of the Trading Licence Regulations.

10. Accordingly, the petition No. 237/TDL/2015 is dismissed.

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

Sd/-
(A.S.Bakshi)
Member

sd/-
(A.K.Sinshal)
Member