

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 110/TD/2021

Coram:

Shri P.K. Pujari, Chairperson

Shri I.S. Jha, Member

Shri P.K. Singh, Member

Date of Order: 28th June, 2021

In the matter of

Application under Section 14 of the Electricity Act, 2003 read with the Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of trading licence and other related matters) Regulations, 2020 for grant of inter-State trading licence in electricity.

And

In the matter of

Reneurja Power LLP
C/o RAJM Automobiles,
NR Katariya Auto Moto Mava,
Kalawad Road,
Rajkot-Gujarat-360 005

..... Applicant

The following were present:

Shri Nishant Kumar, Advocate for the Applicant

Shri Harishchandra Chauhan for the Applicant

ORDER

The Applicant, Reneurja Power LLP, registered under the Limited Liability Partnership Act, 2008 (6 of 2009) has made the present application under Section 14 of the Electricity Act, 2003 (hereinafter referred to as “the Act”) read with Regulation 6 of the Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of Trading Licence and other related matters) Regulations, 2020 (hereinafter referred to as “the Trading Licence Regulations”) amended from time to time, for grant

of Category `V` trading licence for inter-State trading in electricity in all States and Union Territories.

2. Case was called out for virtual hearing on 25.6.2021. It was submitted by the learned counsel of the Applicant that the Applicant has complied with all requirements prescribed under the Trading Licence Regulations and further that the Applicant undertakes to comply with the requirements specified in the Trading Licence Regulations during the subsistence of the trading licence, if granted.

3. We have examined the documents on record. 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 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 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:-

(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.”*

4. The Applicant has submitted the application as per Form-I and paid the requisite fees.

5. The Applicant has uploaded the application for grant of 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 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 6.5.2021 in all editions of ‘Business Standard (Hindi and English), ‘Varatha Bharti (Bengaluru edition), Amar Asom (Guwahati edition) and Hari Boomi (New Delhi edition). No objection has been said to be received in response to the public notices.

6. The Applicant has been said to be incorporated under the Limited Liability Partnership Act, 2008 on 28.10.2020. Proviso to Clause (1) of Regulation 3 of the

Trading Licence Regulations provides that the Applicant should have been authorized to undertake trading in electricity by its LLP Agreement. We note that trading in electricity is covered under Main Objects of the LLP Agreement of the Applicant. Paragraph 3 of the Objects of the LLP Agreement reads as under:

"3.To construct, establish, maintain, improve, manage, operate, take on hire/lease power plants, co-generation power plants, energy conservation projects,, power houses, transmission and distribution systems for generation, distribution, transmission and supply of electrical energy, trading of energy, trading in electricity, trading of power and gas 9PNG) on any platform and registration, issuance of renewable energy certificate.."

7. In view of the above, we find that the Applicant fulfills the requirements specified in Clause (1) of Regulation 3 of the Trading Licence Regulations.

8. The Applicant has submitted that during the subsistence of the trading licence, if granted by the Commission, it shall not apply for any transmission licence before any concerned authority without surrendering the trading licence granted to it.

9. In accordance with Clause (3) of Regulation 3 of the Trading Licence Regulations, a person applying for Category `V` trading licence should have net worth of Rs. two crore and should have maintained minimum current ratio and liquidity ratio of 1:1, as on date of audited balance sheet accompanying the application. As per Clause (1)(b) of Regulation 6 of the Trading Licence Regulations, the Applicant is required to submit special balance sheet as on any date falling within 30 days immediately preceding the date of making the application. The Applicant has submitted audited special balance sheet as on 30.3.2021.

10. Based on the special audited balance sheet as on 30.3.2021, net worth, current ratio and liquidity ratio have been worked out as under:

Net Worth Computation		(Rs. in lakh)
		As per Special Audited Balance Sheet as on 30.3.2021
Particulars		
A) Paid up equity capital (1)		201.70
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)		0.00
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)		0.00
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)		201.70

11. The net worth of the Applicant is further represented by the following:

Net worth (Asset approach), Current Ratio & Liquidity Ratio computation		(Rs. in lakh)
		As per Special Audited Balance Sheet as on 30.3.2021
A) Non-current Assets		
A.1 Net block of Tangible Asset		0.00
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		0.00
A.6 Deferred Tax Assets		0.00
A.7 Long-term loans and advances		0.00
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)		0.00
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	0.00
Total Non-Current Assets considered for net worth (1)	0.00
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	0.00
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)	0.00
C. Current Assets	
C.1. Current Investments	200.00
C.2. Inventories	0.00
C.3. Trade Receivables	0.00
C.4. Cash and cash equivalents	1.85
C.5 Short Term Loans & Advances	0.87
C.5.1 Less: Loans and Advances given to associates	0.00
C.5.2 Net Short Term Loan and Advances (C.5 - C.5.1)	0.00
C.6 Other current assets (Advances to supplier and contractor, assets held for disposal and prepaid expenses, etc.)	0.00
C.7 Deferred Expenditure	0.00
Total Current Assets	201.85
Total Current Asset considered for Net worth (3)	201.85
D. Current Liabilities	
D.1. Short-term Borrowings	0.00
D.2. Trade payables	0.00
D.3. Other Current liabilities	0.00
D.4. Short-term provisions	0.00
Total Current Liabilities considered for Net worth (4)	0.15
Net worth ((1-2)+(3-4))	201.70

Note: Investment and deposit of Rs. 2 crore shown under the head 'current assets, loan and advances' of the audited special balance sheet have been treated as current asset for purpose of current/liquidity ratio. However, in the auditor certificate dated 3.4.2021, it has been treated as non-current assets for the calculation of current/liquidity ratio. Therefore, the current ratio certified by auditor is 12:36.

2. After adjustment of current liabilities and provision of Rs. 15000, net current assets have been shown under the head 'current assets loan advance'. However, for the purpose of calculations, current liabilities and provision of Rs. 15000 has been shown separately under the head 'current liabilities'

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

Sr. No.	Particulars	As per Special Audited Balance Sheet as on 30.3.2021
1.	Net worth (Rs. in lakh)	201.70
2.	Current ratio	1345.70
3.	Liquidity ratio	1345.70

13. In accordance with Clause (2) of Regulation 3 of the Trading Licence Regulations, the Applicant 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. As per information submitted by the Applicant, it fulfils the requirements of Clause (2) of Regulation 3 of the Trading Licence Regulations.

14. On consideration of the above facts, after a preliminary examination, we find that the Applicant meets the requirements as specified in the Trading Licence Regulations for grant of Category `V` trading licence. In view thereof, the Commission proposes to grant Category `V` trading licence to the Applicant. 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.

15. List the Petition in due course.

Sd/-
(P.K. Singh)
Member

sd/-
(I.S. Jha)
Member

sd/-
(P.K. Pujari)
Chairperson