

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 281/TD/2024

**Coram:
Shri Jishnu Barua, Chairperson
Shri Ramesh Babu V., Member
Shri Harish Dudani, Member**

Date of Order: 26th December, 2024

In the matter of

Application under Section 14 and Section 15(1) of the Electricity Act, 2003 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 for grant of an inter-state trading licence.

And

In the matter of

REC Power Development & Consultancy Limited (RECPDCL)

Registered office:

Core 4, SCOPE Complex 7,
Lodhi Road,
New Delhi-110003, India.

Address for Correspondence:

Plot Number 1-4, REC World Headquarters,
D-Block, Sector-29,
Gurugram-122001, Haryana.

.....Petitioner

The following were present:

Shri Vipin Gupta, RECPDCL
Shri Neeraj Singh, RECPDCL
Shri Mukul Agrawal, RECPDCL
Shri Paritosh, RECPDCL

ORDER

The Petitioner, REC Power Development & Consultancy Limited (hereinafter referred to as 'the Petitioner/RECPDCL'), was originally registered as REC Power

Distribution Company Limited under the Companies Act, 1956. Subsequently, its name was changed to REC Power Development & Consultancy Limited on 16.7.2021. The Petitioner has made the present application under Sections 14 and 15(1) of the Electricity Act, 2003 (hereinafter referred to as “the Act”) of the Central Electricity Regulatory Commission (Procedure, Terms and Conditions for the grant of Trading Licence and other related matters) Regulations, 2020 (hereinafter referred to as “the Trading Licence Regulations”) amended from time to time, for the grant of a Category 'I' trading licence for inter-State trading in electricity in whole of India.

2. The Petitioner is a subsidiary of REC Limited, ‘a Maharatna CPSE’ under the Ministry of Power, Government of India. The existing key services offered by RECPDCL include coordination of bid processes for Inter-State and Intra-State transmission projects, coordination of bid processes for flexibility in generation schemes, engagement as a Project Implementation Agency (PIA) for Smart Metering projects, PIA sendees for Distribution Infrastructure projects, and Project Management Consultancy (PMC) for various Government of India Schemes such as RDSS, DDUGJY, IPDS, and Saubhagya. Beyond the core services, RECPDCL is gearing up to venture into other ventures such as Renewable Energy and power trading. The Petitioner is having the Authorised Share Capital of Rs. 20,05,00,000, Issued Share capital of Rs. 8,55,00,000, Subscribed share capital of Rs. 8,55,000, and Paid up capital of Rs.8,55,000.

Hearing dated 10.10.2024

3. During the course of the hearing on 10.10.2024, the representative of the Petitioner submitted that the Petitioner has fulfilled all the requirements under Trading Licence

Regulations and in compliance with Regulation 6(3) of the said Regulation, the Petitioner had also published the public notice of its application. However, no objection/response has been received.

4. The Petitioner, vide Record of Proceedings for the hearing dated 10.10.2024, was directed to submit the details/clarification regarding the audited special balance sheet as on any date falling within 30 days immediately preceding the date of filing of the present application.

Hearing dated 12.11.2024

5. The matter was further listed for the hearing on 12.11.2024. During the course of the hearing, the representative of the Petitioner sought liberty to file the audited Special Balance Sheet, as directed vide Record of Proceedings for the hearing dated 10.10.2024, within the course of the day. Considering the said request, the Commission permitted the Petitioner to file its audited special balance sheet as above within two days. Accordingly, the order was reserved in the matter.

6. The Petitioner, vide its affidavit dated 12.11.2024, had submitted the Special Audited Balance Sheet as at 30.6.2024.

7. We have perused the documents available on record. Regulation 6 of the Trading Licence Regulations provides for the procedure for the grant of a 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 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.”

8. The Petitioner has submitted the application as per Form-I, along with the requisite fees.

9. The Petitioner has uploaded the application for the grant of a 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 published. The Petitioner, vide its affidavit dated 2.8.2024, has submitted that 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 Petitioner company on 2.8.2024 in ‘the Financial Express’ (Delhi, Kolkata, Mumbai, Ahmedabad, Bangalore, Chandigarh, Kochi, Hyderabad, Lucknow, Chennai and Pune editions) and ‘the Indian Express’ (Delhi, Ahmedabad, Vadodara, Mumbai, Kolkata, Chandigarh, Jaipur, Lucknow, Nagpur and Pune editions). It has been submitted by the Petitioner that no objection has been received in response to the public notices.

10. The Petitioner Company was incorporated under the Companies Act, 1956 on 12.7.2007. Proviso to Clause (1) of Regulation 3 of the Trading Licence Regulations provides that the Petitioner should have been authorized to undertake trading in electricity by its Memorandum of Association. We note that trading in electricity is covered under its Memorandum of Association of the Petitioner Company. Clause B (3) & (8) of the Memorandum of Association of the Petitioner company reads as under:

“B. (3) To carry on the business of purchasing, selling, importing, exporting, wheeling trading of power, including finalization of tariff billing and collection

thereof.

(8) To carry on the business of purchasing, selling, exporting importing installing wheeling trading of electrical energy, including formulation of tariff billing and collection thereof; to plan, promote and take up necessary development work, selection of prospective/established independent power producers' generators, transmission/distribution companies and execute Power Purchase Agreements with the bulk suppliers, generating companies. Central and State generating stations. Regional Electricity Board/neighbouring states' utilities and other entities; to execute agreements for sale of power to other distribution companies and other persons, and to coordinate, aid and advise on the activities of other Companies and concerns, including subsidiaries, associates and affiliates, engaged in generation, transmission, distribution, supply and wheeling of electrical energy, to act as catalyst and also to provide connected services to them so as to augment power generation, transmission, distribution, optimum utilization of electrical power and its trading.”

11. In view of the above, it has been submitted by the Petitioner that it fulfils the requirements specified in Clause (1) of Regulation 3 of the Trading Licence Regulations.

12. In accordance with Clause (3) of Regulation 3 of the Trading Licence Regulations, a person applying for a Category 'I' trading licence should have a net worth of Rs. 50 crores and should have maintained a minimum current ratio and liquidity ratio of 1:1 as on the date of the Audited Special Balance Sheet accompanying the application. The Petitioner has submitted the Audited Balance Sheet as on 30.6.2024.

13. Based on the Audited Special Balance Sheet as on 30.6. 2024, net worth, current ratio, and liquidity ratio have been worked out as under:

Net Worth Computation	As per the Balance Sheet as of 30.6.2024 (in Rs lakh)
Particulars	
A) Paid up equity capital (1)	58490.86
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)	58490.86

14. The net worth of the Petitioner is further represented by the following:

Net worth (Asset approach), Current Ratio & Liquidity Ratio computation	As per the Balance Sheet as of 30.06.2024 (in Rs lakh)
A) Non-current Assets	
A.1 Net block of Tangible Asset	77.05
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	7671.41
A.6 Deferred Tax Assets	1419.81
A.7 Long-term loans and advances - Income Tax	640.29
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)	640.29
A.8 Other non-current asset (Right of use assets, capital advances and prepaid expenses, etc.) Financial Assets	447.90
A.9 Deferred expenditure (including Misc. Expenses) not written off (Not considered for net worth computation)	0.00
Total Non-Current Assets	10256.46
Total Non-Current Assets considered for net worth (1)	10256.46
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	34.50
B.7 Reserves other than free reserves	0.00
Total Non-Current Liabilities, Reserves other than free reserves considered for Net worth (2)	34.50
C. Current Assets	
C.1. Current Investments- Other Financial Assets	1005.82
C.2. Inventories	0.00
C.3. Trade Receivables	20104.83
C.4. Cash and cash equivalents (With Other Bank Balance)	56112.61
C.5 Short Term Loans & Advances- Current tax Assets Net	1017.60
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)	1017.60
C.6 Other current assets - With Assets Classified held for sale	4093.98
C.7 Deferred Expenditure	0.00
Total Current Assets	82334.84
Total Current Asset considered for Net worth (3)	82334.84
D. Current Liabilities	
D.1. Short-term Borrowings- Other Financial Liabilities	19165.46
D.2. Trade payables	10512.66
D.3. Other Current liabilities	4345.42
D.4. Short-term provisions	42.40
Total Current Liabilities considered for Net worth (4)	34065.94
Net worth ((1-2)+(3-4))	58490.86

15. Based on the Audited Balance Sheet as on 30.6.2024, net worth, current ratio, and liquidity ratio have been worked out as under:

Sr. No.	Particulars	As per the Balance Sheet as of 30.6.2024
1	Net worth (Rs. In lakh)	58490.86
2	Current ratio	2.42
3	Liquidity ratio	2.42

16. In accordance with Clause (2) of Regulation 3 of the Trading Licence Regulations, the Petitioner should have at least one full-time professional with qualifications and experience in power system operation and commercial aspects of power transfer, finance, commerce, and accounts. With regard to full-time professionals, the Petitioner has submitted that Shri Vivek Kumar Dewangan, IAS, B.E. in Electronics and P.G. in Optoelectronics & Optical Communication, is a Chairman & Managing Director of REC & Chairman of RECPDCL, Shri V.K. Singh, Bachelor's degree in electrical engineering from IIT, is a Director (Projects), RECPDCL, has more than 34 years experience in the Indian Power Sector, Shri Harsh Baweja, Chartered Accountant is a Director (Finance), RECPDCL and has 33 years experience in the steering financial operations across multiple institutions, and Shri TSC Bosh, Bachelor's Degree in Electrical & Electronics, is a CEO (RECPDCL), has 34 years of experience in the Indian power sector. Accordingly, as per the information submitted by the Petitioner, it fulfils the requirements of Clause (2) of Regulation 3 of the Trading Licence Regulations.

17. The Memorandum of Association authorizes the Petitioner company to engage in the transmission of electricity. The Petitioner has submitted an undertaking to the effect that it will not engage in the transmission business without surrendering the trading licence, if granted by the Commission.

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

grant a Category 'I' trading 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.

19. The Petition shall be listed for a final hearing on **7.1.2025**.

sd/-
(Harish Dudani)
Member

sd/-
(Ramesh Babu V.)
Member

sd/-
(Jishnu Barua)
Chairperson