

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 62/TD/2023**

**Coram:**

**Shri Jishnu Barua, Chairperson**

**Shri I.S. Jha, Member**

**Shri Arun Goyal, Member**

**Shri P.K. Singh, Member**

**Date of Order: 31<sup>st</sup> March, 2023**

**In the matter of**

Application under Section 14 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 inter-State trading licence.

**And**

**In the matter of**

**Renesys Solar Private Limited,**  
13/14, SBI Colony, Ground Floor,  
Shastri Nagar, Adyar,  
Chennai, Tamil Nadu-600 020

**.....Petitioner**

**The following was present:**

Shri Tushar Jain, Advocate, RSPL

**ORDER**

The Petitioner, Renesys Solar Private Limited, a company registered under the Companies Act, 2013 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 whole of India.

2. The matter was listed for hearing on 28.3.2023. During the course of hearing, the learned counsel for the Petitioner submitted that the Petitioner satisfies all the criteria for grant of Category ‘V’ trading licence as stipulated in the Trading Licence Regulations. Learned counsel further submitted that the Petitioner had published notice of its application in the newspapers, inviting the objections or suggestions thereon in terms of Regulation 6(3) of the Trading Licence Regulations. However, no objections or suggestions have been received in response to the notice published by the Petitioner.

3. In response to a specific query of the Commission as to whether the trading in electricity is covered under the main object clause of the Memorandum of Association (MoA) of the Petitioner company, learned counsel submitted that on 25.3.2023 through the amendment, the Petitioner has included the words ‘carry on business of trader of electricity’ in the main object clause of the Memorandum of Association. Learned counsel submitted that amended MoA has been uploaded in the Commission’s e-portal.

4. We have examined the documents available 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.”*

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



6. The Petitioner 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 Petitioner vide its affidavit dated 23.2.2023 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 on 20.2.2023 in Business Standard (Ahmedabad, Bengaluru, Bhopal, Chandigarh, Chennai, New Delhi, Hyderabad, Kochi, Kolkata, Lucknow and Mumbai editions), Jansatta (Kolkata, New Delhi and Lucknow editions), Amar Asom (Guwahati edition) and Vishwavani (Bengaluru edition). It has been submitted by the Petitioner that no objection has been received in response to the public notices.

7. The Petitioner Company has been incorporated under the Companies Act, 2013 on 17.1.2020. 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 Main Objects of the Memorandum of Association of the Petitioner company. Paragraph 3 (a) (8) of the main Objects of the amended Memorandum of Association of the Petitioner company reads as under:

*"(d) To carry on business of trader of electricity by obtaining necessary licence/approvals and to sale purchase of electricity in any form."*

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



The Petitioner has submitted that Memorandum of Association authorizes to undertake transmission of electricity. In this regard, the Petitioner has submitted that it will not carry out transmission business without surrendering the trading licence, if granted by the Commission.

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 the date of audited special balance sheet accompanying the application. The Petitioner has submitted audited special balance sheet as on 31.1.2023.

10. Based on the special audited balance sheet as on 31.1.2023, net worth, current ratio and liquidity ratio have been worked out as under:

<b>(Rs. in lakh)</b>	
<b>Net Worth Computation</b>	<b>As per Special Audited Balance Sheet as on 31.1.2023</b>
<b>Particulars</b>	
<b>A) Paid up equity capital (1)</b>	<b>3.00</b>
<b>B) Reserves and Surplus</b>	
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	150.00
B.6. Securities Premium Reserve	0.00
B.7. Surplus (P and L Account)	64.86
B.8. Other Free Reserves (i.e. general reserve and cash flow reserve)	0.00

<b>Free Reserves &amp; Surplus considered for net worth (2) (B6+B7+B8)</b>	<b>214.86</b>
<b>C) Loans and Advances given to associates (3)</b>	<b>0.00</b>
<b>D) Deferred expenditure (including Misc. Expenses) not written off (4)</b>	<b>0.00</b>
<b>Net Worth (1+2-3-4)</b>	<b>217.86</b>

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

<b>(Rs. in lakh)</b>	
<b>Net worth (Asset approach), Current Ratio &amp; Liquidity Ratio computation</b>	<b>As per Special Audited Balance Sheet as on 31.1.2023</b>
<b>A) Non-current Assets</b>	
A.1 Net block of Tangible Asset	2.75
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	0.27
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.)	7.00
A.9 Deferred expenditure (including Misc. Expenses) not written off (Not considered for net worth computation)	0.00
<b>Total Non-Current Assets</b>	<b>10.02</b>
<b>Total Non-Current Assets considered for net worth (1)</b>	<b>10.02</b>
<b>B. Non-Current Liabilities, Preferential Share &amp; Share Application money and Reserves other than free reserves</b>	
B.1 Share application money pending allotment	0.00
B.2 Preference Share Capital	0.00
B.3 Long term Borrowings	2.13
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
<b>Total Non-Current Liabilities, Reserves other than free reserves considered for Net worth (2)</b>	<b>2.13</b>
<b>C. Current Assets</b>	
C.1. Current Investments	0.00
C.2. Inventories	0.00
C.3. Trade Receivables	0.00
C.4. Cash and cash equivalents	159.27
C.5 Short Term Loans & Advances	34.43
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)	34.43
C.6 Other current assets	22.93
C.7 Deferred Expenditure	0.00
Total Current Assets	216.64
<b>Total Current Asset considered for Net worth (3)</b>	<b>216.64</b>
<b>D. Current Liabilities</b>	
D.1. Short-term Borrowings	4.00
D.2. Trade payables	0.21
D.3. Other Current liabilities	2.36
D.4. Short-term provisions	0.09
<b>Total Current Liabilities considered for Net worth (4)</b>	<b>6.66</b>
<b>Net worth ((1-2)+(3-4))</b>	<b>217.86</b>

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 30.1.2023
1	Net worth (Rs. in lakh)	217.86
2	Current ratio	32.53
3	Liquidity ratio	32.53

13. In accordance with Clause (2) of Regulation 3 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, finance, commerce and accounts. As per information submitted by the Petitioner, 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 Petitioner 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 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.

15. The Petition shall be listed for final hearing on 20.4.2023.

**Sd/-  
(P.K. Singh)  
Member**

**sd/-  
(Arun Goyal)  
Member**

**sd/-  
(I.S. Jha)  
Member**

**sd/-  
(Jishnu Barua)  
Chairperson**