

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

- 1. Shri Bhanu Bhushan, Member**
- 2. Shri R. Krishnamoorthy, Member**

Petition No.17/2007

In the matter of

Application for grant of inter-State trading licence in electricity.

And in the matter of

Visa Power Limited

..Applicant

The following was present:

Shri V. B. K. Jain, VPL

**ORDER
(DATE OF HEARING: 29.5.2007)**

The applicant, a company registered under the Companies Act, 1956 has made the present application under sub-section (1) of section 15 of the Electricity Act, 2003 (the Act) for grant of Category `B` licence for inter-State trading in electricity in whole of India for trading up to 200 Million Units of electricity in a year. The Memorandum of Association of the applicant covers trading in electricity as one of its main objects. The notices under sub-section (2) of section 15 of the Act read with clause (4) of Regulation 4 of the Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of Trading licence and other related matters) Regulations, 2004 have been published by the applicant. No objections have been received on the public notices.

2. As per Regulation 6, the net worth of the electricity trader at the time of filing of application should not be less than Rs. 3.00 crore in case of an applicant proposing to trade up to 200 Million Units of electricity in a year.

3. The applicant has been incorporated on 5.10.2005. Therefore, in support of the net worth, the applicant has filed copies of the annual reports of the Visa Group of Companies along with statement of accounts for Visa Power Ltd. for the year 2005-06 as certified by the Chartered Accountant.

4. By order dated 1.5.2007, the applicant was directed to file a special balance sheet in support of its net worth. The applicant has placed on record an abridged balance sheet and profit and loss account for the year ended 31.3.2007 along with a certificate dated 12.5.2007 from M/s R.B. Roy & Co., Chartered Accountants certifying net worth.

5. From the abridged balance sheet of the applicant company, its net worth values have been worked out as detailed below:

(Rs. in lakh)

| | Year | 2006-07 |
|----|--|-----------------|
| 1. | Share Capital | |
| | Paid up equity capital | 2,500.00 |
| 2. | Reserves and Surplus | |
| | Surplus in P/L A/C | 2.47 |
| 3. | Misc. expenses to the extent not written off or adjusted | 9.97 |
| | Net Worth (1 + 2 - 3) | 2,492.50 |

6. It is noted that the above net worth is represented by the following assets and liabilities

(Rs. in lakh)

| Year | 2006-07 |
|--|-----------------|
| 1. Fixed Assets | |
| Gross Block | 7.34 |
| Less: Depreciation | 0.19 |
| Net block | 7.15 |
| Sub-Total 1 | 7.15 |
| 2. Capital Expenditure in new Project | 89.42 |
| 3. Current Assets, Loans & Advances | |
| Cash and Bank Balance | 2,108.48 |
| Loans & Advances | 300.82 |
| Other Current Assets | 3.10 |
| Sub-Total 3 | 2,412.40 |
| 4. Current Liabilities & Provisions | |
| Sundry Creditors | 16.21 |
| Sub-Total 4 | 16.21 |
| 5. Deferred Tax | 0.26 |
| Net Worth(1+2+3-4-5) | 2492.50 |

7. On consideration of the above facts, we are satisfied that the applicant meets the net worth requirements specified by the Commission for grant of licence for trading up to 200 MUs of electricity during a year. Therefore, *prima facie*, based on its net worth, the applicant qualifies for grant of licence for inter-State trading as category `B` electricity trader, that is, for trading a volume up to 200 Million Units of electricity during a year.

8. Therefore, the Commission proposes to grant the licence to the applicant for category `B`. 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.

9. As per the Memorandum of Association of the applicant company, it can also undertake transmission of electricity. However, under the Act, trading in and transmission of electricity cannot be combined in one person. The applicant has

filed an affidavit to the effect that it will make an application before the Central Commission or any of the State Commission to act as a transmission licensee only after surrendering the trading licence granted to it. The applicant shall remain bound by the undertaking given in the affidavit.

10. List this petition for further directions on 28.6.2007.

**sd-/
(R.KRISHNAMOORTHY)
MEMBER**

**sd-/
(BHANU BHUSHAN)
MEMBER**

New Delhi dated the 29th May, 2007