

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram

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

Petition No. 74/2007

In the matter of

Application for Grant of inter-State trading licence for Category `C`

And in the matter of

Patni Projects Private Limited (PPPL).

The following were present:

1. Shri Amit Kumar Patni, Director PPPL
2. Shri Rajesh Vyas, PPPL
3. Ms. Manpreet, PPPL

**ORDER
(Date of Hearing: 5.7.2007)**

This application has been made for grant of licence for inter-State trading in electricity as Category `C` electricity trader.

2. As per Regulation 6 of the Central Electricity Regulatory Commission (Procedure, Terms and Conditions for Grant of Trading Licences and other Related Matters) Regulations, 2004, (hereinafter referred to as "the trading regulations"), the net worth of a Category `C` electricity trader for undertaking electricity trading up to 500 million units in a year shall not be less than Rs.7.5 crore at the time of making the application. The applicant has filed a copy of the

Memorandum of Association as per which the authorised share capital of the applicant company is Rs. one crore. Today the applicant has filed an affidavit along with the revised Memorandum of Association, according to which, the authorised share capital of the applicant is Rs. ten crore. Let the affidavit along with the revised Memorandum of Association be taken on record.

3. The applicant has submitted copies of its annual reports for the years 2005-06 and 2006-07, based on which, its net worth has been estimated as under:-

(Rs. in lakhs)			
	Year	2005-06	2006-07
1	Share Capital		
	Paid up equity capital	45.00	990.00
2	Reserves and Surplus		
	General Reserve		
	Surplus in P/L A/C		
	Sub-Total 2	-	-
	Less:		
3	Misc. Expenses to the extent not written off or adjusted	2.00	8.73
	Net Worth (1 + 2 - 3)	43.00	981.27

4. The applicant's net worth is represented by the following assets:

(Rs. in lakhs)

	Year	2005-06	2006-07
1	Fixed Assets		
	Gross Block	110.89	144.78
	Less: Depreciation		
	Net Block	110.89	144.78
	Capital Work-in-Progress		
	Sub-Total 1	110.89	144.78
2	Investments		902.92
3	Current Assets, Loans & Advances		
	Inventories		
	Cash and Bank Balance	6.98	53.47
	Sundry Debtors		
	Loans & Advances	0.12	192.79
	Other Current Assets		1.05
	Sub-Total 3	7.10	247.30
4	Current Liabilities & Provisions		
	Sundry Creditors		2.40
	Other Liabilities		0.54
	Provisions		
	Sub-Total 4	-	2.94
5	Loans		
	Secured Loans	30.00	15.79
	Unsecured Loans		295.00
	Sub-Total 5	30.00	310.79
6	Items not considered for Net worth		
	Share application Money	45.00	
	Deferred Tax Liability		
	Sub-Total 6	45.00	-
	Net Worth(1+2+3-4-5-6)	43.00	981.27

5. On perusal of the annual statements of accounts submitted by the applicant, it is noted that the applicant does not have sufficient cash balance and

net current assets to take care of the trading activity. It has been further revealed that an amount of Rs.9.03 crore has been incurred by the applicant for purchase of shares of the other group companies. When pointed out to the representative of the applicant that under these circumstances, it may not be possible for the applicant to comply with clause (h) of Regulation 7 of the trading regulations, the representative of the applicant has sought a week's time to place the necessary details to satisfy the Commission that it will be possible to ensure compliance of clause (h) of Regulation 7 of the trading regulations. Time prayed for is allowed.

6. List this petition for further directions on 19.7.2007.

Sd/-
(R. KRISHNAMOORTHY)
MEMBER

Sd/-
(BHANU BHUSHAN)
MEMBER

New Delhi dated the 5th July, 2007