

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

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

Petition No.124/2007

In the matter of

Application for grant of inter-State trading licence in electricity to Vandana Global Limited.

And in the matter of

Vandana Global Limited, Raipur

..Applicant

The following was present:

Shri K.S. Arora

**ORDER
(DATE OF HEARING: 11.12.2007)**

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 `C` licence for inter-State trading in electricity in whole of India up to 500 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 (hereinafter referred to as "the trading regulations") 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. 7.5 crore in case of an applicant proposing to trade up to 500 Million Units of electricity in a year.

3. The applicant has placed on record special balance sheet as on 15.7.2007 along with a certificate dated 15.7.2007 from M/s S.C. Bandi & Co., Chartered Accountants certifying net worth.

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

(Rs. in lakh)

Year	2002-03	2003-04	2004-05	2005-06	2006-07
1 Share Capital					
Paid up equity capital	440.69	586.89	664.99	811.25	898.57
2 Reserves and Surplus					
General Reserve					
Security Premium Account	503.58	1,355.92	2,522.36	3,838.66	4,624.50
Surplus in P/L A/C	230.86	423.44	1,029.92	1,408.08	2,094.20
Sub-Total 2	734.44	1,779.36	3,552.28	5,246.74	6,718.70
Less:					
3 Misc.Expenses to the extent not written off or adjusted	0.10	1.13	2.84	2.51	2.18
Net Worth (1 + 2 - 3)	1,175.03	2,365.12	4,214.43	6,055.49	7,615.09

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

(Rs. in lakh)

Year	2002-03	2003-04	2004-05	2005-06	2006-07
1 Fixed Assets					
Gross Block	1,768.50	2,437.56	4,666.81	5,679.86	6,641.72
Less: Depreciation	303.14	639.07	973.58	1,566.99	2,207.08
Net Block	1,465.36	1,798.49	3,693.23	4,112.87	4,434.64
Capital Work-in-Progress	761.03	1,406.88	1,732.24	8,371.04	15,033.80
Sub-Total 1	2,226.39	3,205.37	5,425.47	12,483.91	19,468.44
2 Investments	-	-	5.25	61.55	63.39
3 Current Assets, Loans & Advances					
Inventories	268.83	911.63	1,115.25	955.70	1,160.35
Cash and Bank Balance	5.88	10.69	29.60	31.24	60.24
Sundry Debtors	185.08	161.14	461.40	440.05	559.55
Loans & Advances	669.95	1,002.91	2,477.45	3,012.57	1,890.74
Other Current Assets					
Sub-Total 3	1,129.75	2,086.37	4,083.70	4,439.56	3,670.88
4 Current Liabilities & Provisions					
Sundry Creditors	281.27	927.46	1,106.11	2,362.42	1,536.51
Other Liabilities	69.40	309.68	200.88	471.10	203.33
Provisions	30.06	62.14	78.10	3.19	22.88
Sub-Total 4	380.73	1,299.28	1,385.09	2,836.71	1,762.73

5	Loans					
	Secured Loans	1,764.15	1,467.52	3,512.26	7,363.48	12,812.65
	Unsecured Loans			13.95	14.09	218.03
	Sub-Total 5	1,764.15	1,467.52	3,526.21	7,377.56	13,030.68
6	Items not considered for Net worth					
	Share application Money					
	Deferred Tax Liability	36.23	159.82	388.68	715.26	794.21
	Sub-Total 6	36.23	159.82	388.68	715.26	794.21
	Net Worth(1+2+3-4-5-6)	1,175.03	2,365.12	4,214.43	6,055.49	7,615.09

6. The petitioner has placed on record affidavit dated 16.1.2008 undertaking to ensure availability of sufficient funds, indicator of the liquidity for power trading business.

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 500 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 `C` electricity trader, that is, for trading a volume up to 500 Million Units of electricity during a year.

8. Therefore, the Commission proposes to grant the licence to the applicant for category `C`. 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. List this petition for further directions on 19.2.2008.

Sd/-
(R.KRISHNAMOORTHY)
MEMBER
New Delhi dated the 21st January 2008

sd/-
(BHANU BHUSHAN)
MEMBER