

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

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

Petition No.29/2008

In the matter of

Application for grant of inter-State trading licence in electricity to Adhunik Alloys & Power Limited.

And in the matter of

Adhunik Alloys & Power Limited, Kolkata

..Applicant

The following were present:

1. Shri Alok Jha, AAPL
2. Shri M.K.Ray, AAPL
3. Shri Manish Sharma, AAPL

**ORDER
(DATE OF HEARING: 13.5.2008)**

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 licence for inter-State trading in electricity in whole of India, except the State of Jammu and Kashmir. 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. In the affidavit filed before the Commission in support of the application, the applicant has stated that the application is for grant of Category `A` licence. However, the applicant has published notices under sub-section (2) of section 15 of the Act, for Category `F`. The representative of the applicant, at the hearing has clarified that the application is made for Category `F` licence and mention of Category `A` in the affidavit is a typographical mistake. Accordingly, the application has been considered for grant of Category `F` licence, that is, for trading of electricity of more than 1000 MUs in a year.

3. As per Regulation 6, the net worth of the electricity trader at the time of filing of application should not be less than Rs. 20.00 crore in case of an applicant proposing to trade 1000 Million Units of electricity in a year.

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

	2004-05	2005-06	2006-07	(Rs. in lakh) 2007-08 (up to 31.12.07)
Share capital				
Paid up equity capital	1,524.30	1,582.30	1,582.30	2,151.10
Sub-total 1	1,524.30	1,582.30	1,582.30	2,151.10
Reserves and Surplus				
Securities premium	417.12	649.12	649.12	
P/L Account	0.18	306.49	1,070.57	
Sub-total 2	417.30	955.61	1,719.69	4,626.44
Mis. Expenses to the extent not written off or adjusted				
Preliminary expenses	14.96	14.96	11.97	
Written off		2.99	2.99	
Sub-total 3	14.96	11.97	8.98	6.73
Net worth (1+2-3)	1,926.64	2,525.94	3,293.01	6,770.81

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

(Rs. in lakh)

Year	2004-05	2005-06	2006-07	2007-08 (up to 31.12.07)
1 Fixed Assets				
Gross Block	223.97	8,202.34	8,271.90	8,338.35
Less: Depreciation	4.47	202.57	609.56	909.56
Net Block	219.50	7,999.77	7,662.34	7,428.80
Capital Work-in-Progress	3,930.71	161.11	3,814.08	10,142.68
Pre operative expenses	295.21		262.51	947.26
Sub-Total 1	4,445.42	8,160.87	11,738.93	18,518.74
2 Investments			10.00	530.04
3 Current Assets, Loans & Advances				
Inventories	59.78	1,101.21	2,631.98	2,593.36
Cash and Bank Balance	62.32	50.95	83.42	221.78
Sundry Debtors		659.98	2,638.77	2,973.81
Loans & Advances	1,388.06	1,167.96	1,614.28	2,811.23
Other Current Assets				
Sub-Total 3	1,510.16	2,980.10	6,968.46	8,600.18
4 Current Liabilities & Provisions				
Sundry Creditors	319.90	1,235.03	2,279.39	4,567.53
Other Liabilities	140.70	168.86	2,398.84	
Provisions	0.11	11.80	58.61	12.77
Sub-Total 4	460.71	1,415.69	4,736.84	4,580.30
5 Loans				
Secured Loans	3,455.23	5,301.19	4,387.84	11,857.34
Unsecured Loans	73.00	658.12	2,447.51	819.17
Sub-Total 5	3,528.23	5,959.31	6,835.34	12,676.50
6 Items not considered for Net worth				
Share application Money	40.00	1,121.00	3,522.20	3,291.35
Deferred Tax Liability		119.03	330.00	330.00
Sub-Total 6	40.00	1,240.03	3,852.20	3,621.35
Net Worth(1+2+3-4-5-6)	1,926.64	2,525.94	3,293.01	6,770.81

6. At the hearing, the representative of the applicant has sought to re-assure us that it will start trading in electricity in right earnest and with sincerity immediately after grant of licence. They have stated that during the current year, the applicant will undertake trading of atleast 100 MUs of electricity.

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 of 1000 MUs or more 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 `F` electricity trader, that is, for trading a volume of 1000 MUs or more of electricity during a year.

8. Therefore, the Commission proposes to grant the licence to the applicant for Category `F`. 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 26.6.2008.

Sd/-

(R.KRISHNAMOORTHY)
MEMBER
New Delhi dated the 13th May 2008

sd/-

(BHANU BHUSHAN)
MEMBER