

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Coram:**

1. **Shri Ashok Basu, Chairperson**
2. **Shri K.N. Sinha, Member**
3. **Shri Bhanu Bhushan, Member**
4. **Shri A.H. Jung, Member**

**Petition No. 16/2005**

**In the matter of**

Grant of licence for inter-state trading in electricity to Suryachakra Power Corporation Ltd.

**And in the matter of**

Suryachakra Power Corporation Ltd.                      ...                      **Applicant**

**ORDER**

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 & Kashmir for trading of 100 Million Units 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 CERC (Procedure, Terms and Conditions for grant of Trading licence and other related matters) Regulations, 2004 have been published. No objections had been received on the public notice.

2. The application was heard on 4.10.2005. By its order dated 7/17.10.2005, the Commission had directed the applicant to file the details of persons individually holding shares of value 5% or more, annual report for the

year 2004-05 and affidavit to the effect that it would not make an application to undertake transmission in electricity as a transmission licensee (inter-state or intra-state) without surrendering the trading licence if granted by Commission.

3. The applicant has filed the details on affidavit on 10.10.2005.
4. As per Regulation 6, the net worth of the electricity trader at the time of filing of application should not be less than Rs.1.5 crore in case of the applicant proposing to trade up to 100 Million Units of electricity in a year.
5. The applicant has submitted its net worth values for the last 5 years beginning from 1999-2000 as under:

(Rs. in lakh)

S.No	Years	Net worth
1	1999-00	1987.11884
2	2000-01	2054.56044
3	2001-02	2637.59960
4	2002-03	2637.59960
5	2003-04	2676.36006

6. From the annual reports of the applicant company, its net worth values have been worked out as detailed below:

(Rs in lakh)

S.No.	Year	2000-01	2001-02	2002-03	2003-04	2004-05
1	<b>Share Capital</b>					
	Paid up equity capital	2053.80	2053.80	2318.79	2318.79	2318.79
2	<b>Reserves and Surplus</b>					
	Share Premium Account	0.00	0.00	0.00	-	
	Surplus in P/L A/C				37.12	233.12
	<b>Sub-Total 2</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>	<b>37.12</b>	<b>233.12</b>
	Less:					
3	Miscellaneous Expenses to the extent not written off or adjusted	8.20	8.20	8.20	6.56	4.92
	<b>Net Worth (1 + 2 - 3)</b>	<b>2045.60</b>	<b>2045.60</b>	<b>2310.59</b>	<b>2349.35</b>	<b>2547.00</b>

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

(Rs. in lakh)					
Year	2000-01	2001-02	2002-03	2003-04	2004-05
<b>Fixed Assets</b>					
Gross Block	78.54	77.26	81.32	8098.26	8218.50
Less: Depreciation	11.33	19.15	27.83	689.52	1321.11
Net Block	67.21	58.11	53.50	7408.74	6897.39
Capital Work-in-Progress including Advances paid on capital A/C	2729.09	6684.71	6912.81	312.54	300.54
Incidental expenses pending allocation	413.05	723.13	1250.23		
<b>Sub-Total 1</b>	<b>3209.35</b>	<b>7465.96</b>	<b>8216.54</b>	<b>7721.28</b>	<b>7197.93</b>
<b>Current Assets, Loans &amp; Advances</b>					
Inventories			120.86	213.16	256.63
Cash in hand	3.07	11.45	3.40	7.73	4.96
Balances in Banks	443.76	416.14	22.74	326.17	92.13
Sundry Debtors			31.42	702.99	671.03
Loans & Advances	55.54	58.18	160.98	141.10	632.22
Other Current Assets	6.43				
<b>Sub-Total 2</b>	<b>508.80</b>	<b>485.78</b>	<b>339.41</b>	<b>1391.14</b>	<b>1656.97</b>
<b>Current Liabilities &amp; Provisions</b>					
Sundry Creditors	311.51	1282.41	504.97	559.75	664.90
Other Liabilities	18.26	6.36	14.51	24.43	21.63
Provisions	9.60	4.24	4.95	3.25	17.02
<b>Sub-Total 3</b>	<b>339.37</b>	<b>1293.00</b>	<b>524.43</b>	<b>587.42</b>	<b>703.55</b>
<b>Loans</b>					
Secured Loans	1324.23	4021.13	5393.92	5446.63	4739.78
Unsecured Loans				402.00	537.57
<b>Sub-Total 4</b>	<b>1324.23</b>	<b>4021.13</b>	<b>5393.92</b>	<b>5848.63</b>	<b>5277.35</b>
<b>Items not considered for Net worth</b>					
Share Application Money	8.96	592.00	327.01	327.01	327.01
<b>Sub-Total 5</b>	<b>8.96</b>	<b>592.00</b>	<b>327.01</b>	<b>327.01</b>	<b>327.01</b>
<b>Net Worth (1+2-3-4-5)</b>	<b>2045.60</b>	<b>2045.60</b>	<b>2310.59</b>	<b>2349.35</b>	<b>2547.00</b>

8. On consideration of the above details, we are satisfied that the applicant meets the net worth requirements specified by the Commission for grant of licence for trading of 100 MUs during a year. Therefore, *prima facie*, based on its net worth, the applicant qualifies for grant of licence for inter-state trading as category 'A' electricity trader, that is, for trading of up to 100 Million Units of electricity during a year.

9. Therefore, the Commission proposes to grant the licence to the applicant for category `A`. 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 above proposal of the Commission to grant a licence for trading to the applicant. The broad shareholding pattern given by the applicant in the affidavit filed on 10.10.2005 shall also be published.

10. From the Memorandum of Association of the applicant company, it is noticed that the applicant can undertake the business of transmission of electricity, in addition to pursuing the object of trading in electricity and other objects. Under third proviso to Section 41 of the Act, no transmission licensee can enter into any contract or otherwise engage in the business of trading in electricity. In other words, a person granted licence for trading in electricity can not undertake the business of transmission. 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.

11. List this petition for further directions on 6.12.2005.

sd/-  
**(A.H.JUNG)**  
**MEMBER**

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

sd/-  
**(K.N.SINHA)**  
**MEMBER**

sd/-  
**(ASHOK BASU)**  
**CHAIRPERSON**

**New Delhi, dated the 2<sup>nd</sup> November 2005**