

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

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

Petition No.183/2004

In the matter of

Application for grant of licence for inter-state Trading in electricity.

And in the matter of

Induj Enertech Limited, Mumbai

....**Applicant**

The following were present:

1. Shri Atul Kumar, Induj Enertech Limited.

**ORDER
(DATE OF HEARING : 26.4.2005)**

We are considering the application for grant of Inter-State Trading in electricity. On perusal of the applicant's annual report for the year 2003-04, it is noted that the auditors in Para 4 (f) of the report, inter alia, pointed out that the continued treatment of capitalization by the applicant in respect of interest on loan borrowed for the purpose of investment in its wholly owned subsidiary does not comply with the provisions of Accounting Standard-16 on borrowing cost. It is stated that as a consequence, the accumulated carrying amount of investment stands over-stated by Rs.2360.03 lakh [Rs.3325.37 lakh during 2002-03] and the losses are under-stated to that extent. The auditors have also pointed non-consolidation of subsidiary company's accounts, in contravention of Accounting Standard-21. In view of the above noted observations made by the auditors in para 4(f) of the report, on which no clarification is furnished by the applicant, it is not possible to take a definite view on the net worth of the applicant for grant of licence.

2. The representative of the applicant submitted that the observations made by the auditors in their report for the year 2003-04 have been taken note of and their observations will be reconciled while preparing the annual accounts for the period ending 31.3.2005. He therefore, prayed for time up to 31.8.2005, by which date the accounts for the period ending 31.3.2005 are likely to be finalized.

3. The time prayed for is allowed. The applicant shall file the audited annual accounts for the year 2004-05 by 31.8.2005 and also an appropriate affidavit to explain the auditors' observations as contained in para 4(f) of their report.

4. The shareholding pattern given in the public notices issued by the applicant does not contain the details of the shareholders. It is also noticed that the notices published in the vernacular newspapers are in English language. This does not meet the spirit of the provisions made for publication of notices, in the vernacular newspapers. The applicant is, therefore, directed to publish fresh notices in the vernacular newspapers, in the language of a such a newspaper giving necessary details of the share-holding pattern and also its net worth.

5. The application may be processed for further hearing on applicant's reporting compliance of the directions contained in the preceding paragraphs.

Sd/-
(A.H. JUNG)
MEMBER

Sd/-
(BHANU BHUSHAN)
MEMBER

Sd/-
(K.N. SINHA)
MEMBER

Sd/-
(A.K.BASU)
CHAIRMAN

New Delhi dated the 12th May 2005