

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Coram:**

- 1. Dr. Pramod Deo, Chairperson**
- 2. Shri R. Krishnamoorthy, Member**
- 3. Shri V.S.Verma, Member**

**I.A. No. 34/2009 in  
Petition No.119/2008**

**In the matter of**

Grant of licence for inter-State trading in electricity to Mittal Processors Private Limited.

**And in the matter of**

Mittal Processors Private Limited.

**..Applicant**

**ORDER**

This interlocutory application has been made by the applicant seeking permission for trading up to 500 MUs during the current year on such terms and conditions as deemed appropriate by the Commission.

2. The applicant, was granted, on 12.2.2009, Category `A` licence under Central Electricity Regulatory Commission (Procedure, Terms and Conditions of Trading Licence and other matters) Regulations, 2004 (the 2004 regulations) for undertaking inter-State trading in electricity in whole of India, except the State of Jammu & Kashmir up to 100 MU in a year. Consequent to the notification of the Central Electricity Regulatory Commission (Procedure, Terms and Conditions of Trading Licence and other matters) Regulations, 2009 (hereinafter "the 2009 regulations") the licence granted to the applicant stands re-categorized as Category `III`.

2 The applicant has submitted that its trading is likely to exceed authorized volume and it can go beyond 120 per cent of authorized volume. Accordingly, the applicant has requested to be authorized to undertake trading up to 500 MUs during the current year on such terms and conditions, the Commission deems it appropriate.

3. Clause (b) of Regulation 7 of the 2009 regulations provides as under:

*“7 (b) The licensee shall not exceed the volume of trading authorized under the licence, but may, in exceptional circumstances, undertake trading in electricity up to the maximum of 120 per cent of the volume of trade authorized under the licence granted to him:*

*Provided that the licensee, on exceeding the volume of trading authorized in a year under the licence granted to him shall pay licence fee applicable to the higher category for that particular year:*

*Provided further that the licensee may with the prior approval of the Commission and on such terms and conditions as the Commission may decide, exceed the specified limit of 120% in a year.”*

4. In terms of the first proviso extracted herein above, the applicant has already remitted Rs. 1000,000/= (Ten lakh). Accordingly, there is no objection to the applicant trading up to 120 MUs of electricity during the year 2009-10. In this order, we are dealing with the request for permission to trade up to 500 MU of electricity. We proceed to dispose of the request.

5. The 2009 regulations prescribe 500 MU as the ceiling limit for volume of electricity which can be traded by a category “II” licensee. The above regulations also prescribe that a category “II” licensee shall have a net-worth of Rs. 25 crore. Besides, clause (2) of regulation 15 of the above regulations further provides that “The existing licensees shall meet the net worth, current ratio and liquidity ratio

criteria specified in these regulations within a period up to 31.3.2010.” Through this clause, the regulations provide a transitory provision which is applicable only to existing licensees.

6. The 2004 regulations prescribed the net-worth of Rs. 7.00 crore for a category “C” licensee who was entitled to trade up to 500 MU of electricity per annum. By virtue of the transition provision contained in clause (2) of regulation 15 of the 2009 regulations, such a licensee is entitled to trade up to 500 MU of electricity up to 31.3.2009 without the requirement of increasing its net-worth above Rs. 7.00 crore. As the applicant was also granted licence under the 2004 regulations, he is also entitled to the benefit of the transition provision. Accordingly, we hold that the applicant may be permitted to trade up to 500 MU of electricity during the year 2009-10 subject to possession of net-worth amounting to Rs. 7 crore.

7. From the special balance sheet as on 31.10.2009 submitted by the applicant company, its net worth values have been worked out as detailed below:

(Rs. in lakh)

Year	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	upto 31st Oct09
<b>1 Share Capital</b>							
Paid up equity capital	200.00	200.00	200.00	200.00	200.00	302.57	302.57
<b>2 Reserves and Surplus</b>							
Surplus in P/L A/C			11.05	100.85	102.77	485.00	479.71
General Reserve A/C							
<b>Sub Total 2</b>	-	-	11.05	100.85	102.77	485.00	479.71
<b>3 Items not to be considered for networth</b>							
Misc.Expenses to the extent not written off or adjusted	36.92	20.16	-	-		20.26	20.26
Non Current Assets					5.99	4.94	4.94
<b>Sub Total 3</b>	36.92	20.16	-	-	5.99	25.20	25.20
<b>Net Worth (1 + 2 - 3)</b>	<b>163.08</b>	<b>179.84</b>	<b>211.05</b>	<b>300.85</b>	<b>296.78</b>	<b>762.37</b>	<b>757.08</b>

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

	Year	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	Up to 31.10.09
1	<b>Fixed Assets</b>							
	Gross Block	689.87	826.12	838.04	875.41	1188.42	1,632.63	1,987.48
	Less: Depreciation	208.66	268.69	335.66	411.21	455.13	428.16	429.22
	Net Block	481.20	557.43	502.38	464.20	733.29	1204.47	1558.26
	Capital Work-in-Progress							
	<b>Sub-Total 1</b>	<b>481.20</b>	<b>557.43</b>	<b>502.38</b>	<b>464.20</b>	<b>733.29</b>	<b>1204.47</b>	<b>1558.26</b>
2	<b>Investments</b>							
3	<b>Current Assets, Loans &amp; Advances</b>							
	Inventories	39.812	184.08	657.36	148.79	81.99	167.90	278.00
	Cash and Bank Balance	15.52	18.43	26.86	53.19	19.51	7.96	9.40
	Sundry Debtors	131.92	578.84	625.95	1032.97	935.30	785.28	688.09
	Loans & Advances	0.12		0.18	1.37	64.70	0.60	0.80
	Other Current Assets	53.41	92.72	148.66	135.14	101.83	72.10	77.76
	<b>Sub-Total 3</b>	<b>240.79</b>	<b>874.06</b>	<b>1459.00</b>	<b>1371.45</b>	<b>1203.33</b>	<b>1033.84</b>	<b>1054.05</b>
4	<b>Current Liabilities &amp; Provisions</b>							
	Liabilities	205.49	733.21	922.52	573.35	481.50	282.41	165.78
	Provisions	8.24	11.85	13.79	134.58	14.24	7.18	12.75
	<b>Sub-Total 4</b>	<b>213.73</b>	<b>745.05</b>	<b>936.32</b>	<b>707.93</b>	<b>495.74</b>	<b>289.59</b>	<b>178.53</b>
5	<b>Loans</b>							
	Secured loans	14.90	72.52	52.06	30.91	148.67	617.20	980.47
	Unsecured loans	0.00	0.00					
	<b>Sub-Total 5</b>	<b>14.90</b>	<b>72.52</b>	<b>52.06</b>	<b>30.91</b>	<b>148.67</b>	<b>617.20</b>	<b>980.47</b>
6	<b>Items not to be considered</b>							
	Deferred tax liability	71.15	71.80	60.38	51.35	53.61	53.61	53.61
	Share application money	259.13	362.28	701.58	744.61	941.82	515.54	642.64
	<b>Sub-Total 6</b>	<b>330.28</b>	<b>434.08</b>	<b>761.96</b>	<b>795.96</b>	<b>995.43</b>	<b>569.15</b>	<b>696.25</b>
	<b>Net Worth(1+2+3-4-5-6)</b>	<b>163.08</b>	<b>179.84</b>	<b>211.05</b>	<b>300.85</b>	<b>296.78</b>	<b>762.37</b>	<b>757.06</b>

6. In view of the above, the request made by the application is allowed. Accordingly, the applicant is permitted to trade up to 500 MUs of electricity during

current year, i.e 2009-10, subject to compliance of all the provisions laid down in the 2009 regulations, more specifically regulation 7 (h) thereof.

7. I.A No. 34/2009 is, accordingly, disposed of.

**Sd/=**  
**(V.S.VERMA)**  
**MEMBER**

**Sd/=**  
**(R.KRISHNAMOORTHY)**  
**MEMBER**

**Sd/=**  
**(DR. PRAMOD DEO)**  
**CHAIRPERSON**

**New Delhi dated the 17<sup>th</sup> December 2009**