

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram

**1.Dr. Pramod Deo, Chairperson
2.Shri Bhanu Bhushan, Member
3.Shri R. Krishnamoorthy, Member
4.Shri S.Jayaraman, Member**

Petition No. 119/2008

In the matter of

Application for grant of inter-State trading licence to Mittal Processors Private Limited.

And in the matter of

Mittal Processors Private Limited, Panipat

... Applicant

The following were present:

1. Shri Amit Kumar, Advocate
2. Shri R.D.Jain

**ORDER
(Date of Hearing: 11.12.2008)**

The applicant, a company registered under the Companies Act, 1956 (1 of 1956) has made the present application under sub-section (1) of Section 15 of the Electricity Act, 2003 (36 of 2003) (the Act) for grant of Category `A` licence for inter-State trading in electricity in whole of India, except the State of Jammu & Kashmir. Trading in electricity is covered under the main objects of the applicant-company. Although transmission of electricity is another main object of the applicant, the applicant vide its affidavit dated 6.10.2008 has undertaken that it will not engage in the business of transmission in electricity without surrendering trading licence.

2. During the hearing on 11.12.2008, the applicant was directed to furnish the following information, namely:-

(i) Special balance sheet in support of the net worth as on the date of making application, that is.11.10.2008;

(ii) Clarification as to how the applicant proposed to manage liquidity for trading business in the light of cash and bank balances of Rs. 19.21 lakh, , and

(iii) Details of the qualifications and experience of the professional staff to be engaged in the trading business as per the requirement of Regulation 5 of the trading licence regulations..

3. The applicant has furnished the said information vide its affidavit dated 30.12.2008.

4. 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 (the 2004 regulations) have been published by the applicant. No objections have been received on the public notices.

5. In accordance with Regulation 6 of the 2004 regulations, a person applying for Category `A` trading licence should have net worth of Rs. 150 lakh.

6. Based on the financial details submitted by the applicant, its net worth has been worked out as given below:

(Rs. in lakh)

Year	2003-04	2004-05	2005-06	2006-07	2007-08	As on 15.10.2008
1 Share Capital						
Paid up equity capital	200.00	200.00	200.00	200.00	200.00	200.00
2 Reserves and Surplus						
Surplus in P/L A/C			11.05	100.85	102.77	102.98
General Reserve A/C						
Sub Total 2	-	-	11.05	100.85	102.77	102.98
3 Items not to be considered for networth						
Misc. Expenses to the extent not written off or adjusted	36.92	20.16	-	-	-	-
Non Current Assets					5.99	8.92
Sub Total 3	36.92	20.16	-	-	5.99	8.92
Net Worth (1+2-3)	163.08	179.84	211.05	300.85	296.78	294.06

7. The net worth of the applicant is further represented by the following:

(Rs. in lakh)

Year	2003-04	2004-05	2005-06	2006-07	2007-08	As on 15.10.2008
Fixed Assets						
Gross Block	689.87	826.12	838.04	875.41	1188.42	1348.85
Less: Depreciation	208.66	268.69	335.66	411.21	455.13	501.03
Net Block	481.20	557.43	502.38	464.20	733.29	847.83
Sub-Total 1	481.20	557.43	502.38	464.20	733.29	847.83
Current Assets, Loans & Advances						
Inventories	39.812	184.08	657.36	148.79	81.99	84.80
Cash and Bank Balance	15.52	18.43	26.86	53.19	19.51	22.85
Sundry Debtors	131.92	578.84	625.95	1032.97	935.30	1249.64
Loans & Advances	0.12		0.18	1.37	64.70	0.64
Other Current Assets	53.41	92.72	148.66	135.14	101.83	110.68
Sub-Total 2	240.79	874.06	1459.00	1371.45	1203.33	1468.61
Current Liabilities & Provisions						
Liabilities	205.49	733.21	922.52	573.35	481.50	619.41
Provisions	8.24	11.85	13.79	134.58	14.24	19.36
Sub-Total 3	213.73	745.05	936.32	707.93	495.74	638.77
Loans						
Secured loans	14.90	72.52	52.06	30.91	148.67	431.07
Unsecured loans	0.00	0.00	0.00	0.00	0.00	0.00
Sub-Total 4	14.90	72.52	52.06	30.91	148.67	431.07
Items not to be considered						
Deferred tax liability	71.15	71.80	60.38	51.35	53.61	53.61
Share application money	259.13	362.28	701.58	744.61	941.82	898.92
Sub-Total 5	330.28	434.08	761.96	795.96	995.43	952.53
Net Worth(1+2-3-4-5)	163.08	179.84	211.05	300.85	296.78	294.06

8. 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 Category `A`. Therefore, *prima facie*, based on above, the applicant

qualifies for grant of licence for inter-State trading as Category `A` electricity trader.

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 proposal of the Commission. We further direct that the applicant shall always maintain the necessary liquidity for conduct of smooth trading operations.

10. List this petition for further directions on 12.2.2009.

sd/-	sd/-	sd/-	sd/-
(S.JAYARAMAN)	(R.KRISHNAMOORTHY)	(BHANU BHUSHAN)	(DR. PRAMOD DEO)
MEMBER	MEMBER	MEMBER	CHAIRPERSON

New Delhi dated the 22nd January 2009