

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram

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

Petition No. 25/2009

In the matter of

Application for grant of inter-State trading licence to Godawari Power and Ispat Limited, Raipur.

And in the matter of

Godawari Power and Ispat Limited, Raipur

Applicant

The following were present:

1. Shri Y.C.Rao, GPIL
2. Shri J. P.Tiwari, GPIL

**ORDER
(Date of Hearing: 26.2.2009)**

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 `F` licence for inter-State trading in electricity in whole of India, except the State of Jammu & Kashmir under the Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of Trading Licence and other related matters) Regulations, 2004 (the 2004 regulations). Trading in electricity is covered under the main objects of the applicant-company.

2. The notices under sub-section (2) of Section 15 of the Act read with clause (4) of Regulation 4 of the 2004 regulations have been published by the applicant. No objections have been received on the public notices.
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3. Meanwhile, the Commission has finalized the revised regulations called Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of Trading Licence and other related matters) Regulations, 2009 (the 2009 regulations) and the 2004 regulations have been repealed. Corresponding to Category 'F' under the 2004 regulations, the 2009 regulations provide for Category 'I'. In accordance with Regulation 3 (3) of the 2009 regulations, a person applying for Category 'I' trading licence should have net worth of Rs. 50 crore, and should have maintained minimum current ratio and liquidity ratio of 1:1 consistently for three years immediately preceding the year in which the application is made.

4. During the hearing on 26.2.2009, the applicant was directed to furnish the following information primarily to ascertain whether it fulfilled the networth and liquidity requirements, namely:-

(i) Affidavit to the effect that it will not engage in the business of transmission of electricity and will not approach this Commission or any State Commission for a transmission licence without surrendering trading licence, if granted.

(ii) Special balance sheet in support of the net worth as on 31.12.2008;
and

(iii) Application in the revised Form, appended to the 2009 regulations.

5. The applicant has complied with the directions and has furnished the information called for, vide its affidavit dated 3.3.2009.

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

(Rs. in lakh)

Year	2004-05	2005-06	2006-07	2007-08	As on 31.12.2008
1 Share Capital					
Paid up equity capital	1614.90	1614.90	2484.40	2806.98	2806.98
2 Reserves and Surplus					
Securities premium	1397.37	1397.37	6915.30	16304.40	16304.40
General Reserve A/C	1000.00	2500.00	4000.00	5500.00	5500.00
Surplus in P/L A/C	2303.62	4239.95	7111.30	13796.11	18558.33
Sub Total 2	4700.99	8137.32	18026.60	35600.51	40362.73
3 Misc.Expenses	38.53	86.67	0.90	0.00	0.00
Net Worth (1 + 2 - 3)	6277.36	9665.55	20510.10	38407.49	43169.71

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

(Rs. in lakh)

Year	2004-05	2005-06	2006-07	2007-08	As on 31.12.2008
1 Fixed Assets					
Gross Block	6503.76	15930.4	29103.05	43609.63	44580.31
Less: Depreciation	2617.01	1742.09	2817.19	5236.22	7303.82
Net Block	3886.75	14188.31	26285.86	38373.41	37276.49
Capital Work-in-Progress	6549.77	4707.98	10319.02	1264.41	14198.96
Sub-Total 1	10436.52	18896.29	36604.88	39637.82	51475.45
2 Investments	910.14	935.90	2086.40	3386.71	4026.60
3 Current Assets, Loans & Advances					
Inventories	2571.69	4219.58	7109.66	16604.4	10738.41
Sundry Debtors	804.62	1595.22	2345.1	4760.91	6284.16
Cash & Bank Balance	109.33	312.46	1203.4	6340.04	6736.39
Loans & Advances	1200.74	1965.81	3264.17	3443.36	5803.64
Sub-Total 3	4686.38	8093.07	13922.33	31148.71	29562.60
4 Current Liabilities & Provisions					
Current Liabilities	1223.95	1715.05	3455.35	5624.24	6882.93
Provisions	69.53	394.92	899.18	1396.5	94.91
Sub-Total 4	1293.48	2109.97	4354.53	7020.74	6977.84
5 Loans					
Secured loans	7640.20	14419.76	27748.98	28421.02	34593.10
Unsecured loans	722.00	1730.00	0	0	0
Sub-Total 5	8362.2	16149.76	27748.98	28421.02	34593.10
6 Items not to be considered					
Share warrants	100	0		324.00	324.00
Sub-Total 6	100	0	0.00	324.00	324.00
Net Worth(1+2+3-4-5-6)	6277.36	9665.53	20510.10	38407.48	43169.72

8. Based on the above, the net worth, current ratio and liquidity ratio of the applicant work out as under:

S. No.	Particulars	2004-05	2005-06	2006-07	2007-08	As on 31.12.2008
1.	Net worth (Rs. in lakh)	6277.36	9665.53	20510.10	38407.48	43169.72
2.	Current ratio (Times)	3.6230	3.8356	3.1972	4.4367	4.2366
3.	Liquidity ratio (Times)	0.7066	0.9041	0.8149	0.15812	0.18660

9. On consideration of the above facts, we are satisfied that the applicant meets the net worth, current ratio and liquidity ratio requirements specified by the Commission for grant of licence for Category `I`. Therefore, *prima facie*, the applicant qualifies for grant of licence for inter-State trading as Category `I` electricity trader.

10. Therefore, the Commission proposes to grant the licence to the applicant for Category `I`. 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.

11. List this petition for further directions on 28.4.2009.

Sd/-
(V.S.VERMA)
MEMBER

Sd/-
(R.KRISHNAMOORTHY)
MEMBER

Sd/-
(DR. PRAMOD DEO)
CHAIRPERSON

New Delhi dated the 20th March 2009
