

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 276/2009**

**Coram**  
**1. Shri S.Jayaraman, Member**  
**2. Shri V.S.Verma, Member**

**DATE OF HEARING: 9.2.2010**

**DATE OF ORDER: 15.2.2010**

**In the matter of**

Application for grant of inter-State trading licence to Shree Cement Limited.

**And in the matter of**

Shree Cement Limited, Ajmer

..... **Applicant**

**The following were present:**

1. Shri S.S. Khandelwal, SCL
2. Shri Amarjit Singh, SCL
3. Shri Ambrish Khare, SCL

**ORDER**

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 'I' licence for inter-State trading in electricity in whole of India. 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 Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of Trading licence and other

related matters) Regulations, 2009 have been published by the applicant on 25.11.2009. No objections have been received in response to the public notices.

3. During the hearing on 9.2.2010, the applicant was directed to submit an affidavit to the effect that the both the newspapers wherein the notice has been published are having circulation in North Eastern Region also.

4. The applicant has complied with the directions and has furnished its affidavit dated 10.2.2010.

5. In accordance with Regulation 3 (3), 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.

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

(Rs. in lakh)

	Particulars	2006-07	2007-08	2008-09	As on 31.10.2009
1	<b>Share Capital</b>				
	Paid up equity capital	3,483.72	3483.72	3483.72	3483.72
2	<b>Reserves and Surplus</b>				
	Reserves & Surplus	46,894.24	63796.81	117517.97	184313.10
	<b>Sub Total 2</b>	<b>50377.96</b>	<b>67280.53</b>	<b>121001.69</b>	<b>187796.82</b>
3	Misc.Expenses to the extent not written off or adjusted	0.00	0.00	0.00	0.00
	<b>Net Worth (1 + 2 - 3)</b>	<b>50377.96</b>	<b>67280.53</b>	<b>121001.69</b>	<b>187796.82</b>

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

(Rs. in lakh)

	Particulars	2006-07	2007-08	2008-09	As on 30.11.2009
<b>1</b>	<b>Fixed Assets</b>				
	Gross Block	165,734.06	218,729.91	225591.46	233495.5
	Less: Depreciation	110,915.52	142,734.05	162905.89	183467.8
	Net Block	54,818.54	75,995.86	62,685.57	50027.7
	Capital work in progress	34,375.25	1,795.99	47888.98	92807.37
	<b>Sub-Total 1</b>	<b>89,193.79</b>	<b>77,791.85</b>	<b>110,574.55</b>	<b>142,835.07</b>
<b>2</b>	<b>Investments (Sub total 2)</b>	<b>5,000.00</b>	<b>59,100.00</b>	<b>84,483.47</b>	<b>139,793.51</b>
<b>3</b>	<b>Deferred Tax Assets (Sub Total 3)</b>	<b>374.50</b>	<b>1,846.10</b>	<b>1,038.98</b>	<b>2,668.69</b>
<b>4</b>	<b>Current Assets, Loans &amp; Advances</b>				
	Cash & Bank Balance	35,330.90	46,743.43	47226.05	44832.07
	Loans & Advances	23,841.80	40,263.01	73678.81	81736.28
	Inventories	15,607.32	17,657.47	15445.84	25497.18
	Sn Debtors	2,627.17	4,938.68	5831.73	10215.66
	Other current assets	-	-	755.2	1626.34
	<b>Sub-Total 4</b>	<b>77,407.19</b>	<b>109,602.59</b>	<b>142,937.63</b>	<b>163,907.53</b>
<b>5</b>	<b>Current Liabilities &amp; Provisions</b>				
	Current Liabilities	19,629.06	23,617.63	29562.88	40728.35
	Provisions	8,831.61	24,372.56	38854.73	47764.67
	<b>Sub-Total 5</b>	<b>28460.67</b>	<b>47990.19</b>	<b>68417.61</b>	<b>88493.02</b>
<b>6</b>	<b>Loans</b>				
	Secured loans	84,827.02	116,707.32	122050.73	113027.04
	Unsecured loans	8,309.83	16,362.50	27564.6	59887.92
	<b>Sub-Total 6</b>	<b>93136.85</b>	<b>133069.82</b>	<b>149615.33</b>	<b>172914.96</b>
	<b>Net Worth(1+2-3-4)</b>	<b>50377.96</b>	<b>67280.53</b>	<b>121001.69</b>	<b>187796.82</b>

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

S. No.	Particulars	2006-07	2007-08	2008-09	As on 30.11.2009
1.	Net worth (Rs. in lakh)	50377.96	67280.53	121001.69	187796.82
2.	Current ratio (Times)	2.72	2.28	2.09	1.85
3.	Liquidity ratio (Times)	2.17	1.92	1.86	1.56

9. On consideration of the above facts, we are *prime facie* 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*, based on above, the applicant qualifies for grant of licence for inter-State trading as Category 'I' electricity trader.

10. The main objects of the applicant include transmission of electricity. In accordance with third proviso to Section 41 of the Act, a transmission licensee cannot undertake trading in electricity. The applicant has filed an affidavit dated 17.11.2009 to the effect that if it is granted trading licence, it shall not apply for a transmission licence before the Central or State Commissions without surrendering the trading licence. The applicant shall remain bound by the undertaking given.

11. 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.

12. List this petition for further directions on 11.3.2010.

Sd/-

**(V.S.VERMA)**  
**MEMBER**

Sd/-

**(S.JAYARAMAN)**  
**MEMBER**