

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

- 1. Dr. Pramod Deo, Chairperson**
- 2. Shri S.Jayaraman, Member**
- 3. Shri M.Deena Dayalan, Member**

Petition No. 30/2010

DATE OF HEARING: 22.7.2010

DATE OF ORDER: 27.7.2010

Application for grant of inter-State trading licence to PCM Power Trading Corporation Ltd., Kolkata.

And in the matter of

PCM Power Trading Corporation Ltd., Kolkata

Applicant

The following was present:

1. Shri Nishant Mittal
2. Shri Sandeep Sharma

ORDER

The applicant, PCM Power Trading Corporation Ltd, 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 'III' licence for inter-State trading in electricity in whole of India, except in the State of Jammu and Kashmir. 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 (the 2009 regulation), have been published by the applicant on 13.2.2010. No objections have been received in response to the public notices.

3. During the hearing on 24.6.2010, the applicant was directed to explain how it would meet the working capital requirement if granted with a trading licence. In response, the applicant requested for three weeks' time to take necessary steps to increase its liquidity position. Accordingly, applicant was directed to file a special balance sheet.

4. The applicant has complied with the directions and has furnished its affidavit dated 9.7.2010.

5. In accordance with Regulation 3 (3) of the Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of inter-State trading Licence and other related matters) Regulations, 2009 (the 2009 regulation), a person applying for Category 'III' trading licence should have net worth of Rs. 5 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 crore)

	Particulars	As on 31.12.2009	As on 31.3.2010	As on 8.7.2010
1	Share Capital			
	Paid up equity capital	2.67	2.69	2.69
2	Reserves and Surplus			
	Reserves & Surplus	2.40	2.48	2.48
	Sub Total 2	5.07	5.17	5.17
3	Misc. Expenses to the extent not written off or adjusted	0.04	0.04	0.04
	Net Worth (1 + 2 - 3)	5.03	5.13	5.13

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

(Rs. in crore)

	Particulars	As on 31.12.2009	As on 31.3.2010	As on 8.7.2010
1	Fixed Assets			
	Gross Block	0	0	0
	Less: Depreciation	0	0	0
	Net Block	0	0	0
	Sub-Total 1	0	0	0
2	Investments	1.65	1.65	0.00
	Sub-Total 2	1.65	1.65	0.00
3	Current Assets			
	Cash & Bank Balance	0.03	0.17	1.84
	Sub-Total 3	0.03	0.17	1.84
4	Loans & Advances	3.35	3.25	3.25
	Sub-Total 4	3.35	3.25	3.25
5	Pre-operative expenses	0.00	0.08	0.06
	Sub-Total 5	0.00	0.08	0.06
6	Current Liabilities & Provisions			
	Current Liabilities	0.00	0.02	0.02
	Sub-Total 6	0.00	0.02	0.02
7	Loans			
	Secured loans	0	0	0
	Unsecured loans	0	0	0
	Sub-Total 7	0	0	0
	Net Worth (1+2+3+4+5-6-7)	5.03	5.13	5.13

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

S. No.	Particulars	As on 31.12.2009	As on 31.3.2010	As on 8.7.2010
1.	Net worth (Rs. in crore)	5.03	5.13	5.13
2.	Current ratio	107.04	8.51	92
3.	Liquidity ratio	107.04	8.51	92

9. On consideration of the above facts, we are *prima facie* satisfied that the applicant meets the net worth, current ratio and liquidity ratio requirements specified by the Commission for grant of Category 'III' licence. Therefore, *prima facie*, based on above, the applicant qualifies for grant of Category-'III' licence for inter-State trading in Electricity in whole of India, except the State of Jammu and Kashmir

10. Therefore, the Commission proposes to grant Category 'III' licence to the applicant. 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 24.8.2010.

(M.DEENA DAYALAN)
MEMBER

(S.JAYARAMAN)
MEMBER

(Dr. PRAMOD DEO)
CHAIRPERSON