

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 168/2010

**Coram: Shri S.Jayaraman, Member
Shri V.S.Verma, Member
Shri M.Deena Dayalan, Member**

DATE OF HEARING: 24.2.2011

DATE OF ORDER: 17.3.2011

Application for grant of inter-State trading licence to My Home Power Limited.

**And
In the matter of**

My Home Power Limited, Hyderabad

..... Applicant

The following was present:

- 1 Shri R.K.Roy Chowdhury
- 2 Shri Radha Krishna
- 3 Shri Suresh Kumar

ORDER

The applicant, My Home Power Limited, 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) (hereinafter referred to as "the Act") read with Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of Trading licence and other related matters) Regulations, 2009 (hereinafter referred to as "the trading licence regulations"), for grant of Category `III` licence for inter-State trading in electricity in whole of India.



2. Regulation 6 of the trading licence regulations provides for the procedure for grant of trading licence as under:

“6. Procedure for grant of licence

(1) Any person desirous of undertaking inter-State trading in electricity shall make an applicant to the Commission for grant of licence in the manner specified in Form-I appended to these regulations and such applicant shall be accompanied by , -

(a) Such fee as may be prescribed by the Central Government from time to time payable through Bank Draft or pay order drawn in favour of Assistant Secretary, Central Electricity Regulatory Commission, New Delhi.

(b) Copies of the annual reports in case of the persons incorporated under the Companies Act, 1956 (1 of 1956) and audited accounts along with the Director's Report, Auditors' Report, the Schedules and notices on accounts for three years immediately preceding the year in which the application has been made and the special balance sheet as on any date falling within 30 days immediately preceding the date of making the application:

Provided that where the applicant has not been incorporated, registered or formed during the period of three years immediately preceding the year in which the application is made, the application shall be accompanied by the copies of the annual reports and audited accounts for such lesser period for which the applicant has been in existence.

(2) The application for grant of licence, along with annexures and enclosures shall also be submitted to the Commission on compact disc (CD).

(3) The applicant shall post complete application along with annexures and enclosures on his own website so as to facilitate access to the application by any person through internet and shall keep them on the website till the disposal of his application.

*(4) The applicant shall within 7 days after making such application, publish a notice of his application, in two daily newspapers having circulation in each of the five regions in addition to those published from Delhi, including one economic daily newspaper in Form II, with the following particulars, namely:-
xxxxxx*

(5) The applicant shall within 7 days from the date of publication of the notice as aforesaid submit to the Commission on affidavit the details of the notice published and shall also file the original complete page of the newspaper in which the notice has been published.

(6) The applicant may file his reply to the objections or suggestions received in response to the notice within 45 days of its publication in the newspapers.

(7) The Commission after consideration of the objections or suggestions



received in response to the notice published by the applicant and his reply may propose to grant licence.

(8) When the Commission proposes to grant licence, it shall publish a notice of its proposal in two daily newspapers, as the Commission may consider appropriate, stating the name and address of the person to whom it proposes to issue the licence, with such other details as the Commission considers appropriate, to invite further objections or suggestions to its proposal."

3. The Applicant has made the application as per Form-I along with CD and paid the fee of ₹ one lakh as prescribed by the Government of India.

4. The applicant in its affidavit dated 4.11.2010 has submitted that it has posted the application for grant of trading licence on its website in terms of Regulation 6(3) of the trading licence regulations.

5. The Applicant has placed on record the relevant copies of the newspapers in original in which notice of its application has been issued. The notices under sub-section (2) of Section 15 of the Act read with clause (4) of Regulation 6 of the trading licence regulations have been published by the applicant on 12.1.2011 in all editions of Business Standard and Economic Times. No objection has been received in response to the public notices.

6. The main objects of the Applicant company include the following:

"1. To carry on all or any of the businesses of procurers, generators, suppliers, distributors, transformers, converters, transmitters, producers, manufacturers, processors, developers, storers, carriers, importers and exporters of an dealer in electricity and any products or by-products derived from any such business and any products derived from or connected with



any other form of energy including without limitation, non-conventional energy resources such as firewood, bio-mass, bagasse and also heat, solar, wind, hydro, thermal, geo-hydel, wave, tidal, geo-thermal, biological, integrated cola gratification combined cycle, fuel oil, gas and various forms of waste or any other.

2. To carry on all or any of the business of procurers, suppliers, distributors, convertors, producers, processors, developers, stores, carriers, importers and exporters of and dealers in fuels solid, liquid or gaseous or other forms including without limitation hydro carbon fuels, coal, fuel handling equipment and machinery and fuel handling facilities thereto and any products or by-products derived from any such business.

3. To plan , locate, design, establish, build, construct, finance, quip, operate, make, use, administer, manage and maintain service, improve, inspect, enlarge, alter, protect, develop, extend, repair, replace, refurbish, pull down and remove and carry out works in respect of the whole or any part of any electricity generating station(including without limitation combined heat and power station) generating sets, sub-station, transformers stations, pumping station, building, plant equipment, tiliner, main transmission lines, electric main works (including operation and maintenance of such generation station, tilines, sub-station and main transmission lines..."

7. Trading in electricity is covered under the main objects of the applicant-company. Although transmission of electricity is one of the main objects of the applicant company, the applicant vide its affidavit dated 14.9.2010 has given an undertaking that it will not engage in the business of transmission in electricity without surrendering trading licence.

8. In accordance with Regulation 3 (3) of the trading licence regulations, a person applying for Category `III` trading licence should have net worth of ₹ 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.

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

(₹ in crore)

	Particulars	2007-08	2008-09	2009-10	As on 30.9.2010
1	Share Capital				
	Paid up equity capital	5.50	5.50	5.50	5.50
2	Reserves and Surplus				
	Reserves & Surplus	15.01	17.42	18.47	20.78
	Sub Total 2	20.51	22.92	23.97	26.28
3	Misc. Expenses to the extent not written off or adjusted/debit balance of P&L a/c (Sub Total 3)	0.78	1.59	0.00	0
4	Loans & advance given to associates/related parties (sub Total 4)	3.50	0	0	0
	Net Worth (1 + 2 - 3-4)	16.23	21.33	23.97	26.28

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

(₹ in crore)

	Particulars	2007-08	2008-09	2009-10	As on 30.9.2010
1	Fixed Assets				
	Gross Block	31.40	31.67	31.47	31.47
	Less: Depreciation	9.07	10.65	12.00	12.78
	Net Block	22.33	21.02	19.47	18.69
	Capital work in progress	0.00	0.01	0	0.03
	Sub-Total 1	22.33	21.03	19.47	18.72
2	Investments	0.00	1.00	0.00	0
3	Current Assets, Loans & Advances				
	Cash & Bank Balance	0.28	2.05	0.39	0.11
	Loans & Advances	4.57	0.55	4.35	3.92
	Less: Loans & Advances to Associates	3.50	0	0	0
	Net Loans & Advances	1.07	0.55	4.34	3.92
	Inventories	0.88	1.05	0.64	0.98
	Sn Debtors	2.01	2.36	2.29	8.10
	Other current assets	0	0	0	0
	Sub-Total 3	4.24	6.01	7.66	13.11
4	Current Liabilities & Provisions	1.12	1.19	1.5	1.00
	Sub-Total 4	1.12	1.19	1.50	1.00
5	Loans				
	Secured loans	9.19	5.52	1.66	2.80
	Unsecured loans	0.03	0	0	1.50
	Share application money	0	0	0	0.25
	Sub-Total 5	9.22	5.52	1.66	4.55
6	Net Worth(1+2+3-4-5)	16.23	21.33	23.97	26.28

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

(₹ in crore)					
S. No.	Particulars	2007-08	2008-09	2009-10	As on 30.9.2010
1	Net worth	16.23	21.33	23.97	26.28
2	Current ratio	3.79	5.05	5.11	13.11
3	Liquidity ratio	3.00	4.17	4.68	12.13

12. The applicant has complied with the provisions of the Act, the 2009 regulations and directions issued by the Commission.

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, the applicant qualifies for grant of Category 'III' licence for inter-State trading in Electricity in whole of India.

13. 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.

14. List this petition for further directions on 14.4.2011.

Sd/-
(M. Deena Dayalan)
Member

Sd/-
(V.S.Verma)
Member

Sd/-
(S.Jayaraman)
Member

