

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 117/MP/2011

Coram:

Shri S. Jayaraman, Member

Shri V.S.Verma, Member

Shri M.Deena Dayalan, Member

Date of Hearing: 06.09.2012

Date of order: 16.10.2012

In the matter of:

Application for assignment of licence No. 23/Trading/CERC by Visa Power Limited to its wholly owned subsidiary, i.e Visa Power Trading Company Limited.

And

In the matter of

Visa Power Limited, Kolkata

Visa Power Trading Company Limited, Kolkata

..... Petitioners

The following were present:

1. Shri Vijay Kumar, VPL
2. Shri Neeraj, VPTL

ORDER

By order dated 28.11.2008, Visa Power Limited, Kolkata was granted trading licence for Category `B` to trade in electricity as an electricity trader in the whole of India in terms of Regulation 6 of the Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of trading licence and other related matters) Regulations, 2004, Consequent to the amendment of notification of the Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of trading licence and other related matters) Regulations, 2009, the licence



stands re-categorised as category `III`. Consequent to the further amendment of Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of trading licence and other related matters) Regulations, 2009 the licence stands re-categorised as Category 'IV'.

2. In the present application, the petitioner Visa Power Limited (VPL) has made following prayers to:

- (a) Accord approval to assign the Licence No. 23/Trading/CERC in favour of its wholly owned subsidiary company, Visa Power Trading Company Limited;
- (b) Pass such other orders or order as Hon`ble Commission deems fit and expedient;
- (c) Permit it to remove deficiency, if any in the above petition.

3. According to the petitioners, on 5.3.2011 VPL *has* incorporated a 100% wholly owned subsidiary company, namely a Visa Power Trading Company Limited (VPTCL) having CIN No. U40101wb2011plc160256, with the intention to hive off the trading undertaking into a separate power trading company.

4. Visa Power Trading Company Limited was incorporated under the Companies Act, 1956 on 5.3.2011. Main object of the Memorandum of Association of the VPTCL reads as under:

"1. To distribute, purchase, sell, trade, import, export or accumulate or otherwise deal in all forms of energy/power generated by way of wind, solar, hydro, thermal, bio-mass, coal, gas, geothermal, or any other form of power from conventional and/or non-conventional sources in all aspects to plan, promote, develop, establish distribution networks or systems, trading platforms and to acquire... "

5. VPL has submitted that at present the paid up capital of Visa Power Trading Company Limited is ₹ 1,02,50,000/- which is entirely held by it. The subsidiary company, i.e. Visa Power Trading Company Limited does fulfill all the conditions specified in 2009 Trading Licence Regulations.

6. According to the petitioners, an agreement has been entered into between Visa Power Limited and Visa Power Trading Company Ltd. on 27.6.2011 for assignment of the trading licence under Section 17 (4) of the Electricity Act, 2003.

7. We have considered the submissions made by the petitioners. Section 17 (3) of the Electricity Act, 2003 provides as under:

"(3) No licensee shall at any time assign his licence or transfer his utility, or any part thereof, by sale, exchange or otherwise without the prior approval of the Appropriate Commission."

8. The petitioners vide its affidavit dated 28.5.2012 have submitted the audited balance sheet of Visa Power Trading Company Limited for the year 2011-12.

9. The petitioner vide its affidavit dated 20.9.2012 have submitted that VPTCL engaged full time technical and financial professionals in compliance with Regulation 3 (2) of the trading licence regulations. We have perused the details of the professionals engaged by the applicant and satisfied that the applicant has complied with the requirement of Regulation 3 (2) of the trading licence regulations.



10. In accordance with Regulation 3 (3) of the trading licence regulations, a person applying for Category `IV` trading licence should have net worth of ₹ 1 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. However, the net worth for a lesser period will be considered if the applicant is incorporated, registered or formed within three years.

11. Based on the financial details submitted by the petitioners, VPTCL net worth has been worked out as given below

(₹ in lakh)

	Particulars	As on 31.3.2012
1	Share Capital	
	Paid up equity capital	102.500
	Share Applications/warrants	0.000
2	Reserves and Surplus	
	Reserves and Surplus	0.090
	Sub Total 1	102.590
3	Loans and Advances to associates	0.000
4	Misc. expenses to the extent not written off or adjusted	0.000
5	Investment in wholly owned subsidiary whose net worth is eroded	0.000
	Sub Total 2	0.000
	Net Worth (1 + 2 - 3-4-5)	102.590

12. The net worth of the VPTCL is further represented by the following:

(₹ in lakh)

Particulars	As on 31.3.2012
Fixed Assets	
Net Block	0.00
Capital work in progress	0.00
Sub-Total 1	0.00
Investments	
Sub- Total 2	0.00
Cash and Bank Balance	105.23
Loans and Advances	0.04
Less: Loans and Advances to Associates as per CERC Regulations 2(1)(o) of trading licence regulations	0

Net Loans and Advances	0.04
Inventories	0
Sn Debtors	0
Other current assets	0
Sub-Total 3	105.270
Current Liabilities and Provisions	
Current Liabilities and Provisions	2.68
Sub-Total 4	2.680
Loans	
Secured loans	0
Unsecured loans	0.000
Deferred tax Liabilities	0
Sub-Total 5	0.000
Net Worth(1+2+3-4-5)	102.590

13. Based on the above, the net worth, current ratio and liquidity ratio of the VPTCL works out as under:

S. No.	Particulars	As on 31.3.2012
1.	Net worth (₹ in lakh)	102.590
2.	Current ratio	39.28
3.	Liquidity ratio	39.28

14. On consideration of the above facts, Visa Power Trading Company Limited meets the net worth requirements specified by the Commission for grant of Category `IV` licence and has fulfills other conditions for grant of trading licence.

15. Accordingly, we, therefore, accord our approval for assignment of category IV licence of Visa Power Limited in favour of Visa Power Trading Company Limited. Subsequent to assignment of the licence, Visa Power Trading Company Limited shall be licensee.

16. The assignment of licence to the Visa Power Trading Company Limited is subject to the fulfillment of the following conditions throughout the period of subsistence of the licence:

(a) The Visa Power Trading Company Limited shall comply with the provisions of the Act, the Rules and the Regulations, particularly, trading licence regulations, orders and directions issued by the Commission from time to time and any other law in force;

(b) The Visa Power Trading Company Limited shall not exceed the volume of trading authorized under the licence, but may, in exceptional circumstances, undertake trading in electricity up to the maximum of 120 per cent of the volume of trade authorized under the licence granted to him. Where the licensee exceeds the volume of trading in a year authorized under the licence, it shall pay licence fee applicable to the higher category for that particular year;

(c) The Visa Power Trading Company Limited shall charge the trading margin strictly in accordance with Central Electricity Regulatory Commission (Fixation of Trading Margin) Regulations, 2009 as amended from time to time;

(d) The Visa Power Trading Company Limited shall continue to be governed by the qualifications and disqualifications specified in Chapter 2 of the trading licence regulations during the subsistence of licence;

(e) The Visa Power Trading Company Limited shall abide by the terms and conditions of licence specified in Chapter 4 of the trading licence regulations;

(f) The Visa Power Trading Company Limited shall have the liability to pay the license fee in accordance with the provisions of the Central Electricity Regulatory Commission (Payment of Fees) Regulations, 2008, as amended from time to time or any of other regulations in force; and

(g) Non-compliance of the provisions of the Act, rules, regulations framed by the Commission and the provisions of trading licence regulations shall make the licence liable for revocation.

17. In the event of failure of Visa Power Trading Limited to comply with any of the conditions of the licence as noted above, Visa Power Ltd., Kolkata shall render itself liable and subject to any action that may be considered appropriate by the Commission in the facts and circumstances of the case.

18. We direct that necessary endorsement be made on the licence issued to the applicant with regard to assignment of licence.

19. The Visa Power Limited shall publish the notice in respect of the assignment of its inter-State trading licence in two leading newspapers having all India circulation and same shall also be uploaded in its website, in public interest.



20. A copy of this order be sent to the Central Government in Ministry of Power, Central Electricity Authority and Power Grid Corporation of India Limited in terms of sub-station (7) of Section 15 of the Electricity Act, 2003 for their information and record.

21. With the above, Petition No. 117/MP/2011 stands disposed of.

Sd/-
(M. Deena Dayalan)
Member

sd/-
(V.S.Verma)
Member

sd/-
(S.Jayaraman)
Member

