

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 115/TDL/2011

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

DATE OF HEARING: 15.5.2012

DATE OF ORDER: 21.5.2012

Application for grant of inter-State trading licence to SN Power Markets Pvt. Ltd., Noida.

**And
In the matter of**

SN Power Markets Pvt. Ltd., Noida

..... **Applicant**

The following was present:

Dr. Gaurv Bhatiani, SN Power Market

ORDER

The applicant, SN Power Markets Pvt. 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) (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 `I` 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 application 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 has posted the application for grant of trading licence on its website in terms of Regulation 6(3) of the trading licence regulations. 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 23.3.2012 in all editions of 'The Financial Express' and 'Indian Express'. No objection has been received in response to the public notices.



5. The applicant company was incorporated under the Companies Act, 1956 on 13.12.2011. Para 1 of the objects of the company reads as under:

"1. To purchase, sell, distribute, trade, import, export, generate, or accumulate otherwise deal in all forms of electrical power in all aspects and to plan, promote, develop, establish, own trading platforms and to acquire, in any manner, these networks or systems or trading platforms from power generating and distribution companies, Central or State Government undertakings, local authorities or statutory bodies or other persons within Indian or abroad and to act as agent or representative of any person, public or private sector enterprise, financial institutions, banks or Central Government or State Government undertaking engaged in the planning, development, generation, distribution, supply, trading or financing of power. "

6. Trading in electricity is covered under the objects of the applicant-company.

7. In accordance with Regulation 3 (3) of the trading licence regulations, a person applying for Category 'I' trading licence should have net worth of ₹ 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. However, the net worth for a lesser period will be considered if the applicant is incorporated, registered or formed within three years. The applicant was incorporated on 13.12.2011. Accordingly, the balance sheet as on 29.2.2012 has been submitted by the applicant.



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

		(₹ in crore)
Particulars		As on 29.2.2012
1	Share Capital	
	Paid up equity capital	50.400
	Share Applications/warrants	0.000
2	Reserves and Surplus	
	Reserves and Surplus	0.000
	Sub-Total 1	50.400
3	Loans and Advances to associates	0.000
4	Misc. Expenses to the extent not written off or adjusted	0.144
5	Investment in wholly owned subsidiary whose net worth is eroded	0.000
	Sub-Total 2	0.144
	Net Worth (1 + 2 - 3-4-5)	50.256

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

		(₹ in crore)
Particulars		As on 29.2.2012
1	Current Assets, Loans and Advances	
	Cash and Bank Balance	49.82
	Loans and Advances	0
	Less: Loans and Advances to Associates as per Regulations 2(1)(o) of the trading licence regulations	0
	Net Loans and Advances	0.00
	Inventories	0
	Sn Debtors	0
	Other current assets	0.54
	Sub-Total 1	50.36
2	Current Liabilities and Provisions	
	Current Liabilities and Provisions	0.11
	Sub-Total 2	0.11
3	Loans	
	Secured loans	0
	Unsecured loans	0.000
	Deferred tax Liabilities	0
	Sub-Total 3	0.000
	Net Worth (1-2-3)	50.256

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

S. No.	Particulars	2010-11
1.	Net worth (₹ in crore)	50.256
2.	Current ratio	477.81
3.	Liquidity ratio	477.81

11. On consideration of the above facts, we are *prima facie* satisfied that the applicant meets the net worth requirements specified by the Commission for grant of Category 'I' licence and has fulfilled other conditions for grant of trading licence. The Commission proposes to grant Category 'I' 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.

12. List this petition for further directions on 12.6.2012.

SD/-
(M.DEENA DAYALAN)
MEMBER

SD/-
(S.JAYARAMAN)
MEMBER

