

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 157/TDL/2012

Coram:

**Dr. Pramod Deo, Chairperson
Shri S.Jayaraman, Member
Shri V.S.Verma, Member
Shri M. Deena Dayalan, Member**

Date of Hearing: 27.9.2012

Date of order: 4.10.2012

In the matter of

Application for grant of inter-State trading licence to Parshva Prabhu Power Private Limited, New Delhi.

And

In the matter of

Parshva Prabhu Power Private Limited, New Delhi**Applicant**

The following was present:

Shri Varun Jain, Parshva Prabhu Power Private Limited

ORDER

The applicant, Parshva Prabhu Power Private 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 `IV` licence for inter-State trading in electricity in whole of India, except the State of Jammu and Kashmir.

2. The applicant company was incorporated under the Companies Act, 1956 on 31.5.2012. 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. As per the Chartered Accountant’s certificate dated 4.7.2012, the applicant was having net worth of ₹ one crore as on 4.7.2012. This amount includes miscellaneous expenditure of ₹ 3.843 lakh such as application filing fee, publication of notices etc. The term net worth is defined in sub-section 29 (a) of Section 2 of the companies Act, 1956 (1 of 1956) as "the sum total of the paid-up capital and free reserves after deducting the provisions or expenses as may be prescribed". The applicant has submitted the special balance sheet as on 4.7.2012 based on which the net worth of the applicant has been worked out as ₹ 96.157 lakh as given below:

(₹ In lakh)

	Particulars	
1	Share Capital	
	Paid up equity capital	100.000
	Share Applications/warrants	0.000
2	Reserves and Surplus	



	Reserves and Surplus	0.000
	Sub Total 1	100.000
3	Loans and Advances to associates	0.000
4	Misc. Expenses to the extent not written off or adjusted (₹ 1,89,510+₹ 1,00,000+₹ 94,827)	3.843
5	Investment in wholly owned subsidiary whose net worth is eroded	0.000
	Sub Total 2	3.843
	Net Worth (1 + 2 - 3-4-5)	96.157

3. From the preceding para it is noted that the applicant does not meet the net worth requirement of ₹ one crore to be entitled to grant of licence for Category IV electricity trader.

4. During the hearing of the petition on 27.9.2012, the representative of the applicant submitted that the applicant company is marginally short of the net worth requirement which will be achieved in a short span of time after the licence is granted. It is clarified that the applicant needs to meet the net worth requirement on the date of making of application, which is a pre-requisite for grant of trading licence. Since the applicant does not meet the net worth requirement, he is clearly ineligible for grant of trading licence as per the Trading Licence Regulations. Accordingly, the petition is dismissed.

5. The applicant is at liberty to make afresh application for grant of trading licence, if so advised, in accordance with law after fulfilling the requirements of Trading Licence Regulations.

Sd/-
(M.DEENA DAYALAN)
MEMBER

sd/-
(V.S.VERMA)
MEMBER

sd/-
(S.JAYARAMAN)
MEMBER

sd/-
(DR. PRAMOD DEO)
CHAIRPERSON

