

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 11/RC/2013**

**Coram:**

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

**Date of Hearing: 26.2.2013**

**Date of Order : 28.2.2013**

**In the matter of**

Regulatory Compliance Application for up-gradation of inter-State trading licence in electricity from Category IV to Category III.

**And**

**In the matter of**

Instinct Advertising & Marketing Ltd.

**..Applicant**

**And**

**In the matter of**

Instinct Infra & Power Ltd.

**Following were present:**

Shri Ravi Gupta, IFPL

Shri Salil Gupta, IFPL

**ORDER**

This Regulatory Compliance application has been made by the Instinct Advertising & Marketing Ltd for upgradation of its inter-State trading licence in electricity from Category IV to Category III and change of name of the



company from ' Instinct Advertising & Marketing Ltd' to ' Instinct Infra & Power Ltd.'

2. By order dated 7.9.2005, Instinct Advertising & Marketing Ltd was granted trading licence for Category A to trade in electricity as an electricity trader in the whole of India, except the State of Jammu and Kashmir in accordance with Central Electricity Regulatory Commission (Procedure, Terms and Conditions of Trading licence and other related matters) Regulations, 2004. Consequent to the notification of the Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of trading licence and other related matters) Regulations, 2009 (trading licence regulations, 2009) as amended vide notification dated 7.6.2010, the licence stands re-categorized as Category IV subject to the terms and conditions contained in the licence.

3. The third and fourth provisos to Regulation 7 (b) of the trading licence regulations, 2009 provides as under:

" Provided also that a licensee may make an appropriate Application accompanied by prescribed fees for upgradation of its licence to a higher category or down gradation of its licence to a lower category if it fulfills the conditions of these regulations for grant of such licence but it shall not be required to follow the procedure specified n Regulation 6 of these regulations.

Provided further that the licensee shall be heard by the Commission before taking a decision on the application."

4. The licensee has filed an application for up-gradation of its licence in accordance with trading licence regulations, 2009. On perusal of the



application, we find that the applicant being a Category IV licensee fulfills all technical requirement for grant of Category III inter-State trading licence. As regards the net worth requirements for Category III, Regulation 3 (3) of the trading licence regulations, 2009 provides that a person applying for Category II trading licence should have net worth ₹ 5 crore and should have maintained minimum current ratio and liquidity ratio of 1:1 on the date of audited special balance sheet accompanying the application.

5. The applicant has submitted the audited special balance sheet as on 31.12.2012. Based on the Special Balance Sheet submitted by the applicant, its net worth has been worked out as given below:

(₹ in lakh)

<b>Particulars</b>	<b>31.12.2012</b>
<b>Share Capital</b>	
Paid-up Capital	293.96
Share Application/Warrants	0
Reserve and Surplus	365.80
<b>Sub- Total 1</b>	<b>659.76</b>
Loans and Advances to associates	75.00
Misc. Expenses to the extent not written off or adjusted	7.01
<b>Sub- Total 2</b>	<b>82.01</b>
<b>Net worth (1-2)</b>	<b>577.75</b>

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

(₹ in lakh)

<b>Particulars</b>	<b>31.12.2012</b>
<b>Fixed /Non-current Assets</b>	
Net block	92.37
Capital work in progress	0.00
Long-term loans and advances	246.79
Deferred tax Assets	2.65
<b>Sub- Total 1</b>	<b>341.81</b>



Investments	<b>Sub-Total 2</b>	0.00
<b>Current Assets</b>		
Cash and Bank Balance		398.79
Loans and Advances		91.31
Less: and Advances to associates		75.00
Net Loans and Advances		16.31
Inventories		0.00
Sundry Debtors		86.80
Other current assets		0.00
	<b>Sub-Total 3</b>	501.90
<b>Current Liabilities &amp; Provisions</b>		
Current Liabilities and Provisions		246.05
	<b>Sub-Total 4</b>	246.05
<b>Non-Current Liabilities</b>		
Secured loans		0.00
Long term Borrowings		12.90
Deferred tax Liabilities		0.00
	<b>Sub-Total 5</b>	12.90
Misc. Expenses to the extent not written off or adjusted		
	<b>(Sub-Total 6)</b>	7.01
Advance Income Tax and TDS		0
<b>Net Worth (1+2+3-4-5-6)</b>		<b>577.75</b>

7. Based on the above, the net worth, current ratio and liquidity ratio workout as under:

<b>Particulars</b>	<b>31.12.2012</b>
Net Worth (₹ in lakh)	577.75
Current Ratio	2.04
Liquidity ratio	2.04

8. On consideration of the above facts, we are satisfied that the applicant meets the net worth, current ratio and liquidity ratio requirements specified by the Commission for grant of Category III licence. Accordingly, we approve the upgradation of the licence of the applicant from Category IV to Category III.

9. The applicant has submitted that the name of the company has been changed from 'Instinct Advertising & Marketing Ltd' to 'Instinct Infra & Power Ltd.' with effect from 22.12.2010. The certificate of change of name from 'Instinct Advertising & Marketing Ltd.' to 'Instinct Infra & Power Ltd.' dated 22.12.2010 issued by Registrar of Companies, National Capital Territory of Delhi and Haryana has been placed on record.

10. Consequent to issue of certificate by the Registrar of Companies, National Capital Territory of Delhi and Haryana, as noted above, we direct that in the Commission's records, name of the licensee be changed from 'Instinct Advertising & Marketing Ltd.' to 'Instinct Infra & Power Ltd.'

11. A copy of this order be sent to the Central Government in Ministry of Power and CEA in terms of sub-section (7) of Section 15 of the Electricity Act, 2003 for their information and record.

12. We direct that necessary endorsement be made on the licence issued to the applicant with regard to change of Category and change of name of the licensee.

13. The petition stands disposed of accordingly.

SD/-  
**(M. Deena Dayalan)**  
Member

SD/-  
**(V.S.Verma)**  
Member

SD/-  
**(S.Jayaraman)**  
Member

SD/-  
**(Dr. Pramod Deo)**  
Chairperson

