

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 283/TDL/2013

Coram:

**Shri Gireesh B.Pradhan, Chairperson
Shri A.K.Singhal, Member**

Date of Hearing: 17.4.2014

Date of order: 21.4.2014

In the matter of

Application for grant of inter-State trading licence to Parshavnath Power Projects Private Limited.

And

In the matter of

Parshavnath Power Projects Private Limited
Office No. 6, 3rd Floor, Street No. 3,
Near PVR Cinema Hall, Opp. Saket,
Saidulajab, New Delhi-110 030

....Petitioner

The following were present:

Shri Manish Jain, PPPPL
Shri Rajendra Jhalan, PPPPL

ORDER

The petitioner, Parshavnath Power Projects 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") amended from time to time,



for grant of Category `IV` licence for inter-State trading in electricity in whole of India, except Jammu and Kashmir.

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 and payable through NEFT/RTGS only as per the procedure specified in Central Electricity Regulatory Commission (Payment of Fees) Regulations, 2012 or any subsequent enactment thereof.

(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 notes on accounts for one year 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 petitioner 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 petitioner has posted the application for grant of trading licence on its website in terms of Regulation 6(3) of the Trading Licence Regulations. The petitioner 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 25.10.2013 in all editions of 'The Indian Express' and 'The Financial Express'. No objection has been received in response to the public notices.

5. The petitioner company was incorporated under the Companies Act, 1956 on 29.2.2008. Para III. 5. of the objects of the company reads as under:

"5. To promote, undertake, carry on either on its own or through any other entity or to enter into agreements, contracts, partnership, alliance or any other arrangement for technical, financial and operational assistance or sharing of profit/losses with any Person/Body/Bodies Corporate incorporated in India or abroad either under a Strategic Alliance or Joint Venture or any other arrangement, in any part of the world, the business of transmitting, distributing, purchasing, selling, trading, importing, exporting and accumulating or otherwise deal in all forms of electrical power in all aspects..."

6. Trading in electricity is covered under the objects of the petitioner-company. It is however, noted that 'transmission of all forms of electrical power' is one of the objects of the applicant company. The petitioner vide its affidavit dated 16.10.2013 has undertaken that during subsistence of the trading licence if granted by the Commission, the applicant shall not apply for transmission licence without surrendering the trading licence. The affidavit has been taken on record and it is directed that the applicant shall comply with the undertaking given in the affidavit during the substance of trading licence.

7. 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, as on date of audited balance sheet accompanying the application. The petitioner has submitted the special audited balance sheet as on 30.9.2013. Based on the special balance sheet as on 30.9.2013, net worth and liquidity ratios has been worked out as under:

(₹ in lakh)

S.No.	Particulars	30.9.2013
1.	Paid up equity capital	72.13
	Share Premium	113.80
2.	Free Reserves : Reserves and Surplus	141.11
	Free Reserves : Profit and Loss Account	0.00
	Total Capital and Free Reserves (A)	327.05
3.	Loans and Advances to associates (B)	61.14
	Deferred Expenditure (including Misc. Expenses) not written off (C)	0.00
	Net Worth (A-B-C)	265.91

8. The net worth of the petitioner is further represented by the following:

(₹ in lakh)

S.No.	Particulars	30.9.2013
1.	Fixed /Non-current Assets	
	Net block	16.29
	Capital work in progress	0.00
	Long-term loans and advances	114.84
	Less: Loans and Advances to associates	5.81
	Net Loans and Advances	109.03
	Other Non-Current Assets (i.e. Deferred Tax assets, Non-Current Trade receivable, Advance against land)	224.71
	Investments	2.04
	Total Fixed/Non Current Assets (1)	352.07
2.	Non-Current Liabilities	
	Preference Share Capital	0.00
	Long term Borrowings	33.01
	Deferred tax Liabilities	0.00
	Long Term Provisions	0.00
	Other long term liabilities	435.07
	Total Non-Current Liabilities (2)	468.08
3.	Current Assets	
	Cash and Bank Balance	75.75
	Short Term Loans and Advances	119.94
	Less: Loans and Advances to associates	55.33
	Net Loans and Advances	64.61
	Inventories	0.00
	Trade Receivables	20.89
	Current portion of long term investments	0.00
	Current Investments	0.00
	Other current assets (i.e. Receivable from various parties, IT Receivable)	481.96
	Total Current Asset (3)	643.21
4.	Sundry Creditors / Trade Payable	36.64
	Short Term Borrowings	205.01
	Provisions	0.00
	Other liabilities (TDS, ST and salary payable)	19.64
	Total Current Liabilities (4)	261.29
	Net worth (1-2+3-4)	265.91

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

S. No.	Particulars	30.9.2013
1.	Net worth (₹ in lakh)	265.91
2.	Current ratio	2.46
3.	Liquidity ratio	2.46

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

11. List this petition for further directions on 13.5.2014.

Sd/-
(A.K.Singhal)
Member

sd/-
(Gireesh B.Pradhan)
Chairperson