

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 138/MP/2016**

**Coram:**

**Shri Gireesh B. Pradhan, Chairperson  
Shri A.K.Singhal, Member  
Shri A.S.Bakshi, Member  
Dr. M.K.Iyer, Member**

**Date of Order : 18<sup>th</sup> of November, 2016**

**In the matter of**

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

**And**

**In the matter of**

Arunachal Pradesh Power Corporation Private Limited  
408, 4<sup>th</sup> Floor, The Palm Springs Plaza,  
DLF Golf Course Road,  
Sector-54, Gurgaon-122 001  
Haryana,

**Petitioner**

**ORDER**

The petitioner, Arunachal Pradesh Power Corporation Private Limited, has filed the present petition for up-gradation of its inter-State trading licence in electricity from Category III to Category II for whole of India.

2. By order dated 11.9.2012, Arunachal Pradesh Power Corporation Private Limited (licensee) was granted trading licence for Category III to trade in electricity as an electricity trader in accordance with Central Electricity Regulatory Commission (Procedure, Terms and Conditions of Trading licence and other related matters) Regulations, 2009 as amended from time to time

(hereinafter referred to as the "Trading Licence Regulations"), subject to the terms and conditions contained in the licence.

3. The third proviso to Regulation 7 (b) of the Trading Licence Regulations provides as under:

"Provided also that a licensee may make an appropriate Application accompanied by prescribed fees for up-gradation 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 in Regulation 6 of these regulations."

4. The licensee has filed an application for up-gradation of its licence in accordance with Trading Licence Regulations. On perusal of the application, we find that the applicant being a Category III licensee fulfills all technical requirements for grant of Category II inter-State trading licence. As regards the net worth requirements for Category II, Regulation 3 (3) of the Trading Licence Regulations provides that a person applying for Category II trading licence should have net worth ₹ 15 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. As per Regulation 6 (1) (b) of the Trading Licence Regulations, the applicant is required to submit the special balance sheet as on any date falling within 30 days immediately preceding the date of making the application. The licensee filed its application under affidavit dated 31.5.2016 and submitted the annual accounts for the years 2014-15, 2015-16 and audited special balance sheet as on 27.5.2016.

5. Based on the Special Audited Balance Sheet as on 27.5.2016 submitted by the petitioner, its net worth has been worked out as given below:

(₹ in lakh)

<b>Net Worth Computation</b>	<b>As per Audited Special Balance Sheet as on 27.5.2016</b>
Particulars	
<b>A) Paid up equity capital (1)</b>	<b>1394.00</b>
<b>B) Reserves &amp; Surplus</b>	
B.1. Capital Reserves	0.00
B.2. Capital Redemption Reserve	0.00
B.3. Debenture Redemption Reserve	0.00
B.4. Revaluation Reserve	0.00
B.5. Share Options Outstanding Account & Reserves other than free reserves	0.00
B.6. Securities Premium Reserve	0.00
B.7. Surplus (P & L Account)	200.81
B.8. Other Free Reserves	0.00
<b>Free Reserves &amp; Surplus Considered for Net worth (2) (B6+B7+B8)</b>	<b>200.81</b>
<b>C) Loans &amp; Advances given to associates (3)</b>	<b>0.00</b>
<b>D) Deferred Expenditure (including Misc. Expenses) not written off (4)</b>	<b>0.000</b>
<b>Net Worth (1+2-3-4)</b>	<b>1594.81</b>

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

(₹ in lakh)

<b>Net worth (Asset approach), Current Ratio &amp; Liquidity Ratio Computation</b>	<b>As on 27.5.2016</b>
<b>A) Non-current Assets</b>	
A.1. Net block of Tangible Asset	27.91
A.2. Net Block of Intangible Asset	0.00
A.3. Capital work in progress	0.00
A.4. Intangible Assets under development	0.00
A.5. Non-Current Investments	0.00
A.6. Deferred Tax Assets	3.40
A.7. Long-term loans and advances	283.94
A.7.1 Less: Loans & Advances given to Associates included in above	0.00
<b>A.7.2 Net Long Term Loans &amp; Advances (A.7 - A.7.1)</b>	<b>283.94</b>
A.8. Other Non Current Asset	0.00
A.9. Deferred Expenditure (including Misc. Expenses) not written off (Not considered for net worth computation)	0.00

<b>Total Non-Current Assets</b>	315.26
<b>Total Non-Current Assets considered for net worth (1)</b>	<b>315.26</b>
<b>B. Non-Current Liabilities, Pref. Share &amp; Share Application money and Reserves other than free reserves</b>	
B.1 Share application money pending allotment	0.00
B.2 Preference Share Capital	0.00
B.3 Long term Borrowings	0.00
B.4 Deferred tax Liabilities	0.00
B.5 Other Long Term Liabilities	0.00
B.6 Long Term provisions	0.00
B.7 Reserves other than free reserves	0.00
<b>Total Non-Current Liabilities, Reserves other than free reserves considered for Net worth (2)</b>	<b>0.00</b>
<b>C. Current Assets</b>	
C.1. Current Investments	0.00
C.2. Inventories	0.00
C.3. Trade Receivables	596.11
C.4. Cash and cash equivalents	344.24
C.5 Short Term Loans & Advances	1134.07
C.5.1 Less: Loans and Advances given to associates	0.00
<b>C.5.2 <i>Net Short Term Loan and Advances(C.5 - C.5.1)</i></b>	<b>1134.07</b>
C.6 Other current assets (other receivables)	0.00
C.7 Deferred Expenditure (including Misc. Expenses) not written off (not considered for net worth & Liquidity purpose)	0.00
Total Current Assets	<b>2074.42</b>
<b>Total Current Asset considered for Net worth (3)</b>	<b>2074.42</b>
<b>D. Current Liabilities</b>	
D.1. Short-term Borrowings	379.17
D.2. Trade payables	0.00
D.3. Other Current liabilities (advance from customers, other expenses)	414.25
D.4. Short-term provisions	1.44
<b>Total Current Liabilities considered for Net worth (4)</b>	<b>794.87</b>
<b>Net worth ((1-2)+(3-4))</b>	<b>1594.81</b>

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

<b>Particulars</b>	<b>27.5.2016</b>
Net Worth (₹ in lakh)	<b>1594.81</b>
Current Ratio	<b>2.61</b>
Liquidity ratio	<b>2.61</b>

8. In accordance with Regulation 3 (2) of the Trading Licence Regulations, the petitioner should have at least one full time professional having, qualifications and experience in power system operation and commercial aspects of power transfer and finance, commerce and accounts. During the course of hearing, the petitioner was directed to confirm that the professionals mentioned in the application are full time professionals in terms of Regulation 3 (2) of the Trading Licence Regulations. The petitioner vide its affidavit dated 16.11.2016 has submitted that the professionals as provided in the affidavit are full time professionals in terms of Regulation 3 (2) of the Trading Licence Regulations.

9. On consideration of the above facts, we are satisfied that the petitioner meets the net worth, current ratio and liquidity ratio requirements specified by the Commission for grant of Category-II licence and satisfy the requirement stipulated in the Regulation 3 (2) of the Trading Licence Regulations. Accordingly, we approve the up-gradation of the licence of the petitioner from Category III to Category-II for whole of India.

10. 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.

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

12. The petition stands disposed of accordingly.

**Sd/-**  
**(Dr. M.K. Iyer)**  
**Member**

**sd/-**  
**(A.S. Bakshi)**  
**Member**

**sd/-**  
**(A.K. Singhal)**  
**Member**

**sd/-**  
**(Gireesh B. Pradhan)**  
**Chairperson**