

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 72/MP/2017

Coram:

Shri Gireesh B. Pradhan, Chairperson

Shri A.K.Singhal, Member

Shri A.S.Bakshi, Member

Dr. M.K.Iyer, Member

Date of Order : 12th of May, 2017

In the matter of

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

And

In the matter of

Shyam Indus Power Solutions Private Limited
C-11, Rajouri Garden,
Ring Road, New Delhi-110 027

Petitioner

The Following were present:

Shri Sunil Soni, SIPSPL

Shri Rajesh Kumar, SIPSPL

ORDER

The Petitioner, Shyam Indus Power Solutions Private Limited, has filed the present petition for up-gradation of its inter-State trading licence in electricity from Category IV to Category III.

2. By order dated 11.11.2008, Shyam Indus Power Solutions Private Limited (licensee) was granted trading licence for Category A 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, 2004. Consequent to the notification of the Central Electricity Regulatory Commission (Procedure, Terms and Conditions of Trading licence and other related matters) Regulations, 2009 (hereinafter referred to as the "Trading Licence Regulations") 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 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:

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. On perusal of the application, we find that the applicant being a Category IV licensee fulfills all technical requirements 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 provides that a person applying for Category III 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. 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 8.2.2017 and submitted the annual accounts for the year 2013-14, 2014-15 and 2015-16 and audited special balance sheet as on 27.1.2017.

5. Based on the Special Audited Balance Sheet as on 27.1.2017 submitted by the licensee, its net worth has been worked out as given below:

(₹ in lakh)

Net Worth Computation	As per Audited Special Balance Sheet as on 27.1.2017
Particulars	
A) Paid up equity capital (1)	3662.30
B) Reserves & Surplus	
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	8160.87
B.7. Surplus (P & L Account)	5138.27
B.8. Other Free Reserves	0.00
Free Reserves and Surplus Considered for Net worth (2) (B6+B7+B8)	13299.14
C) Loans & Advances given to associates (3)	0.00
D) Deferred Expenditure (including Misc. Expenses) not written off (4)	0.000
Net Worth (1+2-3-4)	16961.44

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

(₹ in lakh)

Net worth (Asset approach), Current Ratio & Liquidity Ratio Computation	As on 27.1.2017
A) Non-current Assets	
A.1. Net block of Tangible Asset	1093.84
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 (investment in equity shares of subsidiary co.)	2419.55
A.6 Deferred Tax Assets	0.00
A.7 Long-term loans and advances (i.e. tax receivables, EMD and Security)	1962.29
A.7.1 Less: Loans & Advances given to Associates included in above	0.00
A.7.2 <i>Net Long Term Loans and Advances (A.7 - A.7.1)</i>	1962.29
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
Total Non-Current Assets	5475.68
Total Non-Current Assets considered for net worth (1)	5475.68
B. Non-Current Liabilities, Pref. Share & Share Application money and Reserves other than free reserves	
B.1 Share application money pending allotment	0.00
B.2 Preference Share Capital	0.00
B.3 Long term Borrowings	1089.26
B.4 Deferred tax Liabilities	3.43
B.5 Other Long Term Liabilities	0.00
B.6 Long Term provisions	929.07
B.7 Reserves other than free reserves	0.00
Total Non-Current Liabilities, Reserves other than free reserves considered for Net worth (2)	2021.76
C. Current Assets	
C.1. Current Investments	1223.00
C.2. Inventories	3812.93
C.3. Trade Receivables	22494.21
C.4. Cash and cash equivalents	4003.56
C.5 Short Term Loans & Advances	2642.82
C.5.1 Less: Loans and Advances given to associates	0.00
C.5.2 <i>Net Short Term Loan and Advances(C.5 - C.5.1)</i>	2642.82
C.6 Other current assets (i.e sales tax, service tax, receivables and prepaid expenses)	978.00
C.7 Deferred Expenditure (including Misc. Expenses) not written off (not considered for net worth & Liquidity purpose)	0.00
Total Current Assets	35154.52

Total Current Asset considered for Net worth (3)	35154.52
D. Current Liabilities	
D.1. Short-term Borrowings	12644.78
D.2. Trade payables	7048.79
D.3. Other Current liabilities (i.e. expenses payable, and duties and taxes payable)	1683.14
D.4. Short-term provisions	270.30
Total Current Liabilities considered for Net worth (4)	21647.01
Net worth [(1-2)+(3-4)]	16961.44

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

Particulars	27.1.2017
Net Worth (₹ in lakh)	16961.44
Current Ratio	1.62
Liquidity ratio	1.45

8. In accordance with Regulation 3 (2) of the Trading Licence Regulations, the applicant 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. The licensee has submitted that the details of the 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 licensee meets the net worth, current ratio and liquidity ratio requirements specified by the Commission for grant of Category-III 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 licensee from Category IV to Category-III.

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