

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 121/MP/2018

**Coram:
Shri P.K.Pujari, Chairperson
Dr. M.K.Iyer, Member**

Date of Order : 3rd of December, 2018

In the matter of

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

And

In the matter of

ABJA Power Private Limited
5th Floor, Block 3, My Home Hub,
Madhapur, Hyderabad, Telangana-500 081.

Petitioner

Following was present:

Shri Suresh Kumar, APPL

ORDER

The Petitioner, ABJA Power Private Limited, has filed the present petition for down-gradation of its inter-State trading licence in electricity from Category II to Category III.

2. By order dated 26.4.2011, My Home Power Limited (hereinafter referred to as 'the licensee') was granted trading licence for Category III to trade in electricity as an electricity trader in the whole of India 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. Subsequently, vide order dated 29.5.2013 in Petition No. 103/RC/2013, the licence for licensee was upgraded from Category 'III' to Category 'II' with effect from 2.1.2017. Vide order dated 2.1.2017 in Petition No. 238/MP/2016, name of the licensee was changed from 'My Home Power Limited' to 'ABJA Power Private Limited.

3. The Petitioner has submitted that in view of the stiff and tough competition in power market and looking at the future business potential of trading, it is seeking down-gradation of its trading licence from Category 'II' to Category 'III' and is desirous to trade not more than 500 MUs in a year.

4. We have considered the submission of the Petitioner. The third and fourth provisos 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."

5. The licensee has filed an application for down-gradation of its licence in accordance with Trading Licence Regulations. On perusal of the application, we find that the applicant being a Category II 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.

6. The applicant has submitted the Audited Balance Sheet as on 31.3.2018. Based on the Audited Balance Sheet submitted by the Petitioner its net worth has been worked out as under:

Net Worth Computation	As per Audited Balance Sheet as on 31.3.2018
Particulars	(Rs. in lakh)
A) Paid up equity capital (1)	550.02
B) Reserves and 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 and Reserves other than free reserves	0.00
B.6. Securities Premium Reserve	0.00
B.7. Surplus (P & L Account)	478.24
B.8. Other Free Reserves (i.e. general reserve)	1742.39
Free Reserves and Surplus Considered for Net worth (2) (B6+B7+B8)	2220.64
C) Loans and Advances given to associates (3)	1145.00
D) Deferred Expenditure (including Misc. Expenses) not written off (4)	0.00
Net Worth (1+2-3-4)	1625.66

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

Particulars	As per Audited Balance Sheet as on 31.3.2018
A) Non-current Assets	(Rs. in lakh)
A.1. Net block of Tangible Asset	10.57

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	198.64
A.7 Long-term loans and advances	1145.00
A.7.1 Less: Loans & Advances given to Associates included in above	1145.00
A.7.2 Net Long Term Loans and Advances (A.7 - A.7.1)	0.00
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	1354.21
Total Non-Current Assets considered for net worth (1)	209.21
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	0.48
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
Total Non-Current Liabilities, Reserves other than free reserves considered for Net worth (2)	0.48
C. Current Assets	
C.1. Current Investments	0.00
C.2. Inventories	8.48
C.3. Trade Receivables	1148.99
C.4. Cash and cash equivalents	5288.56
C.5 Short Term Loans & Advances	11.86
C.5.1 Less: Loans & Advances given to associates	0.00
C.5.2 Net Short Term Loan and Advances (C.5 - C.5.1)	11.86
C.6 Other current assets (deposits, receivables, prepaid insurance,	621.83

prepaid expenses interest accrued but not received)	
C.7 Deferred Expenditure (including Misc. Expenses) not written off (not considered for net worth & Liquidity purpose)	0.00
Total Current Assets	7079.71
Total Current Asset considered for Net worth (3)	7079.71
D. Current Liabilities	
D.1. Short-term Borrowings	0.00
D.2. Trade payables	0.00
D.3. Other Current liabilities (creditors for expenses advances from customers)	5630.68
D.4. Short-term provisions	32.09
Total Current Liabilities considered for Net worth (4)	5662.78
Net worth ((1-2)+(3-4))	1625.66

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

Particulars	31.3.2018
Net Worth (Rs. in lakh)	1625.66
Current Ratio	1.25
Liquidity ratio	1.25

9. Since, the Petitioner meets the net worth, current ratio and liquidity ratio requirements specified by the Commission for grant of Category III licence in Trading Licence Regulations, we approve the down gradation of the licence of the Petitioner from Category II to Category III. The licensee shall remain bound by the terms and conditions contained in the order dated 26.4.2011.

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. Petition No. 121/MP/2018 stands disposed of accordingly.

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

sd/-
(P.K.Pujari)
Chairperson