

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 317/TD/2018

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

Date of Order : 18th of January, 2019

In the matter of

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

And

In the matter of

Manikaran Power Limited
Manikaran Tower,
Kilburn Colony, P.O. Hinoo,
Ranchi-834 002, Jharkhand

..Petitioner

Following was present:

Shri Nishant Kumar, Advocate, MPL

ORDER

This petition has been made by the Manikaran Power Limited for up-gradation of its inter-State trading licence in electricity from Category II to Category I.

2. By order dated 29.6.2012, Manikaran Power Limited was granted trading licence for Category IV 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 (hereinafter referred to as the "Trading Licence Regulations"), subject to the terms and conditions contained in the

licence. Based on the request of the Manikaran Power Limited, vide order dated 8.6.2013 in Petition No. 90/RC/2013, the licence was upgraded from Category-III to II. The Petitioner applied for up-gradation of its trading licence from Category II to Category I. Subsequently, the Petitioner sought permission to withdraw the Petition with liberty to approach the Commission along with all relevant documents satisfying the networth criteria, etc. The Commission in its order dated 20.9.2018 in Petition No. 441/RC/2014 accepted the Petitioner's request.

3. The Petitioner has submitted that from the financial year 2014-15 onwards, the market structure seems favourable towards power trading and the same is constantly evolving for power traders due to mechanisms such as open access and power exchanges, etc. The Petitioner has submitted that better opportunities are emerging in the future for investors due to factors like inter-State power trading, growth in demand, generation capacity addition, favourable transmission pricing structures, etc. Therefore, the Petitioner is willing to upgrade its trading licence so that it may carry on the electricity trading without any limit. The Petitioner has submitted that it has complied with all the directions of the Commission and has paid outstanding licence fees along with surcharge.

4. The Petitioner, vide Record of Proceedings for the hearing dated 12.12.2018, was directed to submit the special balance sheet. The Petitioner vide its affidavit dated 20.12.2018 has furnished the special balance sheet as on 15.9.2018.

5. During the course of hearing on 9.1.2019, learned counsel for Petitioner sought permission to upload the Director`s Report of the Petitioner company on the e-portal which was permitted by the Commission.

6. 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 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 in Regulation 6 of these regulations.

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

7. The Petitioner 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 II licensee fulfills all technical requirements for grant of Category I inter-State trading licence. As regards the net worth requirements for Category I, Regulation 3 (3) of the Trading Licence Regulations provides that a person applying for Category I trading licence should have net worth ₹ 50 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.

8. The Petitioner has submitted the audited special balance sheet as on 15.9.2018 and the Director`s Report on 9.1.2019. Based on the Special Audited Balance Sheet and Director`s Report submitted by the Petitioner, its net worth has been worked out as given below:

Net Worth Computation	As per audited Balance Sheet as on 15.9.2018
Particulars	(Rs. in lakh)
A) Paid up equity capital (1)	3414.28
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	1454.64
B.7. Surplus (P & L Account)	1640.84
B.8. Other Free Reserves (i.e. General Reserve)	0.00
Total of Reserve and Surplus	3095.48
Free Reserves and Surplus Considered for Net worth (2) (B6+B7+B8)	3095.48
C) Loans and Advances given to associates (3)	776.52
D) Deferred Expenditure (including Misc. Expenses) not written off (4)	0.00
Net Worth (1+2-3-4)	5733.24

9. The net worth of the Petitioner is further represented by the following:

Particulars	As per audited Balance Sheet as on 15.9.2018
A) Non-current Assets	(Rs. in lakh)
A.1. Net block of Tangible Asset	913.29
A.2. Net Block of Intangible Asset	6.77
A.3. Capital work in progress	189.74
A.4. Intangible Assets under development	0.00
A.5. Non-Current Investments	0.00
A.6. Deferred Tax Assets	24.10
A.7. Long-term loans and advances (i.e. capital advance)	3739.75
A.7.1 Less: Loans & Advances given to Associates included in above	0.00
A.7.2 Net Long Term Loans and Advances (A.7 - A.7.1)	3739.75

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	4873.65
Total Non-Current Assets considered for net worth (1)	4873.65
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	0.00
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
Total Non-Current Liabilities, Reserves other than free reserves considered for Net worth (2)	0.00
C. Current Assets	
C.1. Current Investments	3370.70
C.2. Inventories	0.00
C.3. Trade Receivables	1623.78
C.4. Cash and cash equivalents	3210.92
C.5 Short Term Loans & Advances	3499.73
C.5.1 Less: Loans & Advances given to associates	776.52
C.5.2 <i>Net Short Term Loan and Advances(C.5 - C.5.1)</i>	2723.20
C.6 Other current assets	0.00
C.7 Deferred Expenditure (including Misc. Expenses) not written off (not considered for net worth & Liquidity purpose)	0.00
Total Current Assets	11705.13
Total Current Asset considered for Net worth (3)	10928.61
D. Current Liabilities	
D.1. Short-term Borrowings (i.e. Bank O/D and cash credit)	347.39
D.2. Trade payables	5740.14

D.3. Other Current liabilities creditors for supplies, creditors for expenses advances from customers)	3981.49
D.4. Short-term provisions	0.00
Total Current Liabilities considered for Net worth (4)	10069.02
Net worth ((1-2)+(3-4))	5733.24

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

Particulars	15.9.2018
Net Worth (Rs. in lakh)	5733.24
Current Ratio	1.09
Liquidity ratio	1.09

11. 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 I licence. Accordingly, we approve the up-gradation of the licence of the Petitioner from Category II to Category I. The Petitioner shall remain bound by the terms and conditions contained in the order dated 29.6.2012.

12. 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.

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

14. Petition No. 317/TD/2018 stands disposed of accordingly.

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

sd/-
(P.K.Pujari)
Chairperson