

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

- 1. Dr. Pramod Deo, Chairperson**
- 2. Shri Bhanu Bhushan, Member**
- 3. Shri R. Krishnamoorthy, Member**
- 4. Shri S. Jayaraman, Member**

**I.A. No. 40/2008 in
Petition No.31/2004**

In the matter of

Grant of licence for inter-State trading in electricity to Global Energy Limited.

And in the matter of

Global Energy Limited. Mumbai.

..Applicant

ORDER

This interlocutory application has been made by the applicant for upgradation of its licence for inter-State trading in electricity from Category `A` to Category `F`.

2. The applicant, who on 28.11.2008 was granted Category `A` licence for inter-State trading in electricity in whole of India up to 100 MU in a year has stated that it has already started inter-State electricity trading activities. The applicant has further submitted that recently tender for supply of power invited by the Kerala State Electricity Board has specifically stipulated that the trading licensee submitting its offer should have a Category `F` licence. The applicant seeks upgradation of its licence to meet the requirement.

3. The applicant has submitted that it meets the minimum net worth of Rs. 20 crore for grant of Category `F` trading licence as prescribed in Regulation 6 of the Central Electricity Regulatory Commission (Procedure, Terms and Conditions of Trading Licence and other matters) Regulations, 2004 (the 2004 regulations) and

also meets the technical requirement of Regulation 5 of the 2004 regulations. In support of its contention, the applicant has enclosed a certificate dated 25.9.2008 from Chartered Accountant, M/s Chhabra & Associates, New Delhi.

4. Clause (b) of Regulation 7 of the 2004 regulations provides as under:

“The licensee shall increase his net worth if the volume of trade moves from a lower category to a higher category and the change of category shall be decided based on the volume of electricity traded as on 31st March of each year, and of which the licensee shall keep the Commission informed of his moving from one category to the other and subsequent changes in the net worth:

Provided that in case the licensee proposed to increase the volume of electricity to be traded in a year, he may increase his net worth in keeping with his proposal, obtain prior approval of the Commission to his proposal and pay the licence fee as applicable for the higher category.”

5. From the annual report for the years 2003-04, 2005-06, 2006-07 and 2007-08 of the applicant company, its net worth values have been worked out as detailed below:

(Rs. in lakh)

Year	2003-04	2004-05	2005-06	2006-07	2007-08
1 Share Capital					
Paid up equity capital	700.05	700.05	1,490.95	1,690.95	1,690.95
2 Reserves and Surplus					
General Reserve					
Surplus in P/L A/C	51.38	- 113.09	- 228.66	119.47	1,206.80
Share premium Account	900.00	900.00	900.00	900.00	900.00
Sub-Total 2	951.38	786.91	671.34	1,019.47	2,106.80
Less:					
3 Misc. Expenses to the extent not written off or adjusted	2.51	9.23	8.26	7.28	-
4 Deferred Tax Assets		9.46	13.52	38.22	
5 Net Worth (1 + 2 - 3-4)	1,648.92	1,468.27	2,140.51	2,664.92	3,797.75

6. It is noted that the above net worth is represented by the following assets and liabilities:

(Rs. in lakh)

	Year	2003-04	2004-05	2005-06	2006-07	2007-08
1	Fixed Assets					
	Gross Block	3,208.11	3,233.36	3,257.41	3,908.05	5,117.72
	Less: Depreciation	188.33	312.49	435.60	565.10	753.88
	Net Block	3,019.78	2,920.87	2,821.81	3,342.95	4,363.84
	Capital Work-in-Progress					
	Sub-Total 1	3,019.78	2,920.87	2,821.81	3,342.95	4,363.84
2	Investments	-	-	-	-	318.58
3	Current Assets, Loans & Advances					
	Inventories	3.61	2.01	0.46	29.51	30.84
	Cash and Bank Balance	167.88	47.11	92.01	93.56	189.10
	Sundry Debtors	254.14	181.75	276.13	392.93	380.26
	Loans & Advances	172.71	210.10	178.13	223.24	385.07
	Other Current Assets					-
	Sub-Total 3	598.34	440.97	546.73	739.24	985.27
4	Current Liabilities & Provisions					
	Sundry Creditors	419.27	436.67	579.15	917.81	531.60
	Other Liabilities	326.29	290.88	290.88	- 5.29	32.57
	Provisions	4.50	4.50	7.00	60.15	306.38
	Sub-Total 4	750.06	732.05	877.03	972.67	870.55
5	Loans					
	Secured Loans	113.24	116.22	100.65	117.19	502.11
	Unsecured Loans	-	19.17	23.02	18.27	11.72
	Deferred Credits		-	-	296.17	296.17
	Sub-Total 5	113.24	135.39	123.67	431.63	810.00
6	Items not considered for Net worth					
	Share application money	1,081.11	1,026.13	227.33	12.97	180.90
	Defrred Tax Liabilities	24.79				8.49
	Sub-Total 6	1,105.90	1,026.13	227.33	12.97	189.39
	Net Worth(1+2+3-4-5-6)	1,648.92	1,468.27	2,140.51	2,664.92	3,797.75

7. On consideration of the above facts, we are satisfied that the applicant meets the net worth requirement specified by the Commission for grant of licence for Category `F`. Accordingly, we direct that Category `A` licence granted to the applicant be upgraded to Category `F` for trading in electricity in whole of India,. We direct that necessary endorsement regarding change from Category `A` to Category `F` be made in the licence already granted to the applicant.

8. I.A No.40/2008 is, accordingly, disposed of.

Sd/- **sd/-** **sd/-** **sd/-**
(S.JAYARAMAN) (R.KRISHNAMOORTHY) (BHANU BHUSHAN) (DR. PRAMOD DEO)
MEMBER MEMBER MEMBER CHAIRPERSON
New Delhi dated the 22nd December 2008