

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

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

**I.A. No. 6 /2008 in
Petition No.7/2004**

In the matter of

Grant of licence for inter-State trading in electricity to Vingery International Private Limited, Mumbai.

And in the matter of

Vingery International Private 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 `B` to Category `F`.

2. The applicant, who was granted on 12.7.2004 Category `B` licence for inter-State trading in electricity in whole of India, except the State of Jammu and Kashmir up to 200 MU in a year has stated that it has already started inter-State electricity trading activities. The applicant has further submitted that it has plans to strengthen its power trading business to undertake more volume of electricity trading for which a higher category, Category `F` trading licence is essential.

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) amended from time to time. It also meets the technical requirement of Regulation 5 of the 2004 regulation. In support of its contention, the applicant has enclosed a certificate dated 19.4.2008 from Chartered Accountant, M/s Suresh C. Shah, Mumbai.

4. Clause (b) of Regulations 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 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)

		2005-06	2006-07	2007-08 (Provisional)
1	Share capital			
	Paid up equity capital	126.86	127.80	128.44
	Sub-total 1	126.86	127.80	128.44
2	Reserves and Surplus			
	Securities premium	324.06	473.13	574.89
	General Reserve	320.62	393.26	393.26
	P/L Account	1,608.64	2,116.66	2,856.14
	Sub-total 2	2,253.32	2,983.04	3,824.29
3	Mis. Expenses to the extent not written off or adjusted			
	Preliminary expenses			
	Pre-operative expenses			
	Sub-total 3	-	-	-
	Net worth (1+2-3)	2,380.18	3,110.84	3,952.73

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

(Rs. in lakh)

Year	2005-06	2006-07	2007-08 (Provisional)
1 Fixed Assets			
Gross Block	956.78	1,054.45	1,884.29
Less: Depreciation	216.00	314.57	295.50
Net Block	740.77	739.87	1,588.79
Capital Work-in-Progress			
Sub-Total 1	740.77	739.87	1,588.79
2 Investments	89.03	131.54	134.68
3 Current Assets, Loans & Advances			
Inventories	45.97	428.68	2,221.03
Cash and Bank Balance	223.05	179.63	167.47
Sundry Debtors	4,920.58	5,797.21	5,647.50
Loans & Advances	746.34	994.21	2,869.42
Other Current Assets			
Sub-Total 3	5,935.94	7,399.72	10,905.42
4 Current Liabilities & Provisions			
Sundry Creditors	698.86	683.52	2,253.75
Other Liabilities	154.87	409.84	303.15
Provisions	28.93	2.06	1.27
Sub-Total 4	882.66	1,095.41	2,558.17
5 Loans			
Secured Loans	2,710.33	3,355.85	5,347.30
Unsecured Loans	621.08	597.16	658.82
Sub-Total 5	3,331.41	3,953.01	6,006.12
6 Items not considered for Net worth			
Share application Money	50.00		
Deferred Tax Liability	121.49	111.88	111.88
Sub-Total 6	171.49	111.88	111.88
Net Worth(1+2+3-4-5-6)	2,380.18	3,110.84	3,952.72

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 `B` licence granted to the applicant be upgraded to Category `F` for trading in electricity in whole of India, except the State of Jammu and Kashmir. We direct that necessary endorsement

regarding change from Category `B` to `F` be made in the licence already granted to the applicant.

8. I.A No.6/2008 is, accordingly, disposed of.

Sd/-
(R.KRISHNAMOORTHY)
MEMBER

New Delhi dated the 17th June 2008

sd/-
(BHANU BHUSHAN)
MEMBER

sd/-
(DR. PRAMOD DEO)
CHAIRPERSON