

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

1. Dr. Pramod Deo, Chairperson
2. Shri Bhanu Bhushan, Member
3. Shri S.Jayaraman, Member

Petition No.111/2008

In the matter of

Application for grant of inter-State trading licence in electricity to Knowledge Infrastructure Systems Pvt. Ltd.

And in the matter of

Knowledge Infrastructure Systems Pvt. Ltd., New Delhi **..Applicant**

The following were present:

1. Shri Vipin Mahajan, KISPL
2. Shri Ravi Dabral, KISPL
3. Shri Kapil Jain, KISPL

**ORDER
(DATE OF HEARING: 18.11.2008)**

The applicant, a company registered under the Companies Act, 1956 has made the present application under sub-section (1) of section 15 of the Electricity Act, 2003 (the Act) for grant of licence for category `F` for inter-State trading in electricity in whole of India. The Memorandum of Association of the applicant covers trading in electricity as one of its main objects. The notices under sub-section (2) of Section 15 of the Act read with clause (4) of Regulation 4 of the Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of Trading licence and other related matters) Regulations, 2004 (hereinafter referred to as "the trading regulations") have been published by the applicant. No objections have been received on the public notices.

2. As per Regulation 6, the net worth of the electricity trader at the time of filing of application should not be less than Rs. 20.00 crore in case of an applicant for category `F`.

3. From the balance sheet of the applicant company, its net worth values have been worked out as detailed below:

(Rs. in lakh)

| Year | 2004-05 | 2005-06 | 2006-07 | 2007-08 | As on 11.9.2008 |
|---|-------------|-------------|---------------|----------------|--------------------|
| 1 Share Capital | | | | | |
| Paid up equity capital | 1.00 | 5.00 | 135.00 | 535.00 | 535.00 |
| 2 Reserves and Surplus | | | | | |
| Surplus in P/L A/C | 0.12 | 0.62 | 241.20 | 1578.90 | 1622.17 |
| General Reserve A/C | | | - | 750.00 | 750.00 |
| Sub Total 2 | 0.12 | 0.62 | 241.20 | 2328.90 | 2372.17 |
| 3 Misc.Expenses to the extent not written off or adjusted | 0.10 | 0.07 | 0.03 | - | |
| Net Worth (1 + 2 - 3) | 1.02 | 5.55 | 376.17 | 2863.90 | 2907.17 |

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

(Rs. in lakh)

| Year | 2004-05 | 2005-06 | 2006-07 | 2007-08 | As on 11.9.2008 |
|---|--------------|--------------|-----------------|-----------------|--------------------|
| 1 Fixed Assets | | | | | |
| Gross Block | 0.64 | 2.10 | 148.37 | 267.57 | 357.34 |
| Less: Depreciation | 0.07 | 0.38 | 3.59 | 36.86 | 57.19 |
| Net Block | 0.57 | 1.72 | 144.79 | 230.71 | 300.15 |
| Capital Work-in-Progress | | | | | |
| Sub-Total 1 | 0.57 | 1.72 | 144.79 | 230.71 | 300.15 |
| 2 Investments | | | | 164.63 | 163.21 |
| 3 Current Assets, Loans & Advances | | | | | |
| Inventories | - | - | 3746.61 | 585.14 | 5951.87 |
| Cash and Bank Balance | 0.40 | 1.27 | 1646.14 | 2085.90 | 1850.58 |
| Sundry Debtors | | 45.62 | 3679.01 | 11321.35 | 3291.66 |
| Loans & Advances | 21.17 | 5.26 | 1605.40 | 1448.95 | 3072.94 |
| Other Current Assets | | | | | |
| Sub-Total 3 | 21.58 | 52.15 | 10677.16 | 15441.34 | 14167.05 |
| 4 Current Liabilities & Provisions | 18.49 | 12.92 | 10443.11 | 12953.94 | 9167.44 |
| 5 Loans | | | | | |
| Secured loans | | | 0.34 | 6.18 | 2542.14 |
| Unsecured loans | 2.63 | 35.25 | | | |
| Sub-Total 5 | 2.63 | 35.25 | 0.34 | 6.18 | 2542.14 |
| 6 Items not to be considered | | | | | |
| Deferred tax liability | | 0.15 | 2.33 | 12.65 | 12.65 |
| Share application money | | | | | 1.00 |
| Sub-Total 6 | 0.00 | 0.15 | 2.33 | 12.65 | 13.65 |
| Net Worth(1+2+3-4-5-6) | 1.02 | 5.55 | 376.17 | 2863.90 | 2907.17 |

5. On consideration of the above facts, we are satisfied that the applicant meets the net worth requirements specified by the Commission for grant of category `F` licence. Therefore, *prima facie*, based on its net worth, the applicant qualifies for grant of licence for inter-State trading as category `F` electricity trader.

6. The main objects of the applicant include transmission of electricity. In accordance with third proviso to Section 41 of the Act, a transmission licensee cannot undertake trading in electricity. The applicant has filed an affidavit dated 12.9.2008 to the effect that if it is granted trading licence, it shall not apply for a transmission licence before the Central or State Commissions without surrendering the trading licence. The applicant shall remain bound by the undertaking given.

7. In the light of the foregoing, the Commission proposes to grant the licence to the applicant for category `F`. We direct that a notice under clause (a) of sub-section (5) of Section 15 of the Act be issued inviting further suggestions or objections to the proposal of the Commission.

8. List this petition for further directions on 11.12.2008.

| | | |
|--|------------------------|------------------------|
| Sd/- | sd/- | sd/- |
| (S.JAYARAMAN) | (BHANU BHUSHAN) | (DR.PROMOD DEO) |
| MEMBER | MEMBER | CHAIRPERSON |
| New Delhi dated the 24th November 2008 | | |