

**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**

**Petition No. 3/2008**

**In the matter of**

Application for grant of inter-State trading licence to Jain Energy Limited.

**And in the matter of**

Jain Energy Limited, Kolkata

**.... Applicant**

**The following were present:**

1. Shri H.K.Kando, JEL
2. Shri K.S.Arora, JEL

**ORDER  
(Date of Hearing: 16.9.2008)**

The applicant, a company registered under the Companies Act, 1956 (1 of 1956) has made the present application under sub-section (1) of Section 15 of the Electricity Act, 2003 (36 of 2003) (the Act) for grant of category `B` licence for inter-State trading in electricity in whole of India, except the State of Jammu & Kashmir. Trading in electricity is covered under the main objects of the applicant-company. Although transmission of electricity is another main object of the applicant, the applicant vide its affidavit dated 7.12.2007 has undertaken that it will not engage in the business of transmission in electricity without surrendering trading licence.

2. 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 (the 2004 regulations) have been published by the applicant. No objections have been received on the public notices.

3. In accordance with Regulation 6 of the 2004 regulations, a person applying for Category `B` trading licence should have net worth of Rs. 300 lakh.

4. Based on the balance sheets, the net worth of the applicant has been worked out as given below:

(Rs. in lakh)

	2004-05	2005-06	2006-07	As on 31.12.2007
<b>1 Share capital</b>				
Paid up equity capital	19.00	19.00	19.00	99.20
<b>Sub-total 1</b>	<b>19.00</b>	<b>19.00</b>	<b>19.00</b>	<b>99.20</b>
<b>2 Reserves and Surplus</b>				
Securities premium	56.00	56.00	56.00	376.80
<b>Sub-total 2</b>	<b>56.00</b>	<b>56.00</b>	<b>56.00</b>	<b>376.80</b>
<b>3 Mis. Expenses to the extent not written off or adjusted</b>				
Preliminary expenses	1.17	0.84	0.84	0.84
Pre-operative expenses	1.14	2.95	30.39	72.92
<b>Sub-total 3</b>	<b>2.32</b>	<b>3.79</b>	<b>31.23</b>	<b>73.76</b>
<b>Networth (1+2-3)</b>	<b>72.68</b>	<b>71.21</b>	<b>43.77</b>	<b>402.24</b>

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

(Rs. in lakh)

	Year	2004-05	2005-06	2006-07	As on 31.12.2007
1	<b>Fixed Assets</b>				
	Gross Block			0.32	0.32
	Less: Depreciation			0.01	0.06
	Net Block	-	-	0.31	0.27
	Capital Work-in-Progress				
	<b>Sub-Total 1</b>	<b>-</b>	<b>-</b>	<b>0.31</b>	<b>0.27</b>
2	<b>Investments</b>	<b>25.00</b>	<b>25.00</b>	<b>25.00</b>	<b>25.00</b>
3	<b>Current Assets, Loans &amp; Advances</b>				
	Inventories				
	Cash and Bank Balance	8.20	2.23	1.03	22.17
	Sundry Debtors				
	Loans & Advances	40.00	76.00	585.11	599.85
	Other Current Assets				
	<b>Sub-Total 3</b>	<b>48.20</b>	<b>78.23</b>	<b>586.14</b>	<b>622.02</b>
4	<b>Current Liabilities &amp; Provisions</b>				
	Sundry Creditors	0.52	1.02	3.10	2.88
	Other Liabilities				
	Provisions			0.04	0.03
	<b>Sub-Total 4</b>	<b>0.52</b>	<b>1.02</b>	<b>3.14</b>	<b>2.92</b>
5	<b>Loans</b>				
	Secured Loans				
	Unsecured Loans		13.00	231.54	242.13
	<b>Sub-Total 5</b>	<b>-</b>	<b>13.00</b>	<b>231.54</b>	<b>242.13</b>
6	<b>Items not considered for Net worth</b>				
	Share application Money		18.00	333.00	
	<b>Sub-Total 6</b>	<b>-</b>	<b>18.00</b>	<b>333.00</b>	<b>-</b>
	<b>Net Worth(1+2+3-4-5-6)</b>	<b>72.68</b>	<b>71.21</b>	<b>43.77</b>	<b>402.24</b>

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

7. Therefore, the Commission proposes to grant the licence to the applicant for Category `B`. 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. We further direct that the applicant shall always maintain the necessary liquidity for conduct of smooth trading operations.

8. List this petition for further directions on 14.10.2008.

<b>Sd/-</b>	<b>sd/-</b>	<b>sd/-</b>	<b>sd/-</b>
<b>(S.JAYARAMAN)</b> <b>MEMBER</b>	<b>(R.KRISHNAMOORTHY)</b> <b>MEMBER</b>	<b>(BHANU BHUSHAN)</b> <b>MEMBER</b>	<b>(DR PRAMOD DEO)</b> <b>CHAIRPERSON</b>

**New Delhi dated the 16<sup>th</sup> September, 2008**