

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

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

Petition No. 78/2008

In the matter of

Application for grant of licence for inter-State trading in electricity to GMR Energy Trading Ltd.

And in the matter of

GMR Energy Trading Ltd, Bangalore

... **Petitioner**

The following were present

1. Shri H.S. Chandhoke, Advocate, GMR Energy Trading Ltd
2. Shri Siddharth Kapur, Advocate, GMR Energy Trading Ltd
3. Shri Sunil Agrawal, GMR Energy Trading Ltd
4. Shri Raghunandan, GMR Energy Trading Ltd
5. Shri J.P. Rajaguru, GMR Energy Trading Ltd

**ORDER
(DATE OF HEARING : 11.9.2008)**

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 category 'F' licence for inter-State trading in electricity in whole of India. The applicant has also published notices as required vide clause (4) of Regulation 4 of the CERC (Procedure, Terms and Conditions for grant of Trading Licence and other related matters) Regulations, 2004, (hereinafter "the trading licence regulations"). No objection has been received in response to the notice. Trading in electricity is covered under the main objects of the Memorandum of Association of the applicant. Although transmission of electricity is another main object, the applicant has

vide its affidavit dated 7.5.2008 has undertaken that it shall not make an application to undertake transmission in electricity as a transmission licensee (inter-State and intra-State) without surrendering the trading licence if granted by the Commission.

2. Regulation 6 of the trading licence regulations specifies the net worth criteria of Rs. 20 crore for grant of category 'F' licence. The applicant had claimed that it had the required net worth as per the Auditor's certificate dated 25.4.2008. On examination of the details submitted by the applicant, it was observed that the applicant did not have the net worth. Accordingly, the applicant was directed to submit a special balance sheet and profit and loss account as on the date of application, as provided in the trading licence regulations.

3. The applicant has submitted a copy of the balance sheet as on 31.3.2008 and a special balance sheet as on 21.5.2008, based on which, the net worth of the company has been worked out as below:

(Rs. in lakh)

		As on 31.3.2008	As on 21.5.2008
1	Share capital		
	Paid up equity capital	200.00	2,100.00
	Share application pending allotment		
	Sub-total 1	200.00	2,100.00
2	Reserves and Surplus		
	Securities premium	-	-
	Sub-total 2	-	-
3	Mis. Expenses to the extent not written off or adjusted		
	Pre operative expenses	2.51	3.29
	Other expenses		
	Sub-total 3	2.51	3.29
	Networth (1+2-3)	197.49	2,096.71

4. Net worth is represented by the following:

(Rs. in lakh)

	Year	As at 31.3.2008	As at 21.5.2008
1	Fixed Assets		
	Gross Block		
	Less: Depreciation		
	Net Block	-	-
	Capital Work-in-Progress		
	Sub-Total 1	-	-
2	Investments		2,095.17
3	Current Assets, Loans & Advances		
	Inventories		
	Cash and Bank Balance	200.00	4.05
	Sundry Debtors		
	Loans & Advances		
	Other Current Assets		
	Sub-Total 3	200.00	4.05
4	Current Liabilities & Provisions		
	Sundry Creditors	2.51	2.51
	Other Liabilities		
	Provisions		
	Sub-Total 4	2.51	2.51
5	Loans		
	Secured Loans		
	Unsecured Loans		
	Sub-Total 5	-	-
6	Items not considered for Net worth		
	Share application Money		
	Sub-Total 6	-	-
	Net Worth(1+2+3-4-5-6)	197.49	2,096.71

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' trading licence. The applicant has also submitted on affidavit (dated 11.9.2008) that it will have sufficient cash for conducting its trading activities.

6. It was also observed that some of the associates and promoters of the applicant were involved in some litigation. With a view to examining eligibility of the applicant for grant of licence in terms of Regulation 6A of the trading licence regulations, the applicant was directed to submit certain additional documents.

7. The applicant submitted the necessary details vide its affidavit dated 5.8.2008.

8. We have gone through the details submitted by the applicant and are satisfied that the cases involving the associates and promoters of the applicant do not disqualify the latter from getting the trading licence.

9. Accordingly, 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.

10. List this petition for further directions on 14.10.2008.

Sd/-
(R. KRISHNAMOORTHY)
MEMBER

Sd/-
(BHANU BHUSHAN)
MEMBER

Sd/-
(DR. PRAMOD DEO)
CHAIRPERSON

New Delhi dated 16th September 2008