

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram

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

Petition No. 71/2008

In the matter of

Application for grant of inter-State trading licence to Righill Electrics Private Limited.

And in the matter of

Righill Electrics Private Limited, Bhopal

.... Applicant

The following was present:

Shri Manoj Dey, REPL

**ORDER
(Date of Hearing: 8.7.2008)**

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 `A` 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 23.4.2008 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 `A` trading licence should have net worth of Rs. 1.5 crore.

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

(Rs. in lakh)

		2005-06	2006-07	2007-08 (provisional as at 29.2.2008)	2007-08
1	Share capital				
	Paid up equity capital	20.65	20.65	20.65	20.65
	Sub-total 1	20.65	20.65	20.65	20.65
2	Reserves and Surplus				
	Share premium fund	63.00	63.00	63.00	63.00
	Retain earnings	35.38	50.53	112.02	78.31
	Sub-total 2	98.38	113.53	175.02	141.31
3	Mis. Expenses to the extent not written off or adjusted				
	Preliminary expenses				
	Pre-operative expenses				
	Sub-total 3	-	-	-	-
	Networth (1+2-3)	119.03	134.17	195.67	161.96

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

(Rs. in lakh)

Year	2005-06	2006-07	2007-08 (provisional as at 29.2.2008)	2007-08
1 Fixed Assets				
Gross Block	83.50	103.65	107.43	108.26
Less: Depreciation	46.26	55.03	63.50	64.62
Net Block	37.24	48.62	43.93	43.64
Capital Work-in-Progress		4.50	7.66	7.66
Sub-Total 1	37.24	53.12	51.59	51.30
2 Investments				
3 Current Assets, Loans & Advances				
Inventories	10.00	170.38	118.40	125.69
Cash and Bank Balance	91.49	25.37	69.70	52.35
Sundry Debtors	197.88	255.63	387.66	378.96
Loans & Advances	23.76	66.29	108.91	85.96
Other Current Assets				
Sub-Total 3	323.12	517.67	684.68	642.96
4 Current Liabilities & Provisions				
Sundry Creditors	41.46	93.18	179.17	165.22
Other Liabilities	3.47	43.76	69.18	72.53
Provisions	55.60	67.45	44.96	57.57
Sub-Total 4	100.54	204.39	293.32	295.32
5 Loans				
Secured Loans	46.42	85.67	104.53	93.84
Unsecured Loans	94.23	144.47	140.65	140.63
Sub-Total 5	140.65	230.13	245.18	234.48
6 Items not considered for Net worth				
Share application Money				
Deferred Tax Liability	0.14	2.10	2.10	2.51
Sub-Total 6	0.14	2.10	2.10	2.51
Net Worth(1+2+3-4-5-6)	119.03	134.17	195.67	161.96

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 `A`. Therefore, *prima facie*, based on above, the applicant

qualifies for grant of licence for inter-State trading as Category `A` electricity trader.

7. Therefore, the Commission proposes to grant the licence to the applicant for Category `A`. 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 6.11.2008.

Sd/-

**(R.KRISHNAMOORTHY)
MEMBER**

sd/-

**(BHANU BHUSHAN)
MEMBER**

sd/-

**(DR PRAMOD DEO)
CHAIRPERSON**

New Delhi dated the 29th ^{September}, 2008