

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

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

Petition No.13/2008

In the matter of

Application for grant of inter-State trading licence in electricity to
Indiabulls Power Trading Limited.

And in the matter of

Indiabulls Power Trading Limited, Gurgaon

..Applicant

The following was present:

1. Shri Prashant Panda, CEO, IPTL
2. Shri Sanjay Negam, IPTL

**ORDER
(DATE OF HEARING: 22.7.2008)**

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 'A' licence for inter-State trading in electricity in whole of India. Trading in electricity is covered under the main objects of the applicant.

2. The application was earlier heard on 10.6.2008 and vide the Commission's order dated 11.6.2008 the applicant was directed to:

- (a) publish afresh the notice of its application in accordance with clause (4) of Regulation 4 Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of Trading Licence and other related matters) Regulations, 2004, as amended;

- (b) reconcile the discrepancy with regard to authorized share capital given in the Memorandum of Association qua the claim made in the application; and
- (d) file financial statements, duly audited, as on the date of making of application and as on 31.3.2008.

3. The applicant has published fresh notices in accordance with clause (4) of Regulation 4 *ibid*. The Commission has not received any objection to the application. The applicant has also filed the revised Memorandum of Association, duly attested, as per which its authorized share capital is Rs. 1.75 crore.

4. As per Regulation 6, the net worth of the electricity trader at the time of filing of application should not be less than Rs. 1.50 crore in case of an applicant proposing to trade up to 100 MU of electricity in a year.

5. From the balance sheet as on 31.3.2008 of the applicant company, its net worth values have been worked out as detailed below:

(Rs. in lakh)

		As at 31.1.2008	As at 31.3.2008
1	Share capital		
	Paid up equity capital	175.00	175.00
	Share application pending allotment		
	Sub-total 1	175.00	175.00
2	Reserves and Surplus		
	Securities premium		
	P/L Account (Loss)	- 3.24	- 4.17
	Sub-total 2	- 3.24	- 4.17
3	Mis. Expenses to the extent not written off or adjusted		
	Preliminary expenses		
	Deferred Expenditure		
	Sub-total 3	-	-
	Net worth (1+2-3)	171.76	170.83

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

(Rs. in lakh)

	Year	As at 31.1.2008	As at 31.3.2008
1	Fixed Assets		
	Gross Block		
	Less: Depreciation		
	Net Block	-	-
	Capital Work-in-Progress		
	Sub-Total 1	-	-
2	Investments	66.02	170.05
3	Current Assets, Loans & Advances		
	Inventories		
	Cash and Bank Balance	0.68	0.96
	Sundry Debtors		
	Loans & Advances	105.05	0.05
	Other Current Assets		
	Sub-Total 3	105.73	1.00
4	Current Liabilities & Provisions		
	Sundry Creditors		
	Other Liabilities		0.23
	Provisions		
	Sub-Total 4	-	0.23
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)	171.76	170.83

7. 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 trading up to 100 MU of electricity during a year. In compliance with our oral directions, the applicant has filed affidavit dated 22.7.2008 to the effect that it has sufficient cash balance for undertaking trading operations. In this regard, the applicant has submitted the statement from HDFC Bank, duly attested by its CEO, which indicates the cash balance of Rs.1,76,47,236.77 as on 22.7.2008, including a fresh credit of Rs. 17,335,817.98 on that date.

Therefore, *prima facie*, based on its net worth, the applicant qualifies for grant of licence for inter-State trading as Category `A` electricity trader, that is, for trading a volume up to 100 MU of electricity during a year.

8. The main objects of the applicant included 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 30.4.2008 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.

9 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.

10. List this petition for further directions on 4.9.2008.

Sd/-

**(R.KRISHNAMOORTHY
MEMBER**

New Delhi dated the 23rd July 2008

sd/-

**(BHANU BHUSHAN)
MEMBER**

sd/-

**(DR PRAMOD DEO)
CHAIRPERSON**