

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Coram:

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

Petition No.16/2008

In the matter of

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

And in the matter of

Indiabulls Power Generation Limited, Gurgaon

..Applicant

The following was present:

Shri Murli Subramanian, IPGL

**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 'F' licence for inter-State trading in electricity in whole of India.

2. The application was last heard on 10.6.2008 and vide 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 of the Central Electricity Regulatory Commission (Procedure, Terms & Conditions for grant of Trading Licence and other related matters) Regulations, 2004, as amended;
- (b) amend the Memorandum of Association so as to include trading in electricity in the main objects;

- (c) reconcile the discrepancy with regard to authorized share capital given in the Memorandum of Association qua that indicated in the application; and
- (d) file financial statements, duly audited, as on the date of making application and as at 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 by its Director, according to which trading in electricity is included in the main objects of the Memorandum of Association and the authorized share capital has been indicated as Rs. 22 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. 20.00 crore in case of an applicant for category 'F'.

5. From the balance sheets as on 7.2.2008 and 31.3.2008 of the applicant company, its net worth values have been worked out as detailed below:

(Rs. in lakh)			
		As on 7.2.2008	As on 31.3.2008
1	Share capital		
	Paid up equity capital	2,150.00	2,150.00
	Share application pending allotment		
	Sub-total 1	2,150.00	2,150.00
2	Reserves and Surplus		
	Securities premium		
	P/L Account	8.89	3.05
	Sub-total 2	8.89	3.05
3	Mis. Expenses to the extent not written off or adjusted		
	Preliminary expenses		
	Deferred Expenditure		
	Sub-total 3	-	-
	Net worth (1+2-3)	2,158.89	2,153.05

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

(Rs. in lakh)

	Year	As on 7.2.2008	As on 31.3.2008
1	Fixed Assets		
	Gross Block		
	Less: Depreciation		
	Net Block	-	-
	Capital Work-in-Progress	37.45	65.54
	Sub-Total 1	37.45	65.54
2	Investments	54.89	55.40
3	Current Assets, Loans & Advances		
	Inventories		
	Cash and Bank Balance	2,052.40	2,025.17
	Sundry Debtors		
	Loans & Advances	14.41	35.37
	Other Current Assets		
	Sub-Total 3	2,066.81	2,060.54
4	Current Liabilities & Provisions		
	Sundry Creditors		
	Other Liabilities		0.25
	Provisions	0.26	0.08
	Sub-Total 4	0.26	0.33
5	Loans		
	Secured Loans		
	Unsecured Loans		28.10
	Sub-Total 5	-	28.10
6	Items not considered for Net worth		
	Share application Money		
	Sub-Total 6	-	-
	Net Worth(1+2+3-4-5-6)	2,158.89	2,153.05

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 category `F` licence. Besides, the applicant is also found to be having sufficient liquidity for undertaking trading, if licence is granted. Therefore, *prima facie*, the applicant qualifies for grant of licence for inter-State trading as Category `F` electricity trader.

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 `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.

10. List this petition for further directions on 4.9.2008.

Sd/-

sd/-

sd/-

**(R.KRISHNAMOORTHY
MEMBER**

**(BHANU BHUSHAN)
MEMBER**

**(DR PRAMOD DEO)
CHAIRPERSON**

New Delhi dated the 23rd July 2008