

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 192/TDL/2012

Coram:

Dr. Pramod Deo, Chairperson

Shri V.S.Verma, Member

Shri M. Deena Dayalan, Member

Date of Hearing: 26.3.2013

Date of order: 3.4.2013

In the matter of

Application for grant of inter-State trading licence to Newfields Advertising Private Limited, New Delhi.

And

In the matter of

Newfields Advertising Private Limited, New Delhi

....Applicant

The following were present:

Shri Raman Gupta, NAPL

Shri Abishek Gupta, NAPL

ORDER

The applicant, Newfields Advertising Private Limited, New Delhi, 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) (hereinafter referred to as "the Act") read with Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of Trading licence and other related matters) Regulations, 2009 (hereinafter



referred to as “the Trading Licence Regulations”) amended from time to time, for grant of Category `IV` licence for inter-State trading in electricity in whole of India, except the State of Jammu and Kashmir. Meanwhile, the Trading Licence Regulations have been amended on 11.10.2012 requiring the applicants for trading licence to file the application accompanied by the audited special balance sheet as on the date of application. Accordingly, the applicant has filed revised application for grant of inter-State trading licence.

2. Regulation 6 of the trading licence regulations provides for the procedure for grant of trading licence as under:

“6. Procedure for grant of licence

(1) Any person desirous of undertaking inter-State trading in electricity shall make an application to the Commission for grant of licence in the manner specified in Form-I appended to these regulations and such applicant shall be accompanied by , -

(a) Such fee as may be prescribed by the Central Government from time to time and payable through NEFT/RTGS only as per the procedure specified in Central Electricity Regulatory Commission (Payment of Fees) Regulations, 2012 or any subsequent enactment thereof.

(b) Copies of the annual reports in case of the persons incorporated under the Companies Act, 1956 (1 of 1956) and audited accounts along with the Director's Report, Auditors' Report, the Schedules and notes on accounts for one year immediately preceding the year in which the application has been made and the special balance sheet as on any date falling within 30 days immediately preceding the date of making the application:

Provided that where the applicant has not been incorporated, registered or formed during the period of three years immediately preceding the year in which the application is made, the application shall be accompanied by the copies of the annual reports and audited accounts for such lesser period for which the applicant has been in existence.

(2) The application for grant of licence, along with annexures and enclosures shall also be submitted to the Commission on compact disc (CD).

(3) The applicant shall post complete application along with annexures and enclosures on his own website so as to facilitate access to the application by any person through internet and shall keep them on the website till the disposal of his application.

(4) The applicant shall within 7 days after making such application, publish a notice of



his application, in two daily newspapers having circulation in each of the five regions in addition to those published from Delhi, including one economic daily newspaper in Form II, with the following particulars, namely:-

xxxxxx

(5) The applicant shall within 7 days from the date of publication of the notice as aforesaid submit to the Commission on affidavit the details of the notice published and shall also file the original complete page of the newspaper in which the notice has been published.

(6) The applicant may file his reply to the objections or suggestions received in response to the notice within 45 days of its publication in the newspapers.

(7) The Commission after consideration of the objections or suggestions received in response to the notice published by the applicant and his reply may propose to grant licence.

(8) When the Commission proposes to grant licence, it shall publish a notice of its proposal in two daily newspapers, as the Commission may consider appropriate, stating the name and address of the person to whom it proposes to issue the licence, with such other details as the Commission considers appropriate, to invite further objections or suggestions to its proposal."

3. The Applicant has made the application as per Form-I along with CD and paid the fee of ₹ one lakh as prescribed by the Government of India.

4. The applicant has posted the application for grant of trading licence on its website in terms of Regulation 6(3) of the trading licence regulations. The applicant has placed on record the relevant copies of the newspapers in original in which notice of its application has been issued. The notices under sub-section (2) of Section 15 of the Act read with clause (4) of Regulation 6 of the trading licence regulations have been published by the applicant on 6.9.2012 and 7.9.2012 in all editions of 'The Indian Express', 'The Financial Express', 'The Sentinel, Guwahati' and 'News Today, Chennai'. No objection has been received in response to the public notices.



5. The applicant company was incorporated under the Companies Act, 1956 on 3.9.1956. Para III 4. of the objects of the company reads as under:

"6. To generate, accumulate, transmit, distribute, purchase, sell and supply electricity, power or other energy from conventional or non-conventional energy sources on a commercial basis."

6. Trading in electricity is covered under the objects of the applicant-company. The applicant vide its affidavit dated 2.11.2013 has submitted that it will not undertake any inter-State and intra-State transmission business without surrendering the trading licence.

7. In accordance with Regulation 3 (3) of the trading licence regulations, a person applying for Category `IV` trading licence should have net worth of ₹ 1 crore, and should have maintained minimum current ratio and liquidity ratio of 1:1, as on date of audited balance sheet accompanying the application. The applicant has submitted the special audited balance sheet as on 15.2.2013. Based on the special balance sheet as on 15.2.2013, net worth and liquidity ratios has been worked out as under:

(₹ in lakh)	
Particulars	15.2.2013
Share Capital	
Paid up Capital	70.00
Share Application/warrants	0.00
Reserve and Surplus	212.06
Sub- total 1	282.06
Loans and Advances to associates	14.22
adjusted	0.00
Liability towards retirement benefits not provided for	0.00
Sub- total 2	14.22
Net worth (1-2)	267.84

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

(₹ in lakh)	
Particulars	15.2.2013
Fixed /Non-current Assets	
Net block	146.47
Capital work in progress	0.00
Long-term loans and advances	23.60
Other Non-current assets	42.94
Deferred tax Assets	0.00
Sub- total 1	213.01
Investments	0.14
Sub-total 2	0.14
Current Assets	
Cash and Bank Balance	130.08
Loans and Advances	27.44
Less: Loans and Advances to associates	14.22
Net Loans and Advances	13.22
Inventories	58.19
Sundry Debtors	173.01
Other current assets	140.50
Sub- total 3	515.00
Current Liabilities and Provisions	
Current Liabilities and Provisions	447.93
Liability towards retirement benefits not provided for	0
Sub- total 4	447.93
Non-Current Liabilities	
Secured loans	0.00
Long term Borrowings	10.57
Deferred tax Liabilities	1.81
Sub-total 5	12.38
Misc Expenses to the extent not written off or adjustment (sub-total – 6)	0
Net Worth (1+2+3+4-5-6)	267.84

9. Based on the above, the net worth, current ratio and liquidity ratio work out as under:

S. No.	Particulars	15.2.2013
1.	Net worth (₹ in lakh)	267.84
2.	Current ratio	1.15
3.	Liquidity ratio	1.02

10. On consideration of the above facts, we are **prima facie** satisfied that the applicant meets the net worth requirements specified by the Commission for grant of Category `IV` licence and has fulfilled other conditions for grant of trading licence. The Commission proposes to grant Category `IV` licence to the applicant. 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.

11. List this petition for further directions on 23.4.2013.

Sd/-

(M.Deena Dayalan)
Member

sd/-

(V.S.Verma)
Member

sd/-

(Dr. Pramod Deo)
Chairperson

