

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 355/TDL/2014**

**Coram:**

**Shri Gireesh B.Pradhan, Chairperson**

**Shri M. Deena Dayalan, Member**

**Shri A.K.Singhal, Member**

**Shri A.S.Bakshi, Member**

**Date of Hearing: 18.11.2014**

**Date of Order: 05.01.2015**

**In the matter of**

Application for grant of inter-State trading licence to IPCL Power Trading Private Limited (IPTPL)

**And**

**In the matter of**

IPCL Power Trading Private Limited  
Plot No. X-1, 2 and 3,  
Block-EP, Sector-V, Salt Lake City,  
Kolkata-700 091

**Petitioner**

**The following was present:**

Shri Indu Bhushan Chakraborty, IPTPL

**ORDER**

The petitioner, IPCL Power Trading Private Limited, 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 “Trading Licence Regulations”) amended from time to time, for grant of Category `III` licence for inter-State trading in electricity in all parts of India except the State of Jammu and Kashmir.

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 applicant 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 payable through Bank Draft or pay order drawn in favour of Assistant Secretary, Central Electricity Regulatory Commission, New Delhi.

(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 notices on accounts for three years 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, name  
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 petitioner has made the application as per Form-I along with CD and paid the fee of Rupees one lakh as prescribed by the Government of India.

4. The petitioner has posted the application for grant of trading licence on its website in terms of Regulation 6(3) of the Trading Licence Regulations. The petitioner 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 petitioner on 17.9.2014 in all editions of 'Indian Express' and 'Financial Express'. No objection has been received in response to the public notices.

5. The petitioner company has been incorporated under the Companies Act, 1956 on 5.6.2013. Proviso to clause (1) of Regulation 3 of the Trading Licence Regulations provides that the applicant should have been authorized to undertake trading in electricity by its Memorandum of Association. Trading in electricity is covered under Main Objects of the Memorandum of Association of the petitioner. Para 1 of the Main Objects of the company reads as under:

“(i) To carry out business in India or elsewhere to transmit, distribute, purchase, sell, trade, clear, finance, import, export or accumulate or otherwise deal in all forms of electrical power and all other forms of energy in all aspects including both conventional and non-conventional...”

6. Transmission of electricity is also covered under the Main Objects of the Memorandum of Association of the petitioner. The petitioner vide its affidavit dated 5.9.2014 has submitted that it shall not get into power transmission business as per the provision of Section 41 of the Act. The affidavit has been taken on record.

7. The petitioner, vide Record of Proceedings for the hearing dated 18.11.2014, was directed to file copies of return filed with Registrar of Companies regarding allotment of shares and its approval and copy of the bank statements from 1.4.2014 to till date. The petitioner vide its affidavit dated 20.11.2014 has submitted the following information:

(a) In support of allotment of shares amounting to ₹ 520.00 lakh to the petitioner's holding company, i.e. India Power Corporation Limited, the following has been submitted:

(i) Copy of Form No. SH-7 (Notice to Registrar of any alteration of share capital) filed with ROC, along with copy of resolution passed at the Extra-ordinary General Meeting (EGM) held on 7.8.2014.

(ii) Copy of Form No. MGT-14 (filing of Resolutions and agreements to the Registrar) filed with ROC.

(iii) Copy of Form No. PAS-3 (Return of Allotment) filed with ROC along with resolution passed at the EGM held on 1.9.2014 and the board resolution dated 3.9.2014.

(b) In support of bank statement, the following has been submitted:

(i) Bank statement (Axis bank) for the period from 1.4.2014 to 18.11.2014; and

(ii) Copy of Fixed Deposit advice issued by RBL Bank for ₹500.00 lakh.

8. The documents placed on record by the petitioner have been examined and are found in order.

9. In accordance with Regulation 3 (3) of the Trading Licence Regulations, a person applying for Category `III` trading licence should have net worth of ₹ 5 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 petitioner has submitted the special audited balance sheet as on 3.9.2014.

10. Based on the special audited balance sheet as on 3.9.2014, net worth and liquidity ratios has been worked out as under:

(₹ in lakh)	
Particulars	As on 3.9.2014
A) Paid up equity capital (1)	521.00
<b>B) Reserves &amp; Surplus.</b>	
B.1. Capital Reserves	0.00
B.2. Capital Redemption Reserve	0.00
B.3. Debenture Redemption Reserve	0.00
B.4. Revaluation Reserve	0.00
B.5. Share Options Outstanding Account and Reserves other than free reserves.	0.00
B.6. Securities Premium Reserve	0.00
B.7. Surplus (P and L Account)	-2.67
B.8. Other Free Reserves	0.00

<b>Total of Reserve and Surplus</b>	<b>-2.67</b>
<b>Free Reserves and Surplus Considered for Net worth (2) = (B6+B7+B8)</b>	<b>-2.67</b>
<b>C) Loans and Advances given to associates (3)</b>	0.00
<b>D) Deferred Expenditure (including Misc. Expenses) not written off (4)</b>	0.00
<b>Net Worth (1+2-3-4)</b>	<b>518.33</b>

11. The net worth of the petitioner is further represented by the following:

(₹ in lakh)

<b>Particulars</b>	<b>As on 3.9.2014</b>
<b>A) Non-current Assets</b>	
A.1. Net block of Tangible Asset	0.00
A.2 Net Block of Intangible Asset	0.00
A.3 Capital work in progress	16.88
A.4 Intangible Assets under development	0.00
A.5 Non-Current Investments	0.00
A.6 Deferred Tax Assets	0.00
A.7 Long-term loans and advances	0.00
A.7.1 Less: Loans and Advances given to Associates included in above	0.00
<b>A.7.2 Net Long Term Loans &amp; Advances (A.7 - A.7.1)</b>	<b>0.00</b>
A.8 Other Non-Current Assets	0.00
<b>Total Non-Current Assets considered for net worth (1)</b>	<b>16.88</b>
<b>B. Non-Current Liabilities, Pref. Share &amp; Share Application money</b>	
B.1 Share application money pending allotment	0.00
B.2 Preference Share Capital	0.00
B.3 Long term Borrowings	0.00
B.4 Deferred tax Liabilities	0.00
B.5 Other Long Term Liabilities	0.00
B.6 Long Term provisions	0.00
<b>Total Non-Current Liabilities considered for Net worth (2)</b>	<b>0.00</b>
<b>C. Current Assets</b>	
C.1. Current Investments	0.00
C.2. Inventories	0.00

C.3. Trade Receivables	0.00
C.4. Cash and cash equivalents	520.58
C.5 Short Term Loans & Advances	0.00
C.5.1 Less: Loans and Advances given to associates	0.00
<b>C.5.2 <i>Net Short Term Loan and Advances(C.5 - C.5.1)</i></b>	<b>0.00</b>
C.6 Other current assets	0.00
C.7 Deferred Expenditure (including Misc. Expenses) not written off	0.00
<b>Total Current Assets</b>	<b>520.58</b>
<b>Total Current Asset considered for Net worth (3)</b>	<b>520.58</b>
<b>D. Current Liabilities</b>	
D.1. Short-term Borrowings	0.00
D.2. Trade payables	0.06
D.3. Other Current liabilities	19.08
D.4. Short-term provisions	0.00
<b>Total Current Liabilities considered for Net worth (4)</b>	<b>19.13</b>
<b>Net worth ((1-2) + (3-4))</b>	<b>518.33</b>

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

S. No.	Particulars	3.9.2014
1.	Net worth (₹ in lakh)	518.33
2.	Current ratio	27.21
3.	Liquidity ratio	27.21

13. On consideration of the above facts, we are ***prima facie*** satisfied that the petitioner meets the net worth requirements specified by the Commission for grant of Category `III` trading licence and fulfills other conditions for grant of trading licence. The Commission proposes to grant Category `III` trading licence to the petitioner. 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.

14. List this petition for further directions on 29.1.2015.

**Sd/-  
(A.S. Bakshi)  
Member**

**sd/-  
(A.K. Singhal)  
Member**

**sd/-  
(M.Deena Dayalan)  
Member**

**sd/-  
(Gireesh B Pradhan)  
Chairperson**