

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 23/TDL/2011

Coram:

- 1. Dr. Pramod Deo, Chairperson**
- 2. Shri S.Jayaraman, Member**
- 3. Shri V.S.Verma, Member**
- 4. Shri M.Deena Dayalan, Member**

DATE OF HEARING: 13.9.2011

DATE OF ORDER: 20.9.2011

In the matter of

Application for grant of Inter-State Trading Licence to Kandla Energy and Chemicals Limited, Ahmedabad

And in the matter of

Kandla Energy and Chemicals Limited, Ahmedabad.. ..**Applicant**

The following was present:

Shri S. P. Verma, KEACL

ORDER

The applicant, Kandla Energy and Chemicals 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) (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') for grant of Category-III licence for inter-State trading in electricity in whole of India. The notices in accordance with sub-section (2) of Section 15 of



the Act read with Clause (4) of Regulation 6 of the trading licence regulations were published by the applicant on 16.2.2011. In response to the said public notice, no objections have been received.

2. 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, consistently for three years immediately preceding the year in which the application is made or such lesser period during which the applicant has been incorporated, registered or formed. The applicant was incorporated on 7.3.2005. Based on the financial details submitted by the applicant for three years preceding the date of application i.e for 2008-09, 2009-10 and 2010-11, it was established that the applicant had the required net worth, current ratio and liquidity ratio for grant of Category-III trading licence. Accordingly, the Commission came to the conclusion that the applicant *prima-facie* qualified for grant of licence for inter-State trading in electricity as a category-III electricity trader.

3. On the above considerations, the Commission vide its order dated 23.8.2011 had proposed to grant Category-III trading licence to the applicant. A notice under clause (a) sub-section (5) of Section 15 of the Act was published on 26.8.2011 in all editions of Times of India, Hindustan Times and Dainik Jagran inviting suggestions/objections to

the above proposal of the Commission. No suggestions or objections have been received in response to the notice issued by the Commission.

4. Clause (9) of Regulation 6 of the trading licence regulations provide as under:

"(9) On consideration of further objections or suggestions received and the reply of the applicant thereto, if any, the Commission may grant the licence or reject the application, for reasons to be recorded in writing if the application does not confirm to the provisions of the Act, the rules or regulations or provisions of any other law for the time being in force:

Provided that no application shall be rejected, unless the applicant has been given an opportunity of being heard."

5. On consideration of the materials on record, we are satisfied that the applicant company meets the requirements of the Act and the trading licence regulations for grant of inter-State trading licence for Category-III. Accordingly, we direct that Kandla Energy and Chemicals Limited be issued a Category-III licence for inter-State trading in electricity in whole of India.

6. The grant of trading licence to the applicant is subject to the fulfillment of the following conditions throughout the period of subsistence of the licence:

- (a) The applicant shall comply with the provisions of the Act, the Rules and the Regulations, particularly, trading licence

regulations, orders and directions issued by the Commission from time to time and any other law in force;

(b) The applicant shall not exceed the volume of trading authorized under the licence, but may, in exceptional circumstances, undertake trading in electricity up to the maximum of 120 per cent of the volume of trade authorized under the licence granted to him. Where the licensee exceeds the volume of trading in a year authorized under the licence, it shall pay licence fee applicable to the higher category for that particular year;

(c) The applicant shall charge the trading margin strictly in accordance with Central Electricity Regulatory Commission (Fixation of Trading Margin) Regulations, 2009 as amended from time to time;

(d) The applicant shall continue to be governed by the qualifications and disqualifications specified in Chapter 2 of the trading licence regulations during the subsistence of licence;

(e) The applicant shall abide by the terms and conditions of licence specified in Chapter 4 of the trading licence regulations;

(f) The applicant shall have the liability to pay the license fee in accordance with the provisions of the Central Electricity Regulatory Commission (Payment of Fees) Regulations, 2008, as amended from time to time or any of other regulations in force; and

(g) Non-compliance of the provisions of the Act, rules, regulations framed by the Commission and the provisions of trading licence regulations shall make the licence of the applicant liable for revocation.

7. Petition No. 23/TDL/2011 is disposed of in terms of the above.

Sd/-	Sd/-	Sd/-	Sd/-
(M.Deena Dayalan) Member	(V.S.Verma) Member	(S.Jayaraman) Member	(Dr. Pramod Deo) Chairperson