

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 173/Com/2012**

**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 ORDER: 23.8.2012**

**In the matter of**

Downgrading of inter-State trading licence from Category 'I' to Category 'III'.

**And  
In the matter of**

Jay Polychem (India) Limited, New Delhi

**Applicant**

**ORDER**

This Compliance application has been made by the applicant Jay Polychem (India) Limited for downgradation of its licence for inter-State trading in electricity from Category 'I' to Category III'.

2. By order dated 13.1.2011, Jay Polychem (India) Limited was granted trading licence for Category 'I' to trade in electricity as an electricity trader in the whole of India in terms of Regulation 6 of the Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of trading licence and other related matters) Regulations, 2009 (hereinafter referred to as 'the 2009 trading licence regulations').



3. The applicant has submitted that due to tough competition in the power market, he could not trade any power since the issue of the inter-State trading licence. The applicant has proposed to trade within the permissible limit applicable to Category 'III' electricity trader, that is, up to 500 MUs of electricity in a year. The applicant has accordingly requested for downgradation of its licence to Category ' III'.

4. As per Regulation 3 (3) of the 2009 trading licence regulations, a person applying for Category `III` trading licensee should have net worth of ` 5 crore, and should have maintained minimum current ratio and liquidity ratio of 1:1, consistently for three years.

5. The applicant has submitted the balance sheet as on 31.3.2012. Based on the financial details submitted by the applicant, its net worth has been worked out as given below:

( ` in crore )

	<b>Particulars</b>	<b>As on 31.3.2012</b>
1	<b>Share Capital</b>	
	Paid up equity capital	74.310
	Share Applications/warrants	0.000
2	<b>Reserves and Surplus</b>	
	Reserves and Surplus	209.170
	<b>Sub Total 1</b>	<b>283.480</b>
3	<b>Loans and Advances to associates</b>	0.000
4	Misc. Expenses to the extent not written off or adjusted	0.000
5	Investment in wholly owned subsidiary whose net worth is eroded	0.000
	<b>Sub Total 2</b>	<b>0.000</b>

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

(` in crore )

	<b>Particulars</b>	<b>31-3-2012</b>
<b>1.</b>	<b>Fixed Assets</b>	
	Gross Block	51.16
	Less: Depreciation	19.14
	Net Block	32.02
	Capital work in progress	0.00
	<b>Sub-Total 1</b>	<b>32.02</b>
<b>2.</b>	<b>Investments</b>	
	<b>Sub-Total 2</b>	<b>9.27</b>
	Cash and Bank Balance	73.11
	Loans and Advances	55.13
	Less: Loans and Advances to Associates as per Regulations 2(1)(o) of the 2009 trading licence regulations	0
	Net Loans and Advances	55.13
	Inventories	294.34
	Sn Debtors	612.73
	Other current assets	0
	<b>Sub-Total 3</b>	<b>1,035.310</b>
<b>3.</b>	<b>Current Liabilities and Provisions</b>	
	Current Liabilities and Provisions	389.06
	<b>Sub-Total 4</b>	<b>389.060</b>
<b>4.</b>	<b>Loans</b>	
	Secured loans	<b>367.62</b>
	Unsecured loans	<b>36.440</b>
	Deferred tax Liabilities	0
<b>5.</b>	<b>Sub-Total 5</b>	<b>404.060</b>
	<b>Net Worth(1+2+3-4-5)</b>	<b>283.480</b>

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

	<b>Particulars</b>	<b>As on 31.3.2012</b>
1	<b>Net worth (` in crore)</b>	<b>283.480</b>
2	Current ratio	2.66
3	Liquidity ratio	1.90

8. On consideration of the above facts, we are satisfied that the applicant meets the net worth, current ratio and liquidity ratio requirements

specified by the Commission for grant of Category 'III' licence. Accordingly, we direct that Category 'I' licence granted to the applicant be downgraded to Category 'III' for trading in electricity in whole of India.

9. We direct that necessary endorsement be made on the licence issued to the applicant with regard to change of category of the licence.

10. Petition No. 173/Com/2012 is, accordingly, disposed of.

Sd/-	sd/-	sd/-	sd/-
<b>(M.DEENA DAYALAN)</b>	<b>(V.S.VERMA)</b>	<b>(S.JAYARAMAN)</b>	<b>(Dr. PRAMOD DEO)</b>
<b>MEMBER</b>	<b>MEMBER</b>	<b>MEMBER</b>	<b>CHAIRPERSON</b>