

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 202/TDL/2015**

**Coram:**

**Shri Gireesh B.Pradhan, Chairperson**

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

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

**Dr. M.K.Iyer, Member**

**Date of Hearing: 17.12.2015**

**Date of Order: 30.12.2015**

**In the matter of**

Application for grant of inter-State trading licence to Phillip Commodities India Pvt. Ltd.

**And**

**In the matter of**

Phillip Commodities India Pvt. Ltd  
No.1, 18<sup>th</sup> Floor, Urmi Estate,  
95 Ganpatrao Kadam Marg,  
Lower Parel (W), Mumbai-400 013

**..... Petitioner**

**The following was present:**

Ms. Tajini Panicker, PCIPL  
Shri Sandeep Gupta, PCIPL

**ORDER**

The petitioner, Phillip Commodities India Pvt. Ltd., 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 (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 ‘IV’ licence for inter-State trading in electricity whole of India.

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 25.7.2015 in all editions of ‘Business Standard‘ and ‘Ásian Age‘ and ‘Andhra Jyoti‘. No objection has been received in response to the public notices.

5. The petitioner company has been incorporated under the Companies Act, 1956 on 19.8.2012. 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 2 of the Main Objects of the company reads as under:

“2. To carry on the business of trading in agricultural products, metals including precious metal, precious stones, diamonds, petroleum and energy products including trading in electricity...”

6. Transmission of electricity is not covered under the Main Objects of the Memorandum of Association of the petitioner. However, the petitioner vide its affidavit dated 10.7.2015 has submitted that during the subsistence of the trading licence if granted by the Commission, it shall not apply for any transmission licence before any concerned authority without surrendering the trading licence granted to it. The affidavit has been taken on record.

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 ₹ one 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 30.6.2015.

8. Based on the special audited balance sheet as on 30.6.2015, net worth and liquidity ratios has been worked out as under:

(₹ in lakh)

| <b>Net Worth Computation</b>  | <b>As per Audited Special Balance Sheet as on 30.6.2015</b> |
|-------------------------------|---|
| <b>Particulars</b>            |   |
| A) Paid up equity capital (1) | 495.00  |

|   |                |
|---|----------------|
| <b>B) Reserves &amp; Surplus.</b>   | 0.00           |
| 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 & Reserves other than free reserves    | 0.00           |
| B.6. Securities Premium Reserve (Note 1)                                      | 2047.50        |
| B.7. Surplus (P & L Account)  | 3590.08        |
| B.8. Other Free Reserves (i.e. General Reserve)                               | 0.00           |
| <b>Total of Reserve &amp; Surplus</b>   | <b>5637.58</b> |
| <b>Free Reserves &amp; Surplus Considered for Net worth (2)</b><br>(B6+B7+B8) | <b>5637.58</b> |
| <b>C) Loans &amp; 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>6132.58</b> |

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

(₹ in lakh)

| <b>Net worth (Asset approach), Current Ratio and Liquidity Ratio Computation</b>                               | <b>As on 30.6.2015</b> |
|--|------------------------|
| <b>A) Non-current Assets</b>   |                        |
| A.1. Net block of Tangible Asset   | 4.24                   |
| A.2 Net Block of Intangible Asset  | 0.99                   |
| A.3 Capital work in progress   | 0.00                   |
| A.4 Intangible Assets under development  | 0.00                   |
| A.5 Non-Current Investments  | 0.00                   |
| A.6 Deferred Tax Assets  | 31.20                  |
| A.7 Long-term loans and advances (Security deposits with exchanges / others)                                   | 345.61                 |
| A.7.1 Less: Loans & Advances given to Associates included in above   | 0.00                   |
| A.7.2 <b>Net Long Term Loans and Advances (A.7 - A.7.1)</b>  | <b>345.61</b>          |
| A.8 Other Non-Current Assets (i.e. Long term deposits with bank)   | 4882.28                |
| A.9 Deferred Expenditure (including Misc. Expenses) not written off (Not considered for net worth computation) | 0.00                   |
| <b>Total Non-Current Assets</b>  | <b>5264.32</b>         |

|  |                 |
|--|-----------------|
| <b>Total Non-Current Assets considered for net worth (1)</b>   | <b>5264.32</b>  |
| <b>B. Non-Current Liabilities, Pref. Share and Share Application money and Reserves other than free reserves</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 (i.e. Advance from customers and Retention money)                                      | 0.00            |
| B.6 Long Term provisions   | 0.00            |
| B.7 Reserves other than free reserves  | 0.00            |
| <b>Total Non-Current Liabilities, Reserves other than free reserves considered for Net worth (2)</b>                   | <b>0.00</b>     |
| <b>C. Current Assets</b>   |                 |
| C.1. Current Investments   | 0.50            |
| C.2. Inventories   | 0.00            |
| C.3. Trade Receivables   | 13220.41        |
| C.4. Cash and cash equivalents   | 3593.96         |
| C.5 Short Term Loans & Advances  | 50.02           |
| C.5.1 Less: Loans & Advances given to associates   | 0.00            |
| C.5.2 <b>Net Short Term Loan &amp; Advances(C.5 - C.5.1)</b>   | <b>50.02</b>    |
| C.6 Other current assets (i.e. interest accrued in FD)   | 145.25          |
| C.7 Deferred Expenditure (including Misc. Expenses) not written off (not considered for net worth & Liquidity purpose) | 0.00            |
| <b>Total Current Assets</b>  | <b>17010.13</b> |
| <b>Total Current Asset considered for Net worth (3)</b>  | <b>17010.13</b> |
| <b>D. Current Liabilities</b>  |                 |
| D.1. Short-term Borrowings   | 0.00            |
| D.2. Trade payables  | 16079.75        |
| D.3. Other Current liabilities (i.e. Payable to employees, TDS Payable and statutory dues)                             | 62.12           |
| D.4. Short-term provisions   | 0.00            |
| <b>Total Current Liabilities considered for Net worth (4)</b>  | <b>16141.87</b> |
| <b>Net worth ((1-2)+(3-4))</b>   | <b>6132.58</b>  |

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

| <b>S. No.</b> | <b>Particulars</b>        | <b>30.6.2015</b> |
|---------------|---------------------------|------------------|
| 1.            | Net worth<br>( ₹ in lakh) | <b>6132.58</b>   |
| 2.            | Current ratio             | <b>1.05</b>      |
| 3.            | Liquidity ratio           | <b>1.05</b>      |

11. 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 'IV' trading licence and fulfills other conditions for grant of trading licence subject to the condition that the petitioner shall maintain the net worth as per the Trading Licence Regulations during the subsistence of the trading licence, if granted. The Commission proposes to grant Category 'IV' 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.

12. List this petition for further directions on 19.1.2016.

**Sd-**  
**(Dr. M.K.Iyer)**  
**Member**

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

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

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