

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 40/TD/2020

**Coram:
Shri P.K.Pujari, Chairperson
Shri I.S.Jha, Member**

Date of Order : 4th March, 2020

In the matter of

Application for down-gradation of inter-State trading licence in electricity from Category I to Category II.

And

In the matter of

JSW Power Trading Company Limited
JSW Centre, Bandra Kurla Complex,
Bandra, East Mumbai-400 051.

....Petitioner

Following was present:

Shri Aman Dixit, Advocate, JSW
Shri Aman Anand, Advocate, JSW
Shri Anurag Agarwal, JSW

ORDER

The Petitioner, JSW Power Trading Company Limited, has filed the present Petition for down-gradation of its inter-State trading licence in electricity from Category 'I to Category 'II.

2. By order dated 25.4.2006 in Petition No. 161/2005, JSW Power Trading Company Limited was granted Category "F" licence for inter-State trading in electricity in whole of India, except the State of Jammu and Kashmir in accordance with the provisions of the Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of Trading licence and other related matters) Regulations, 2004. Consequent to the notification 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"), as amended vide notification dated 7.6.2010, the licence stands re-categorized as Category 'I', subject to the terms and conditions contained in the licence.

3. Subsequently, the Petitioner filed the Petition No. 75/MP/2017 for approval of transfer of the trading licence held by JSW Power Trading Company Limited to JSW Green Energy Limited and to record the name of the transferee company from "JSW Green Energy Limited" to "JSW Power Trading Company Limited" in terms of the Scheme of Arrangement approved by the National Company Law Tribunal vide order dated 9.3.2017. The Commission in its order 1.2.2018 accorded in-principle approval for transfer of the trading licence of JSW Power Trading Company Limited to JSW Green Energy Limited and granted liberty to the Petitioner to approach the Commission for change of name of company after approval from the Registrar of Companies for the same.

4. Based on the request of the Petitioner, the Commission in its order dated 2.4.2019 in Petition No. 386/TD/2018, changed the name of the licensee from "JSW Green Energy Limited" to "JSW Power Trading Company Limited".

5. The Petitioner has submitted that in view of the stiff and tough competition in power market and looking at the future business potential of trading, it is seeking down-gradation of its trading licence from Category 'I' to

Category 'II' and is desirous to trade not more than 1500 MUs in a year from April,2020.

6. The matter was heard on 12.2.2020. The Petitioner vide Record of Proceedings for the hearing 12.2.2020 was directed to submit the Audited Special Balance Sheet in terms of Regulation 6 (1) (b) of the 2020 Trading Licence Regulations i.e as on any date falling within 30 days immediately preceding the date of making the application. On 13.2.2020, the Petitioner has submitted the Special Balance Sheet as on 31.12.2019.

7. The licensee has filed the present application for down-gradation of its licence in accordance with 2009 Trading Licence Regulations. Subsequent to filing of the present Petition, the Commission has repealed 2009 Trading Licence Regulations and has notified the Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of Trading licence and other related matters) Regulations, 2020 (hereinafter referred to as the "2020 Trading Licence Regulations"). Accordingly, the matter is being examined in terms of provisions of the 2020 Trading Licence Regulations.

8. We have considered the submission of the Petitioner. Consequent to the notification of the 2020 Trading Licence Regulations, Category II falls in Category IV with corresponding networth of Rs.10 crore. Regulation 15 (3) of the 2020 Trading Licence Regulations provides as under:

"15. (3) Downgradation of licence:

(a) The Trading Licensee may file an application to the Commission for downgradation of its licence to a lower category at any time:

Provided that the Trading Licensee shall not be allowed to apply for upgradation of licence within the same Year.

(b) The Trading Licensee shall be required to upload the audited special balance sheet to support the compliance of Net Worth requirement for lower category licence.

(c) While applying for downgradation of licence, the Trading Licensee shall be required to pay the licence fee applicable for the category of licence for which the application is being submitted.”

9. On perusal of the application, we find that the applicant being a Category 'I' licensee fulfills all technical requirements for grant of Category 'IV' inter-State trading licence. As regards the net worth requirements for Category 'IV', Regulation 3 (3) of the 2020 Trading Licence Regulations provides that a person applying for Category IV trading licence should have net worth ₹ 10 crore and should have maintained minimum current ratio and liquidity ratio of 1:1 on the date of audited special balance sheet accompanying the application.

10. The applicant has submitted the Audited Balance Sheet as on 31.12.2019. Based on the Audited Balance Sheet submitted by the Petitioner its net worth has been worked out as under:

Net Worth Computation	As per Audited Balance Sheet as on 31.12.2019
Particulars	(Rs. in lakh)
A) Paid up equity capital (1)	7005.00
B) Reserves and Surplus	
B.1. Capital Reserves	592.00
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 (i.e. equity settled share based payment reserve, actuarial gain/loss)	14.00

B.6. Securities Premium Reserve	0.00
B.7. Surplus (P and L Account)	5251.00
B.8. Other Free Reserves (i.e. general reserve)	3.00
Reserves and Surplus not considered for Net worth computation (2) (B1+B2+B3+B4+B5)	606.00
Free Reserves and Surplus Considered for Net worth (2) (B6+B7+B8)	5254.00
C) Loans and Advances given to associates (3)	0.00
D) Deferred Expenditure (including Misc. Expenses) not written off (4)	0.00
Net Worth (1+2-3-4)	12259.00

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

Net worth (Asset approach), Current Ratio and Liquidity Ratio Computation	31.12.2019
A) Non-current Assets	(Rs. in Lakh)
A.1. Net block of Tangible Asset	6.00
A.2 Net Block of Intangible Asset	0.00
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	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
A.7.2 Net Long Term Loans and Advances (A.7 - A.7.1)	0.00
A.8 Other Non-Current Asset (i.e. Advance income tax and security deposit with others etc.)	376.00
A.9 Deferred Expenditure (including Misc. Expenses) not written off (Not considered for net worth computation)	0.00
Total Non-Current Assets	382.00
Total Non-Current Assets considered for net worth (1)	382.00
B. Non-Current Liabilities, Pref. Share and Share Application money and Reserves other than free reserves	
B.1 Share application money pending allotment	0.00
B.2 Preference Share Capital	0.00
B.3 Long term Borrowings	248.00
B.4 Deferred tax Liabilities	355.00
B.5 Other Long Term Liabilities	0.00
B.6 Long Term provisions	5.00
B.7 Reserves other than free reserves	606.00
Total Non-Current Liabilities, Reserves other than free reserves considered for Net worth (2)	1214.00

C. Current Assets	
C.1. Current Investments	0.00
C.2. Inventories	0.00
C.3. Trade Receivables	4057.00
C.4. Cash and cash equivalents	192.00
C.5 Short Term Loans & Advances	0.00
C.5.1 Less: Loans and Advances given to associates	0.00
C.5.2 Net Short Term Loan and Advances (C.5 - C.5.1)	0.00
C.6 Other current assets (Advance for purchase of power (Related parties), advances to other vendors, balance with Govt. authorities)	11110.00
C.7 Deferred Expenditure (including Misc. Expenses) not written off (not considered for net worth & Liquidity purpose)	0.00
Total Current Assets	15359.00
Total Current Asset considered for Net worth (3)	15359.00
D. Current Liabilities	
D.1. Short-term Borrowings	0.00
D.2. Trade payables	566.00
D.3. Other Current liabilities (Advance from customers and statutory dues)	1700.00
D.4. Short-term provisions	1.00
Total Current Liabilities considered for Net worth (4)	2268.00

Variations due to rounding-off have been ignored.

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

Particulars	31.12.2019
Net Worth (Rs. in lakh)	12259.00
Current Ratio	6.78
Liquidity ratio	6.78

13. The Petitioner meets the net worth, current ratio and liquidity ratio requirements specified by the Commission in 2020 Trading Licence Regulations. Accordingly, we approve the down-gradation of the Licence of the Petitioner from Category 'I' to Category 'IV' as per the 2020 Trading Licence Regulations with effect from 1.4.2020. The Petitioner shall fulfill the terms and conditions specified in the 2020 Trading Licence Regulations, failing which the Petitioner licensee shall be liable for appropriate action for non-compliance of the direction of the Commission under the provisions of

the Electricity Act, 2003 and relevant Regulations. The licensee shall remain bound by the terms and conditions contained in the order dated 25.4.2006.

14. A copy of this order be sent to the Central Government in Ministry of Power and CEA in terms of sub-section (7) of Section 15 of the Electricity Act, 2003 for their information and record.

15. We direct that necessary endorsement be made on the licence issued to the applicant with regard to change of Category of the licensee.

16. Petition No. 40/TD/2020 stands disposed of accordingly.

Sd/-

(I.S.Jha)
Member

sd/-

(P.K.Pujari)
Chairperson