

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 134/MP/2018**

**Shri P.K.Pujari, Chairperson  
Shri A.K. Singhal, Member  
Dr. M.K.Iyer, Member**

**Date of Order : 7<sup>th</sup> of September, 2018**

**In the matter of**

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

**And**

**In the matter of**

Jindal Poly Films Limited  
19<sup>th</sup> K.M. Hapur Bulandshar Road,  
P.O.Gulathi, Distt., Bulandshar-245 408 , U.P.

**Applicant**

**Following were present:**

Shri Matru Gupta Mishra, Advocate, JPFL  
Shri Nishant, Advocate, JPFL

**ORDER**

This petition has been made by the Jindal Poly Films Limited for down gradation of its inter-State trading licence in electricity from Category I to Category III from 1.4.2018.

2. By order dated 20.9.2017, Jindal Poly Films Limited was granted trading licence for Category I to trade in electricity as an electricity trader in the whole of India, except the State of Jammu and Kashmir in accordance

with Central Electricity Regulatory Commission (Procedure, Terms and Conditions of Trading licence and other related matters) Regulations, 2009 (hereinafter referred to as the "Trading Licence Regulations"), subject to the terms and conditions contained in the licence.

3. 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 which does not seem to be very encouraging, it is seeking down gradation of its trading licence from Category 'I' to Category 'III' and is desirous to trade not more than 500 MW in a year.

4. The Petitioner vide its affidavit dated 1.9.2018 has submitted that pursuant to the grant of inter-State trading licence, the Petitioner has not violated any terms and conditions of the trading licence and provisions of the Trading Licence Regulations. The Petitioner has further submitted that no allegation has been made against it for any such violations by any of the beneficiaries with whom the Petitioner has carried out the trading of electricity. The Petitioner has submitted that the Commission in its order dated 28.9.2015 in Petition No. 94/MP/2015 has already allowed down gradation of trading licence of Reliance Energy Trading Limited with effect from 1.4.2015 and has requested for down gradation of its licence from Category I to Category III with effect from 1.4.2018 on the same line.

5. We have considered the submission of the Petitioner. The third and fourth provisos to Regulation 7 (b) of the Trading Licence Regulations provides as under:

"Provided also that a licensee may make an appropriate Application accompanied by prescribed fees for up-gradation of its licence to a higher category or down gradation of its licence to a lower category if it fulfills the conditions of these regulations for grant of such licence but it shall not be required to follow the procedure specified in Regulation 6 of these regulations.

Provided further that the licensee shall be heard by the Commission before taking a decision on the application."

6. The licensee has filed an application for down gradation of its licence in accordance with Trading Licence Regulations. On perusal of the application, we find that the applicant being a Category I licensee fulfills all technical requirements for grant of Category III inter-State trading licence. As regards the net worth requirements for Category III, Regulation 3 (3) of the Trading Licence Regulations provides that a person applying for Category III trading licence should have net worth ₹ 5 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.

7. The applicant has submitted the audited special balance sheet as on 27.3.2018. Based on the Special Audited Balance Sheet submitted by the Applicant, its net worth has been worked out as given below:

<b>Net Worth Computation</b>	<b>As per audited Balance Sheet as on 27.3.2018</b>
Particulars	(Rs. in lakh)
<b>A) Paid up equity capital (1)</b>	<b>4378.64</b>
<b>B) Reserves and Surplus</b>	
B.1. Capital Reserves	22611.07

B.2. Capital Redemption Reserve	11518.82
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	4074.34
B.6. Securities Premium Reserve	21069.36
B.7. Surplus (P & L Account)	94688.95
B.8. Other Free Reserves	26164.37
<b>Free Reserves and Surplus Considered for Net worth (2)</b> (B6+B7+B8)	180126.91
<b>C) Loans and Advances given to associates (3)</b>	<b>10008.00</b>
<b>D) Deferred Expenditure (including Misc. Expenses) not written off (4)</b>	0.18
<b>Net Worth (1+2-3-4)</b>	<b>174497.37</b>

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

Particulars	As per audited Balance Sheet as on 27.3.2018
<b>A) Non-current Assets</b>	(Rs. in lakh)
A.1. Net block of Tangible Asset	176709.92
A.2 Net Block of Intangible Asset	237.88
A.3 Capital work in progress	1386.71
A.4 Intangible Assets under development	0.00
A.5 Non-Current Investments	49722.17
A.6 Deferred Tax Assets	0.00
A.7 Long-term loans and advances	0.00
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>	0.00
A.8 Other Non Current Asset	3424.03
A.9 Deferred Expenditure (including Misc. Expenses) not written off (Not considered for net worth computation)	0.00
<b>Total Non-Current Assets</b>	231480.71
<b>Total Non-Current Assets considered for net worth (1)</b>	<b>231480.71</b>

<b>B. Non-Current Liabilities, Pref. Share &amp; 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 (i.e. Compulsory convertible Debentures)	49404.31
B.4 Deferred tax Liabilities	21233.73
B.5 Other Long Term Liabilities	19447.30
B.6 Long Term provisions	55.67
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>90141.01</b>
<b>C. Current Assets</b>	
C.1. Current Investments	22947.79
C.2. Inventories	36493.59
C.3. Trade Receivables	15629.86
C.4. Cash and cash equivalents	6267.44
C.5 Short Term Loans & Advances	10008.02
C.5.1 Less: Loans & Advances given to associates	10008.00
C.5.2 <b>Net Short Term Loan and Advances(C.5 - C.5.1)</b>	0.02
C.6 Other current assets	25667.53
C.7 Deferred Expenditure (including Misc. Expenses) not written off (not considered for net worth & Liquidity purpose)	0.00
Total Current Assets	<b>117014.23</b>
<b>Total Current Asset considered for Net worth (3)</b>	<b>107006.23</b>
<b>D. Current Liabilities</b>	
D.1. Short-term Borrowings	31186.76
D.2. Trade payables	17919.13
D.3. Other Current liabilities TDS payable, audit fees payable and payable to others)	24742.65
D.4. Short-term provisions	0.21
<b>Total Current Liabilities considered for Net worth (4)</b>	<b>73848.75</b>
<b>Net worth ((1-2)+(3-4))</b>	<b>174497.18</b>

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

<b>Particulars</b>	<b>27.3.2018</b>
Net Worth (Rs. in lakh)	174497.18
Current Ratio	1.58
Liquidity ratio	1.09

10. Since, the Petitioner meets the net worth, current ratio and liquidity ratio requirements specified by the Commission for grant of Category III licence in Trading Licence Regulations, we approve the down gradation of the licence of the Petitioner from Category I to Category III. The licensee shall remain bound by the terms and conditions contained in the order dated 20.9.2017.

11. The Petitioner has prayed for down gradation of its licence with effect from 1.4.2018 and has relied on the Commission`s order dated 28.9.2015 in Petition No. 94/MP/2015 in RETL`s case. On verification of records in Petition No. 94/MP/2015, it is noticed that RETL had filed the Petition on 13.3.2015 seeking down gradation of its licence from Category I to Category IV prospectively i.e. with effect from 1.4.2015 and with a commitment that it would not exceed the trading limit for Category IV during the year 2015-16. The Commission taking note of the said facts allowed the down gradation with effect from 1.4.2015. However, the Petitioner has filed the present petition on 4.5.2018 seeking down gradation of licence retrospectively, i.e. with effect from 1.4.2018. Since, the financial year 2018-19 had already commenced by the time the Petition was filed, the Petitioner is liable to pay the licence fee of Category I during the financial year. Therefore, the prayer of the Petitioner to

down grade its licence from 1.4.2018 is rejected. The down gradation of licence from Category I to Category III shall take place from the date of issue of the order. The Petitioner shall be liable to pay the licence fee for Category I for the year 2018-19.

12. 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.

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

14. Petition No. 134/MP/2018 stands disposed of accordingly.

sd/-  
**(Dr. M.K.Iyer)**  
Member

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

sd/-  
**(P.K.Pujari)**  
Chairperson