

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 371/TD/2023

Coram:

**Shri Jishnu Barua, Chairperson
Shri Arun Goyal, Member
Shri P.K. Singh, Member**

Date of Order: 16th February, 2024

In the matter of

Application for up-gradation of inter-State trading licence in electricity from Category 'IV' to Category 'III' under Regulation 15(1) of the Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of trading licence and other related matters) Regulations, 2020 and amendments thereof.

And

In the matter of

JSW Power Trading Company Limited,
JSW Centre, Bandra Kurla Complex,
Bandra -East,
Mumbai-400051, Maharashtra

...Applicant

Parties Present:

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

ORDER

The Applicant, JSW Power Trading Company Limited, has filed the present Petition for the upgradation of its inter-State trading licence in electricity from Category 'IV' to Category 'III' from 1.4.2023.

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 the 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 Petition No. 75/MP/2017 for approval of the 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 the 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 the change of name of the company after approval from the Registrar of Companies for the same.

4. Subsequently, based on the request of the Petitioner, vide order dated 4.3.2020 in Petition No. 20/TD/2020, this Commission down-graded the trading licence of the Petitioner from Category 'I' to Category 'IV' as per the 2020 Trading Licence Regulations with effect from 1.4.2020.

5 The Petitioner has submitted that on account of the improved market conditions, growth expected in the power market, and looking at the future business

potential of trading, JPTCL is seeking to amend its trading licence from Category IV to Category III and is desirous of trading up to 4000 MUs in a year. The Petitioner has further submitted that the trading volume of the petitioner has been increasing over the last 3 years and has undertaken that the Petitioner will pay an applicable differential licence fee for Category III licence for the financial year 2023-24, in terms of proviso to Regulation 15(1)(e) of the Trading Licence Regulations, 2020:

Hearing dated 12.1.2024

6. During the course of the hearing on 12.1.2024, the learned counsel for the Petitioner submitted that the Petitioner Company meets the net worth, current ratio and liquidity ratio requirements as specified by the Commission for the grant of a Category III licence. The learned counsel sought permission to file the Special Audited Balance Sheet as on 31.10.2023 in terms of the provisions of the Trading Licence Regulations, 2020.

7. The Petitioner vide Record of Proceedings for the hearing dated 12.1.2024 was directed to furnish the Special Audited Balance Sheet as on 31.10.2023. The Petitioner, vide its affidavit dated 7.2.2024, has submitted the Special Audited Balance Sheet as on 31.12.2023

Analysis and Decision

8. We have considered the submissions of the Petitioner. Regulation 9(4) of the Trading Licence Regulations 2020 provides as under:

“(4) The Trading Licensee shall 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 in order to fulfill the conditions of these regulations in accordance with the procedure specified in Regulation 15 of these regulations.”

9. Regulation 15(1) of the Trading Licence Regulations 2020 provides as under:

“15(1) Upgradation of licence:

(a) The Trading Licensee may at any time during a particular year apply for a higher category licence on the basis of the volume proposed to be traded in a particular Year.

(b) The Trading Licensee shall file an application before the Commission for upgradation of its licence to a higher category as soon as he expects the trading volume to exceed the trading volume limit specified for the Trading Licensee’s existing category.

(c) The Trading Licensee shall be granted an opportunity of being heard by the Commission before taking a decision on the application

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

(e) The Trading Licensee shall pay licence fee applicable to the higher category licence if in a particular Year the licence has been upgraded:

Provided that in case a Trading Licensee has already paid licence fee applicable for its existing lower category licence in a particular year, then the Trading Licensee shall have to make payment equivalent to difference of fee applicable for higher category licence and fee already paid for existing licence category.”

10. The Petitioner has filed an application for the upgradation of its licence in accordance with the Trading Licence Regulations, 2020. On perusal of the application, the Petitioner being a Category ‘IV’ licensee, fulfils all technical requirements for the grant of a Category ‘III’ inter-State trading licence. As regards the net worth requirements for Category ‘III’, Regulation 3(3) (a) of the Trading Licence Regulations, 2020 provides that a person applying for a Category ‘III’ trading licence should have a net worth of Rs. 20 crore and should have maintained minimum current ration and liquidity ratio of 1:1 on the date of audited special balance sheet accompanying the Petition.

11. The Petitioner has submitted the audited special balance sheet as on 31.12.2023. Based on the audited special balance sheet, its net worth has been worked out as under:

(Rs. in lakh)	
Net Worth Computation	As per the audited special balance sheet as on 31.12.2023
Particulars	
A) Paid up equity capital (1)	7005.00
B) Reserves and Surplus	
B.1. Capital Reserves	591.70
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	3.19
B.7. Surplus (P and L Account)	8660.97
B.8. Other Free Reserves (i.e. general reserve and cash flow reserve)	3.21
Free Reserves & Surplus considered for net worth (2) (B6+B7+B8)	9259.07
C) Loans and Advances given to associates (3)	3000.00
D) Deferred expenditure (including Misc. Expenses) not written off (4)	0.00
Net Worth (1+2-3-4)	13264.07

12. The net worth of the Applicant is further represented by the following:

(Rs. in lakh)	
Net worth (Asset approach), Current Ratio & Liquidity Ratio computation	As per the audited special balance sheet as on 31.12.2023
A) Non-current Assets	
A.1 Net block of Tangible Asset	1.63
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	445.06
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 Net Long Term Loans & Advances (A.7 - A.7.1)	0.00
A.8 Other non-current asset (Right of use assets, capital advances and prepaid expenses, etc.)	4080.33
A.9 Deferred expenditure (including Misc. Expenses) not written off (Not considered for net worth computation)	0.00
Total Non-Current Assets	4527.02
Total Non-Current Assets considered for net worth (1)	4527.02
B. Non-Current Liabilities, Preferential Share & 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	380.01
B.4 Deferred tax Liabilities	223.50
B.5 Other Long Term Liabilities	0.00
B.6 Long Term provisions	0.00
B.7 Reserves other than free reserves	0.00
Total Non-Current Liabilities, reserves other than free reserves considered for Net worth (2)	603.51
C. Current Assets	
C.1. Current Investments	0.00
C.2. Inventories	1597.72
C.3. Trade Receivables	580.94
C.4. Cash and cash equivalents	375.69
C.5 Short Term Loans & Advances	3000.00
C.5.1 Less: Loans and Advances given to associates	3000.00
C.5.2 Net Short-Term Loan and Advances (C.5 - C.5.1)	0.00
C.6 Other current assets	8993.26
C.7 Deferred Expenditure	0.00
Total Current Assets	11547.61
Total Current Asset considered for Net worth (3)	11547.61
D. Current Liabilities	
D.1. Short-term Borrowings	0.00
D.2. Trade payables	838.16
D.3. Other Current liabilities	1368.89
D.4. Short-term provisions	0.00
Total Current Liabilities considered for Net worth (4)	2207.05
Net worth ((1-2)+(3-4))	13264.1

13. Based on the above, the net worth, current ratio and liquidity ratio of the Applicant are as under:

Sr. No.	Particulars	As per the Audited special balance sheet as on 31.12.2023
1	Net worth (Rs. in lakh)	13264.1
2	Current ratio	5.23
3	Liquidity ratio	4.51

14. In terms of the above, the Applicant meets the net worth, current ratio and liquidity requirements specified in the Trading Licence Regulations, 2020. Accordingly, we approve the upgradation of the inter-State trading licence of the Applicant from Category 'IV' to Category 'III' with effect from the date of issuance of the order. The licensee shall remain bound by the terms and conditions contained in the order dated 25.4.2006 in Petition No. 161/2005, whereby it was issued with Category 'IV' trading licence.

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

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

17. Petition No. 371/TD/2023 is allowed in terms of the above.

Sd/-
(P.K. Singh)
Member

sd/-
(Arun Goyal)
Member

sd/-
(Jishnu Barua)
Chairperson