

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 557/TD/2025

Coram:

Shri Jishnu Barua, Chairperson

Shri Ramesh Babu V., Member

Shri Harish Dudani, Member

Shri Ravinder Singh Dhillon, Member

Date of Order: 7th July, 2025

In the matter of

Application under Section 14 of the Electricity Act, 2003 read with Regulation 6 of the Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of Trading License and other related matters) Regulations, 2020, for grant of an Inter-State Trading Licence.

And

In the matter of

Reliance Industries Limited,
3rd Floor, Maker Chambers IV,
222, Nariman Point, Post Box: 11717,
Mumbai - 400 021.

....Petitioner

The following were present:

Shri Shardul Singh, Advocate, RIL

Shri Hemant Singh, Advocate, RIL

ORDER

The Petitioner, Reliance Industries Limited (hereinafter referred to as 'the Petitioner'), registered under the Companies Act, 2013, has made the present application under Section 14 of the Electricity Act, 2003 (hereinafter referred to as "the Act") read with Regulation 6(1) of the Central Electricity Regulatory Commission (Procedure, Terms and Conditions for the grant of Trading Licence and other related matters) Regulations, 2020 (hereinafter referred to as "the Trading Licence

Regulations”) amended from time to time, for the grant of a Category 'I' trading licence for inter-State trading in electricity all over India.

Hearing dated 5.6.2025.

2. During the course of the hearing, the learned counsel for the Petitioner submitted that the Petitioner company fulfils all the requirements for the grant of a trading licence as prescribed under the Trading Licence Regulations, 2020.

3. In response to the Commission’s specific query regarding the Petitioner’s Liquidity Ratio being 0.69, i.e., lower than the requirement of 1:1 under the provisions of the Trading Licence Regulations, the learned counsel for the Petitioner submitted that the proviso to Regulation 9(2) provides that if the current ratio or liquidity ratio at the end of a financial year is less than 1:1, then the trading licensee shall be required to maintain the additional Net Worth of 100% of the Net Worth stipulated for the respective category and the Petitioner fulfills this additional Net Worth requirement. Learned counsel further sought liberty to file an affidavit seeking relaxation of such provision by the Commission. Learned counsel pressed for allowing the IA No. 47/2025 filed by the Petitioner for seeking revision of an inadvertent typographical error at para 12 (b), (c) and (d) of Form-I provided in the Petition. Considering the submissions of the learned counsel for the Petitioner, IA No. 47/2025, filed for seeking revision of the typographical errors in the Petition, was allowed. Accordingly, IA No. 47/2025, having served its purpose, was disposed of.

4. The Petitioner, vide Record of Proceedings for the hearing dated 5.6.2025, was directed to submit the affidavit for seeking relaxation of the liquidity ratio requirements

provided in the Trading Licence Regulations, and an undertaking to the effect that it will not carry out the transmission business without surrendering the trading licence if granted by the Commission. The Petitioner, vide its affidavit dated 16.6.2025, has filed the information called for.

Hearing dated 20.6.2025

5. The matter was heard on 20.6.2025. During the course of the hearing, the learned counsel for the Petitioner submitted that the Petitioner has filed a compliance affidavit dated 16.6.2025 in terms of the direction of the Commission *vide* Record of Proceedings for the hearing dated 5.6.2025 and in the said affidavit, the Petitioner prayed for the relaxation of the Liquidity Ratio (1:1) criteria. Learned counsel submitted that the Net Worth stipulated for the Category I trading licence is the minimum of Rs. 50 crores. However, the Petitioner's Net Worth is Rs. 4,96,804 crores as per the Special Balance Sheet and this demonstrates that the Petitioner is maintaining the additional Net Worth of more than 100% of the Net Worth as stipulated in Trading Licence Regulations and therefore, the proviso to Regulation 9(2) thereof is being complied with. In this regard, the reliance was also placed on the order dated 27.5.2019 passed by the Commission in Petition No. 219/TD/2019. Learned counsel added that in the said affidavit, the Petitioner has also undertaken not to carry out the business of transmission of electricity during the subsistence of an inter-State trading licence, if granted by the Commission.

6. We have perused the documents available on record. Regulation 6 of the Trading Licence Regulations provides for the procedure for the grant of a trading licence as under:

“6. Procedure for grant of licence

(1) Any person desirous of undertaking inter-State trading in electricity shall make an application to the Commission for grant of licence in the manner specified in Form-I appended to these regulations and such application shall be accompanied by-

(a) Such application fee as prescribed by the Central Government from time to time and shall be paid as per the procedure specified in Central Electricity Regulatory Commission (Payment of Fees) Regulations, 2012, as amended from time to time or any statutory re-enactment thereof.

(b) Copies of the annual reports in case of the persons incorporated under the Companies Act, 1956 or Companies Act, 2013 including audited accounts along with the Directors' Report, Auditors' Report, the Schedules and notes to accounts for one Year immediately preceding the Year in which the application has been made and the audited special balance sheet as on any date falling within 30 days immediately preceding the date of filing the application.

(2) The Applicant shall post complete application along with annexures and enclosures on its 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 the application.

(3) The Applicant shall within 7 days after making such application, publish a notice of its application, in two daily newspapers in Form II, with the following particulars, namely:

(4) 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.

(5) The Applicant shall allow a period of 30 days to the public to file objections or suggestions to the notice of application published in the newspapers.

(6) The Applicant shall file its reply before the Commission within 30 days from the last date of receipt of objections or suggestions from the public.

(7) The Commission after consideration of the objections or suggestions received in response to the notice published by the Applicant and its reply may reject the application or 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 and with such other details as the Commission considers appropriate, to invite further objections or suggestions to its proposal.”

7. The Petitioner has submitted the application as per Form-I, along with the

requisite fees.

8. The Petitioner has uploaded the application for the grant of a trading licence on its website in terms of Clause (3) of Regulation 6 of the Trading Licence Regulations and further placed on record the relevant copies of the newspapers in original in which notice of its application has been published. The Petitioner, vide its affidavit dated 6.5.2025, has submitted that 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 company on 1.5.2025 in the 'Indian Express' (Vadodara, Mumbai, Chandigarh, Delhi, Jaipur, Kolkata, Lucknow and Nagpur editions), in the 'Financial Express' (Ahmedabad, Bengaluru, Chandigarh, Chennai, Delhi, Mumbai, Kochi, Kolkata, Lucknow and Pune editions) and in the 'Assam Tribune' (Guwahati edition). It has been submitted by the Petitioner that no objection has been received in response to the public notices.

9. The Petitioner Company was incorporated under the provisions of the Companies Act, 1956, on 8.5.1973. Clause C (24) of the Memorandum of Association provides that the Petitioner should have been authorized to undertake trading in electricity by its Memorandum of Association. We note that trading in electricity is covered under its Memorandum of Association of the Petitioner Company. Clause C (24) of the Memorandum of Association of the Petitioner company reads as under:

"C (24). To carry on business as merchants, traders, commission agents, buying and selling agents, brokers, adatias, importers, buyers, sellers, exporters, dealers and to import, export, buy, sell, barter, exchange, or otherwise trade and deal in goods, produce, articles and merchandise of any kind whatsoever in India or anywhere in the world as allowed under Trade Laws."

10. In view of the above, it has been submitted by the Petitioner that it fulfils the requirements specified in Clause (1) of Regulation 3 of the Trading Licence Regulations.

11. In accordance with Clause (3) of Regulation 3 of the Trading Licence Regulations, a person applying for a Category 'I' trading licence should have a net worth of Rs. Fifty crores and should have maintained a minimum current ratio and liquidity ratio of 1:1 as on the date of the Audited Special Balance Sheet accompanying the application. The Petitioner has submitted the Audited Balance Sheet as on 31.3.2025.

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

(Rs. in crores)	
Net Worth Computation	As per Special Audited Balance Sheet as on 31.3.2025
Particulars	
A) Paid up equity capital (1)	543087.00
B) Reserves and Surplus	
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	0.00
B.7. Surplus (P and L Account)	0.00
B.8. Other Free Reserves (i.e., general reserve and cash flow reserve)	46198.00
Free Reserves & Surplus considered for net worth (2) (B6+B7+B8)	46198.00
C) Loans and Advances given to associates (3)	85.00

D) Deferred expenditure (including Misc. Expenses) not written off (4)	0.00
Net Worth (1+2-3-4)	496804.00

13. The net worth of the Petitioner is further represented by the following:

(Rs. in crores)	
Net worth (Asset approach), Current Ratio & Liquidity Ratio computation	As per Special Audited Balance Sheet as on 31.3.2025
A) Non-current Assets	
A.1 Net block of Tangible Asset	267096.00
A.2 Net Block of Intangible Asset	43951.00
A.3 Capital work in progress	76322.00
A.4 Intangible Assets under development	6095.00
A.5 Non-Current investments	333258.00
A.6 Deferred Tax Assets	0.00
A.7 Long-term loans and advances	4941.00
A.7.1 Less: Loans & Advances given to Associates included in above	85.00
A.7.2 Net Long Term Loans & Advances (A.7 - A.7.1)	4856.00
A.8 Other non-current asset (Right of use assets, capital advances and prepaid expenses, etc.)	21175.00
A.9 Deferred expenditure (including Misc. Expenses) not written off (Not considered for net worth computation)	0.00
Total Non-Current Assets	752753.00
Total Non-Current Assets considered for net worth (1)	752753.00
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	172025.00
B.4 Deferred tax Liabilities	37390.00
B.5 Other Long Term Liabilities	10197.00
B.6 Long Term provisions	1767.00
B.7 Reserves other than free reserves	46198.00
Total Non-Current Liabilities, Reserves other than free reserves considered for Net worth (2)	267577.00
C. Current Assets	0.00

C.1. Current Investments	57102.00
C.2. Inventories	89216.00
C.3. Trade Receivables	15591.00
C.4. Cash and cash equivalents	97689.00
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 *	9965.00
C.7 Deferred Expenditure	0.00
Total Current Assets	269563.00
Total Current Asset considered for Net worth (3)	269563.00
D. Current Liabilities	
D.1. Short-term Borrowings	26788.00
D.2. Trade payables	157643.00
D.3. Other Current liabilities	72348.00
D.4. Short-term provisions	1156.00
Total Current Liabilities considered for Net worth (4)	257935.00
Net worth ((1-2)+(3-4))	496804.00

14. Based on the Audited Balance Sheet as on 31.3.2025, net worth, current ratio, and liquidity ratio have been worked out as under:

Sr. No.	Particulars	As per Special Audited Balance Sheet as on 31.3.2025
1	Net worth (Rs. in crores)	496804.00
2	Current ratio	1.05
3	Liquidity ratio	0.70

15. As per the above special audited balance sheet dated 31.03.2025, the Petitioner fulfills the requirement of net worth for the grant of Category-I trading licensee. However, the Petitioner does not meet the requirement of the liquidity ratio specified in Regulation 3(3)(b) of the Trading Licence Regulations. As per Regulation 9 of the Trading Licence Regulations, the trading licensee is required to maintain the liquidity ratio of 1:1 at all times. Relevant portion of Regulation 9 of the Trading Licence

Regulations is extracted as under:

"9. Obligations of the Trading Licensee the Trading Licensee shall be subject to the following obligations, namely: -

(1) The Trading Licensee shall comply with the requirements of laws in force and, in particular, the Act, the Rules and the Regulations, Grid Code, orders and directions issued by the Commission from time to time and any of the State Electricity Regulatory Commissions in accordance with law.

(2) The Trading Licensee shall maintain the Net Worth in accordance with Regulation 3 of these regulations at all times and shall maintain Current Ratio of 1:1 and Liquidity Ratio of 1:1 at the end of every financial year: Provided that if the current ratio or the liquidity ratio at the end of the financial year is less than 1:1, then the Trading Licensee shall be required to maintain additional Net Worth of 100% of the Net Worth stipulated for the respective category of trading licence.

16. Since the Petitioner is not fulfilling the requirement of the liquidity ratio, the Commission, vide Record of Proceedings for the hearing dated 05.06.2025 and RoP dated 10.06.2025, directed the Petitioner to file the status of the liquidity ratio. The Petitioner vide its affidavit dated 16.06.2025 has submitted that the Commission, in its order dated 27.05.2019 in Petition No. 219/TD/2019, granted a Category I Trading Licence to M/s. NTPC Ltd. This decision was made by relaxing the liquidity ratio requirement, as the company demonstrated financial soundness in terms of liquidity for conducting electricity trade and fulfilled all other necessary criteria.

17. The Commission, upon perusal of the submissions, observed that although the Petitioner does not fulfil the liquidity ratio requirement as stipulated under the applicable Regulations, the Petitioner possesses a net worth of ₹4,96,804 lakh, which is several times higher than the minimum net worth required for a Category-I trading license. In view of the substantial financial strength demonstrated by the Petitioner, the Commission, in exercise of its powers under Regulation 17 of the Central Electricity

Regulatory Commission (Procedure, Terms and Conditions for grant of Trading Licence and other related matters) Regulations, hereby relaxes the requirement of the liquidity ratio in the present case. However, as specified under Regulation 9(2) of Central Electricity Regulatory Commission (Procedure, Terms and Conditions for grant of trading licence and other related matters) Regulations, 2020, the Petitioner shall be required to maintain the additional net worth of 100% of the net worth stipulated for the respective category of trading licence.

18. In accordance with Clause (2) of Regulation 3 of the Trading Licence Regulations, the Petitioner should have at least one full-time professional with qualifications and experience in power system operation and commercial aspects of power transfer, finance, commerce, and accounts. With regard to full-time professionals, the Petitioner vide its affidavit dated 28.4.2025 has submitted that Mr. Ashok Singh, Bachelor of Science (Mechanical Engineering) is a Senior Vice President of the Petitioner company and has more than 37 years of experience in the power industry including Business Development, Commercial, Trading, Project Management, operation and over 12 years of experience in managing power trading, bought and sold power in the Power Exchange under different product segment, Mr. Mukesh Rathod, MBA (Finance) is a Vice President of the Petitioner company and has more than 29 years of experience in power sector with a diversified portfolio in Policy making, Project Conceptualization, Competitive Bidding, Strategy and Business Development, Regulatory and legal, Commercial, Trading of Power, Mr. Piyush B. Tanna, C.A, is an Assistant Vice President of the Petitioner company and has more than 27 years having diversified experience with Reliance Industries Limited with exposure in manufacturing accounting

with focus on various compliances including SEZ Provisions, Customs, GST, Excise, Income tax, Electricity Regulatory provisions, and Mr. Vishal Jadhav, B Tech Mechanical Engineering, Senior Manager has 14 years of experience in the power sector mainly in power trading, power sale/purchase and power, regulations etc. Accordingly, as per the information submitted by the Petitioner, it fulfils the requirements of Clause (2) of Regulation 3 of the Trading Licence Regulations.

19. The Memorandum of Association authorizes the Petitioner company to engage in the transmission of electricity. The Petitioner has submitted that it will not engage in the transmission business without surrendering the trading licence, if granted by the Commission.

20. On consideration of the above facts, after a preliminary examination, we find that the Petitioner meets the requirements as specified in the Trading Licence Regulations for the grant of a Category 'I' trading licence. In view thereof, the Commission proposes to grant a Category 'I' 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.

21. The Petition shall be listed for a final hearing on **29.7.2025**.

Sd/-
(Ravinder Singh Dhillon)
Member

sd/-
(Harish Dudani)
Member

sd/-
(Ramesh Babu V.)
Member

sd/-
(Jishnu Barua)
Chairperson