
CIRCULAR

Circular No :- PXIL/BD/2018-2019/251
Date of Issue :- 25th July, 2018
Subject :- Introduction of invoice module in PXIL trading system to facilitate transfer of Goods and Services tax amount (GST) on Renewable Energy Certificates trades from Buyer to Seller.

Dear Member(s)

PXIL, vide its Circular No:- PXIL/BD/2018-19/249 dt 27.06.2018, had informed all the market participants the facilitation process for transfer of GST amount on value of Renewable Energy Certificate (REC) from Buyer to Seller for the period July-2017 to June-2018.

In continuation to the above referred Circular, the Market Participants are hereby informed that an Invoice Module has been incorporated in the trading system to help Sellers raise electronic GST invoices in the name of counterpart Buyers. The Sellers also have an option to upload a scanned copy of physically signed invoice in the name of counterpart Buyer. This invoice will be sent electronically to counterpart Buyer. The counterpart Buyer will verify & validate the invoice and provide instructions to the Exchange to release the relevant GST amount to counterpart Seller.

Accordingly, all the Members are informed that PXIL shall block additional margin corresponding to the GST amount on bid value of REC prior to the REC trade session. The Buyers participating in the REC trading session need to make available the additional margin corresponding to GST amount on bid value of REC at the time of bidding.

In order to facilitate transfer of GST funds/amount from Buyers to counterpart Seller, the Member and Client need to submit an Undertaking in line with our earlier circular dt 27.06.2018, on priority and at the earliest.

Starting from today's session, the following process towards settlement of GST on value of RECs shall be applicable:

- a) Members to kindly note that the bid margin for placing bids in REC segment shall be 112% of the bid value. Exchange will create a lien on the entire margin and the amount blocked to the extent of 12% of the bid value, would be utilised for transferring the GST amount from Buyer to Seller.
- b) The Exchange shall release the counterpart Buyer/Seller information after declaration of trade results.

- c) The Seller is advised to utilize the facility to raise GST invoice in the name of counterpart Buyer on Exchange provided Invoice Module. All Sellers who avail this facility shall digitally sign the invoice for onward submission to counterpart Buyers. While raising invoice in the Invoice Module, the Seller shall verify and authenticate their corporate details and ensure the right information has been entered by them.
- d) Those Sellers who do not opt to raise invoice in the name of counterpart Buyers by accessing the Exchange provided Invoice Module, shall upload either scanned copy of the original invoice or upload a digitally signed electronic invoice in the Invoice Module.
- e) All invoices of the Sellers submitted in the Invoice Module will then be sent electronically to counterpart Buyers. Member should ensure that all the Selling Clients raise GST invoice before 7th of the forthcoming month, i.e. for trading session of July-2018 all Sellers should mandatorily raise the GST invoice by 7th of August-2018.
- f) The Selling Clients who do not avail the facility of Invoice Module for generation or uploading of GST related invoice upto 7th of the following month shall solely be responsible for GST liability arising on account of sale of REC.
- g) In case the Selling Clients do not raise any invoice by 7th of the following month, the balance amount on which lien was created by the Exchange on the day of REC trading session will be withdrawn.
- h) The Buyers will validate the respective GST invoice raised by counterpart Sellers and provide GST payment transfer instruction on the Invoice Module. The Exchange will then transfer the relevant GST amount to respective Members and clients of Advisory Members. In case, the Buyer detects any error/anomaly in the invoices received, a Reject facility is provided in the module. In such cases, the counterpart seller shall be informed of the same for corrections at Seller's end. The revised invoice as raised by Seller shall be processed in same manner as mentioned earlier.
- i) The Exchange shall await release instruction from Buyers till fourteenth day of the following month of the trade, through the Invoice Module. The Buyers may provide the written reasons for either rejection or delay during this period. If no such instruction is received within this period, the Exchange shall consider Deemed consent from the Buyers and release the payments to the corresponding Sellers.

With regard to payment of GST on value of non-Solar RECs issued before 31.03.2017, since the matter of inclusion of Rs. 500/- on the value of such REC is pending before Hon'ble Supreme Court, the GST facilitation on this amount would be decided by the Exchange depending on directions received from Hon'ble CERC. The Exchange will facilitate transfer of GST at Market Clearing price less Rs. 500 per REC. As and when the final decision is issued by Hon'ble Supreme court and directions are received from Hon'ble CERC, the Exchange will issue a separate Circular for the said matter.

In case of any clarification please contact Mr. Anil V Kale (anil.kale@pxil.co.in/022-40096625) for any further queries.

For and on behalf of

Power Exchange India Ltd

Chandrashekhar Bhat
VP (Business Development)

Encl : Undertaking to be submitted by Member/Clients as the case may be for availing facilitation of Transfer of GST Amount as provided earlier in PXIL circular reference no: PXIL/BD/2018-19/249 dt 27.06.2018.

Undertaking for GST on REC Trades

(To be executed on stamp paper of applicable value)

This undertaking is executed at this day of , 2018

I / We _____, a company / Corporation incorporated / registered under the Companies Act, 1956 / Companies Act, 2013, or such other acts as applicable / Partnership Firm / Propriety Firm / Association of Person / Body of Individual and having its / our registered office or principal place of business at _____ (hereinafter referred to as the 'Indemnifying Party' which expression shall unless repugnant to the context include its successors, assigns and legal representatives) give this Undertaking IN FAVOUR of POWER EXCHANGE INDIA LIMITED, a company incorporated under the Companies Act, 1956 and having its registered office at Sumer Plaza, 9th Floor, Unit No. 901, Marol Maroshi Road, Andheri (East), Mumbai - 400 059 (hereinafter referred to as 'PXIL' which expression shall unless repugnant to the context include its successors, assigns and legal representatives)

WHEREAS PXIL is an Exchange which provides electronic trading facility in power and such other products as introduced from time to time admits members and their client who can trade, clear and settle the trades executed on PXIL subject to provisions of PXIL's Bye Laws, Business Rules, Rules of PXIL and Circulars issued thereunder from time to time including any other applicable laws.

AND WHEREAS PXIL has issued circulars wherein it has provided the detailed procedure for facilitating the transfer of Goods and Services Tax (GST) amount from the buyers to sellers of Renewable Energy Certificates (REC) on the PXIL platform.

AND WHEREAS PXIL has agreed to facilitate and settle GST amount between buyers and sellers provided, inter alia, the Indemnifying Party execute an Undertaking in its favour to indemnify PXIL from any demand / liability arising on account of such facilitation.

NOW THEREFORE IN CONSIDERATION OF PXIL HAVING AGREED TO PROVIDE FACILITATION AND SETTLEMENT OF GST AMOUNTS BETWEEN BUYERS AND SELLERS OF REC CONTRACTS ON THE PXIL PLATFORM THE INDEMNIFYING PARTY UNCONDITIONALLY AND IRREVOCABLY UNDERTAKES AND AGREES AS FOLLOWS

1. that the Indemnifying Party is fully aware and has full knowledge that PXIL facilitates the transfer of Goods and Services Tax (GST) amount from the buyers to sellers of REC on the PXIL platform;
2. that the Indemnifying Party agrees that it shall indemnify and keep indemnified PXIL and each of its affiliates, officers, directors, employees, agents and auditors from any claim / demand / liability raised by tax authorities towards the applicable rate of GST on REC contracts on the PXIL platform or any other matter related to sale of RECs;
3. that the Indemnifying Party agrees that all claims raised by tax authorities with respect to GST on REC contracts or any other matter related to sale of RECs shall be settled mutually between the buyers and sellers of RECs directly;
4. that this Undertaking shall be binding upon the heirs, legal representatives, successors and assigns of the Indemnifying Party;
5. this Undertaking shall be governed by and construed in accordance with laws of India as applicable from time to time;
6. in the event of conflict between any clause of this undertaking and byelaws, business rules, rules of PXIL or any circulars or order issued there under the latter shall prevail;

Signed sealed and delivered)

by the withinnamed)

being the authorized-person / proprietor / partners)

In the presence of)

WITNESSES

Signature

(1) Name :

ADDRESS :

Signature :

(2) Name :

ADDRESS :

Signature :

Before Me