

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 138/2010

**Coram: Shri S. Jayaraman, Member
Shri M. Deena Dayalan, Member**

Date of order: 3.5.2010

In the matter of

Power Exchange of India Ltd.

.....Petitioner

And in the matter of

Appointment of Independent Directors on the Board of Power Exchange of India Limited.

ORDER

Clause (ii) of Regulation 22 of Central Electricity Regulatory Commission (Power Market Regulations) Regulations, 2010 (hereinafter referred to as "Power Market Regulations) provides as under:

“(ii) Independent Directors – At least one third of the members of the Board or a minimum of two directors, whichever is higher, shall be independent directors selected from a panel constituted by the Power Exchange and approved by the Commission out of which one person will have professional qualification and experience in finance. The panel shall be constituted of persons of repute and integrity from academics, professionals, industry representatives, public figures none of whom should have any interest in any Member of Power Exchange and any fiduciary relationship with any shareholder of Power Exchange.”

2. Power Exchange of India Ltd. (PXIL) in its communications dated 6.4.2010 and 12.4.2010 has sought approval of the Commission for appointment of two Independent Directors on the Board of PXIL. Normally, any interested party is required

to file appropriate petition for direction/approval/order from the Commission on any matter. Therefore, we have treated the letters submitted by PXIL as a petition and proceed to dispose of the same.

3. The Petitioner has stated that presently the constitution of Board of Directors of PXIL is as under:

Sr. No.	Category	No. of Directors
1	Directors nominated by NSEIL and NCDEX	3
2	Directors representing Members of PXIL	3
3	Independent Director	1
4	Managing Director &CEO	1

4. The Petitioner has received consent from Shri C.M. Vasudev, Ex-Secretary, Ministry of Finance, Government of India on 27.2.2010 to act as an Independent Director on the Board of PXIL. It has been stated that the Board of Directors of the Petitioner in its meeting dated 2nd March, 2010 has approved the name of Shri C.M. Vasudev for appointment as an Independent Director subject to the approval of the Commission. Shri C.M. Vasudev, being Ex-Finance Secretary in the Ministry of Finance fulfills the necessary criteria of experience in finance as required under the Power Market Regulations.

5. Further, the Petitioner in its Letter No. PXIL/S&LD/1242010/31 dated 12.4.2010 has stated that it has received consent from Sh. C. Achuthan to act as an Independent Director on the Board of PXIL. It has been stated that Shri C. Achuthan who holds a Masters degree in Economics and degree in Law was previously the Chairman of the Security Appellate Tribunal and was a member of Securities Exchange Board of India. The Board of Directors of PXIL in its meeting held on 2nd March, 2010 has approved

the name of Shri C. Achuthan to be appointed as an Independent Director subject to the Commission's approval.

6. As per Para 1.13 of the Articles of Associations of Power Exchange of India Ltd., the number of Directors of the Company shall not be less than 3 and not more than 12. As per the Petitioner, the number of Directors in the Board of PXIL at present is eight. One-third of the Members of the Board works out to 2.66 which rounds up to 3. Therefore, the Petitioner is required to bring 3 Independent Directors on the Board of PXIL in order to meet the statutory requirement of Clause (ii) of Regulation 22 of Power Market Regulations. We are of the view that the panel size and actual number of Independent Directors shall be in the ratio of 2:1. Accordingly, the Petitioner is directed to suggest more names for approval of a panel of six for appointment of 3 Independent Directors.

7. Considering the fact that Shri C.M. Vasudev and Shri C. Achuthan are eminent professionals having wide ranging experience in the field of finance and have held responsible positions in the Government and Regulatory Bodies respectively in the past, we approve their names to be included in the panel of PXIL for appointment as Independent Directors. The Petitioner is directed to appoint one of them as Independent Director at present and the other person may be appointed after an enhanced panel is approved by the Commission.

Sd/-
[M. Deena Dayalan]
Member

sd/-
[S. Jayaraman]
Member