

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 241/MP/2012**

Sub: Relaxation of time frame for compliance of shareholding pattern under Regulation 20 read with Regulation 19 (1) (i) of the Central Electricity Regulatory Commission (Power Market) Regulations, 2010.

Date of hearing : 27.11.2012

Coram : Dr. Pramod Deo, Chairperson  
Shri S.Jayaraman, Member  
Shri V.S.Verma, Member  
Shri .M.Deena Dayalan, Member

Petitioner : Indian Energy Exchange Limited, New Delhi

Parties present : 1. Shri Amit Kapur, Advocate, IEX  
2. Miss Apoorva Mishra, IEX  
3. Shri Vishov Mukerjee, IEX  
4. Shri Veneet , IEX

**Record of Proceedings**

The petitioner Indian Energy Exchange Limited, has filed this petition seeking relaxation/extension of time for compliance of shareholding pattern in terms of of the Central Electricity Regulatory Commission (Power Market) Regulations, 2010 (Power Market Regulations).

2. Learned counsel for the petitioner submitted that petitioner is committed to bring down the shareholding of Financial Technologies of India Limited (FTIL) in IEX to comply with Regulation 19 (1) (i) of the Power Market Regulations. Since, the operation of Power Exchange, FTIL has already brought down its equity from 100% to 30.14% and other shareholder, namely PTC Financial Services has already brought down its shareholding to 5% on a fully diluted basis.

3. Learned counsel submitted that the petitioner has received a representation from the FTIL regarding its inability to bring down the equity in the company within the stipulated time frame and therefore, the petitioner has sought relaxation of time for further period of three years to meet the shareholding norms in terms of Regulations 19 (1) (i) of the Power Market Regulations. As per the FTIL representation, there are two options available for reducing the FTIL stake at the desired level. One option is that FTIL sells its

5.14% stake through 'Private Equity (PE)' sale or 'Offer of sale' and the other option is to increase the Base Equity Capital which will bring down the FTIL stake to 25%. FTIL has *inter-alia* expressed number of difficulties in dilution of its stake as under:

- (i) Lack of interest in buying just 5% stake by other investors;
- (ii) Negative market sentiment;
- (iii) No requirement of additional funds by the Company;
- (iv) Power market is at nascent stage of development;
- (v) Only 2% of the total power generated gets traded; and
- (vi) Government of India Foreign Direct Investment (FDI) policy on Power Exchanges which permits up to 49% in the Power Exchanges to foreign investor subject to an FDI limit of 25% and Foreign Institutional Investment (FII) limit of 23% which would mean further sale can happen through IPO route.

4. Learned counsel submitted that even if either of the method of dilution is opted, administratively and from procedure perspective, it will take minimum 2-3 years to complete the process depending on how market condition improves.

5. Learned counsel submitted that the petitioner has several other shareholders who together hold 70% shares in the petitioner company. Therefore, there already exist a well balanced shareholding with sufficient check and balances on any particular large shareholder such as FTIL.

6. Learned counsel submitted that the Commission vide its order dated 27.10.2011 in Petition No. 101/2011 had granted additional time of 3 years to Power Exchange of India Limited to achieve the specified net-worth to comply with the Power Market Regulations. Learned counsel submitted that the petitioner be allowed time till 20.1.2016 to achieve the shareholding pattern as specified in the Power Market Regulations.

7. After hearing the learned counsel, Commission reserved order in the petition.

**By order of the Commission**

**Sd/-  
(T. Rout)  
Joint Chief (Law)**