

**Central Electricity Regulatory Commission
New Delhi**

Petition No. RC/003/2014

Subject	:	Petition seeking extension of time to comply with order dated 26.2.2013.
Date of hearing	:	1.5.2014
Coram	:	Shri Gireesh B. Pradhan, Chairperson Shri M. Deena Dayalan, Member Shri A.K. Singhal, Member
Petitioner	:	Power Exchange India Ltd. Mumbai
Parties Present	:	Shri Kapil Dev, PXIL Shri Jatin Chonani, PXIL

Record of Proceedings

The representative of the petitioner submitted as under:

(a) The present petition has been filed for extension of time up to 31.3.2016 for compliance of Regulation 19 (1) of the Central Electricity Regulatory Commission (Power Market) Regulations, 2010 (Power Market Regulations) and order of the Commission dated 26.2.2013 in Petition No. 4/MP/2013.

(b) PXIL has increased its authorised share capital from ₹ 55 crore to ₹ 80 crore. PXIL is approaching investors for achieving compliance with the shareholding pattern under the Power Market Regulations to facilitate achieving the shareholding of promoters to 25%.

(c) Owing to the limit on shareholding, the promoters cannot go beyond the current investment in the petitioner company and therefore, for funds required by the petitioner, the promoters had to invest ₹ 10 crore through preference share capital (OCPRS).

(d) At present, NSE and NCDEX are holding 32% and 27% shares respectively. NCDEX desired to invest ₹2 crore in the petitioner company but it was constrained by the FMC. NCDEX has now received approval from FMC, which would increase its shareholding in the petitioner-company from 27% to 32%.

(e) The Exchange has increased the authorised share capital so that shareholding of the promoters comes down to 25%.

(f) It has approached both foreign and domestic investors. The constraint of 5% on foreign investment does not evince interest of foreign investors who want management control in the company and want to shape the power market.

(g) The size of investment by the investors is to the tune of ₹ 50-100 crore whereas the petitioner requires an investment of only ₹ 20 crore, owing to 25% limit on shareholding. EEX and CME have declined investment in the petitioner company. The petitioner has approached domestic investors, private equity investors and members for fresh investment.

2. In response to the Commission's query regarding present net worth of PXIL, the representative of the petitioner submitted that the current net worth of PXIL is ₹(-) 9 crore and paid up equity capital is ₹ 46 crore and the losses made by the petitioner is ₹55 crore.

3. In response to the Commission's query regarding cost control exercise, the representative of the petitioner submitted that the cash profit and net profit/loss is ₹ 1 crore and ₹ 30 lakh respectively and it has no tax liability. He further submitted that the utilities have shown interest in investment in the petitioner company. As on 31.3.2014, PXIL has incurred cash profit of ₹1 crore and loss of ₹9 crore and the process of investment is a long drawn process.

4. In response to the Commission's query as to whether the petitioner is considering reduction in capital as the Companies Act, 2013 allows the promoter to reduce capital voluntarily, the representative of the petitioner submitted that it has considered reduction in capital but decided against it, as this would give a wrong signal to the market that the promoters have a short-term view of the investment in the petitioner company. The Commission advised that the reduction in share capital be considered by the Board of PXIL as it would clearly send right signal to the market that Promoters have taken a long term view and outcome of the same be submitted on affidavit within one month from the date of ROP.

By order of the Commission

**SD/-
(T. Rout)
Chief (Law)**