

**Central Electricity Regulatory Commission  
New Delhi**

**Petition No. 24/RP/2014**

**Subject** : Review Petition under Section 94(f) of Electricity Act, 2003 read with Regulation 103 of the CERC (Conduct of Business) Regulations, 1999 for Review of order dated 2.7.2014 in Petition No. 322/RC/2013 and Petition No. RC/003/2014.

**Date of hearing** : 16.9.2014

**Coram** : Shri Gireesh B. Pradhan, Chairperson  
Shri M. Deena Dayalan, Member  
Shri A. K. Singhal, Member  
Shri A. S. Bakshi, Member

**Petitioner** : Power Exchange India Ltd.

**Parties Present** : Shri Abhishek Tripathi, Advocate, PXIL  
Shri Kapil Dev, PXIL  
Shri Jatin Chonani, PXIL

**Record of Proceedings**

Learned counsel for the review petitioner submitted that the Commission vide order dated 2.7.2014 directed the review petitioner to achieve net worth of ₹ 25 crore within 3 months i.e. by 1.10.2014 and restricted the voting rights of the promoter to 25%. However, owing to other laws applicable to the petitioner, it appears impossible for the review petitioner to comply with the directions of the Commission in view of the following facts:

- (i) Provisions of the Companies Act, 2013 prohibit the petitioner from issuing shares with differential rights.
- (ii) The petitioner has not accumulated profits for the last three financial years. However, the Companies Act, 2013 also prohibits the petitioner company to issue shares with differential rights.

2. Learned counsel for the review petitioner referred to the affidavit dated 1.9.2014 and submitted that the Board has passed resolution to issue equity shares at par with the following existing shareholders with a view to comply with the regulatory directives in the following manner:

- (i) MP Power Management Co: ₹6 lakh equity share of ₹10 each at par with ₹0.60 crore;

- (ii) Tata Power Trading Company Ltd.: ₹15 lakh equity shares of ₹10 each at par with ₹1.50 crore;
- (iii) Gujarat Urja Vikas Nigam Ltd.: ₹15 lakh equity shares of ₹10 each at par with ₹1.50 crore;
- (iv) JSW Energy: ₹27.50 lakh equity shares of ₹10 each at par with ₹2.75 crore.

3. Learned counsel submitted that remaining two shareholders, namely GMR Energy and WB State Electricity Distribution Co. Ltd. had already infused additional share capital of ₹1.5 crore each in proportion to the targeted paid up equity share capital of ₹ 80 crore. Learned counsel submitted that the Board has also decided to offer additional equity shares at par to Power Finance Corporation Limited, an existing equity shareholder, with a view to enhance PFCs equity stake in PXIL up to 25% to the targeted paid up equity share capital. Learned counsel submitted that Board has approved the issuance of equity shares at par to the strategic investors, namely Global Energy (P) Ltd, Manikaran Power Ltd., PTC India Ltd, Uttarakhand Power Corporation Ltd and Govt. of Himachal Pradesh. Learned counsel submitted that as per the signed term sheet(s), Global Energy (P) Ltd. and Manikaran Power Ltd would infuse ₹4 crore and ₹ 1 crore in a phased manner over next one year time starting from 2<sup>nd</sup> quarter of financial year 2014-15.

4. Learned counsel submitted that the Annual General Meeting of the company is scheduled on 24.9.2014 in which there would be more clarity on equity infusion by the shareholders.

5. Learned counsel further submitted that PXIL has to comply with the Commission's direction regarding net worth requirement by 1.10.2014 and since most of the investors would have a binding agreement and they would take time to infuse the capital, PXIL would be unable to meet the deadline. Learned counsel requested the Commission to consider preference capital of ₹10 crore for the purpose of net worth of PXIL.

6. The Commission observed that the petitioner should find ways and means to meet the net worth of ₹ 25 crore which is the primary condition to run the Power Exchange.

7. After hearing the learned counsel for the petitioner, the Commission directed the petitioner to submit a workable proposal regarding infusion of equity on affidavit by 25.9.2014 which should be specific in nature and in compliance with the Companies Act, 2013 .

8. The petition shall be listed for hearing on 30.9.2014.

By order of the Commission

Sd/-

(T. Rout)  
Chief (Law)