

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 341/SM/2013

Coram:

Shri Gireesh B. Pradhan, Chairperson

Shri M. Deena Dayalan, Member

Shri A.K. Singhal, Member

Shri A.S. Bakshi, Member

Date of Order: 21.11.2014

In the matter of

Regulatory oversight of the management and governance of Indian Energy Exchange Limited (IEX)

And

In the matter of

Indian Energy Exchange Limited (IEX)

Financial Technologies India Ltd. (FTIL)

.....Respondents

ORDER

The Commission vide order dated 13.5.2014 had directed the IEX to ensure that the entire shareholding of FTIL in the IEX is divested by 30.9.2014. On an application filed by FTIL for extension of time, the Commission vide order dated 1.10.2014 had directed IEX as under:

"9. We have considered the submissions of FTIL and IEX. We note that though the order was passed by the Commission on 13.5.2014 directing IEX to ensure divestment of entire shares of FTIL in IEX, FTIL has initiated action only on 7.7.2014. In our view, FTIL should pursue the divestment process in right earnest for compliance of the order of the Commission. Considering the present stage of the divestment process, we deem it appropriate to grant one month's time i.e. till 31.10.2014 for completing the process of divestment of entire share of FTIL in IEX. We direct IEX to submit the report of compliance in this regard by 5.11.2014."



2. Indian Energy Exchange (IEX) vide its affidavit dated 7.11.2014 has submitted a compliance report in which it has been stated that FTIL in its corporate announcement has intimated the BSE as under:

"Financial Technologies (India) Ltd. has informed BSE that the Company on 5.11.2014, entered into a Share Purchase Agreement (SPA) with M/s TVS Shriram Growth Fund 1, Mr. S. Gopalkrishnan, Mr. Lakshmi Naryanan, Mr. Rajvee Gupta, M/s. Dalmia Cement Bharat Power Ventures Limited, M/s Kiran Vyapar Limited, M/s TVS Capital Funds Limited and M/s Agri Power and Engineering Solutions Private Limited for sale of 25.64% equity stake on a fully diluted basis in IEX. The said transaction is subject to fulfillment of certain condition precedents including buyout of the application software and other technology for its own use only by IEX and regulatory approvals, if any. As per the SPA, the transaction will close within 30 days, unless extended by all the parties. Post completion of the above said transaction, the Company would have completely existed IEX"

3. IEX has stated that in the context of the above development, FTIL has vide its letter dated 4.11.2014 requested for further extension of time by three months to report full compliance of the Commission's order dated 13.5.2014. Accordingly, IEX has requested for grant of extension of time upto 9.2.2015 to report on further compliance of the order of the Commission. FTIL in its letter dated 7.11.2014 addressed to the Commission has submitted that as per the Share Purchase Agreement dated 5.11.2014 with M/s TVS Shriram Growth Fund 1 and others (Purchasers), FTIL has agreed to sell and transfer and Purchasers have, subject to fulfillment of certain conditions precedent, agreed to acquire all of 77,75,515 shares in IEX held by FTIL constituting 25.64% equity share capital of IEX on a fully diluted basis for a purchase consideration of INR 576,84,47,903/-. It has been further stated that the transaction is expected to be completed within 30 days from the execution date or such other date as may be mutually agreed between FTIL and Purchasers. FTIL has also submitted that it is committed to make divestment and has requested for extension of time for a period of three months from

31.10.2014 so that the transaction can be effectively completed. FTIL has requested not to take any precipitate action which will hamper the divestment and adversely affect the economic value of the company and interest of its shareholders and other stakeholders.

4. We have considered the submissions of IEX and FTIL. In our view, FTIL has been pursuing the divestment process in compliance of the order of the Commission. The Share Purchase Agreement has been signed which freezes the terms and conditions of purchase. As per the Share Purchase Agreement for conclusion of the sale, the final closing of this purchase transaction is subject to fulfillment of various 'Conditions Precedent' including buyout of the application software and other technology for its own use by IEX. Further, the Sale Purchase Agreement provides that the transaction will close within thirty days from the date of the agreement unless extended by all the parties. In our view, a period of 60 days from the date of agreement is considered sufficient to complete the process. Accordingly we allow time till 04.01.2015 for completion of the divestment process.

5. We direct IEX to file final compliance report on or before 14.01.2015.

sd/-
(A.S.Bakshi)
Member

sd/-
(A.K.Singhal)
Member

sd/-
(M.Deena Dayalan)
Member

sd/-
(Gireesh B.Pradhan)
Chairperson

