

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

I.A. No. 53 of 2014
in
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 Hearing: 1.10.2014
Date of Order: 1.10.2014

In the matter of
Application on behalf of Financial Technologies (India) Limited for extension of time.

And
In the matter of
Financial Technologies India Limited **.....Applicant**

And
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) **.....Respondent**

The following were present:

- 1) Mr. Vishrov Mukerjee, Advocate
- 2) Ms. Rimali Batra, Advocate
- 3) Ms. Shruti Bhatia, IEX

ORDER

The Commission vide order dated 13.5.2014 had directed IEX as under:

"9. Accordingly, the Commission in exercise of its powers under Regulation 22 (A) and Regulation 63 (i) of the Power Market Regulations direct the following for compliance by IEX:



(a) IEX shall ensure that FTIL divests its entire shareholding from the IEX by 30.9.2014.

(b) Pending divestment of shares, the voting rights of FTIL shall stand extinguished and any corporate benefit in lieu of such shareholding shall be kept in abeyance or withheld by the exchange.

(c) IEX shall ensure that no nominee of FTIL is represented in the Board of IEX.

(d) IEX is directed to ensure compliance of the above directions with immediate effect and submit monthly report to the Commission."

2. Aggrieved by the Commission's order dated 3.5.2014, Financial Technologies (India) Limited (FTIL) has filed an appeal before Hon`ble Appellate Tribunal for Electricity (ATE) seeking stay of the operation of the said order pending disposal of the appeal. ATE vide order dated 25.9.2014 in Appeal No. 186 of 2014 directed FTIL to approach the Central Commission for extension of time. Relevant portion of the order dated 25.9.2014 is extracted as under:

"After hearing the learned counsel for the Applicant/Appellant as well as the learned counsel for the Central Commission in IA. No. 297 of 2014, we feel that instead of passing any Order granting interim relief, namely extension of time, it would be better to direct the Applicant to approach the Central Commission seeking for extension of time by producing relevant materials on or before 30.9.2014. In that event, the Central Commission is directed to consider the said Application and pass an Order by granting the appropriate time of extension. It is made clear that we are not expressing any opinion on the merits of the matter."

3. FTIL has filed I.A. No. 53 of 2014 seeking extension of time for six months for completing the process of divesting its entire shareholding in IEX in compliance with the direction of the Commission in order dated 13.5.2014 without prejudice of its right in the Appeal pending before the Appellate Tribunal for Electricity. FTIL has submitted that it has taken significant steps in connection with divestment of its entire shareholding in IEX which inter-alia include the following:

- (a) Appointment of Axis Capital as the investment banker to conduct the divestment process
- (b) Approaching potential bidders
- (c) Execution of non-disclosure agreements
- (d) Receipt of bids and short-listing bidders
- (e) Due diligence conducted by bidders
- (f) Negotiations on transaction documents

4. FTIL has also placed on record a letter dated 29.9.2014 received from Axis Capital setting out the activities completed with respect to sale of FTIL's shareholding in IEX. It has been further submitted that in compliance with the directions of the Commission, FTIL's nominee directors have resigned from the Board of Directors of IEX.

5. FTIL has submitted that extension of time of six months will enable FTIL, a publicly listed company, to sell its entire shareholding in IEX in compliance with the order of the Commission through an open and transparent mechanism so as to realize the right price for its more than 58,000 shareholders, lenders and stakeholders.

6. IEX vide its affidavit dated 30.9.2014 has put on record the latest position on compliance of the Commission's order dated 13.5.2014.

7. Learned Counsel for FTIL submitted during the hearing that FTIL has filed an Appeal before the Appellate Tribunal for Electricity and simultaneously, FTIL has taken action for divestment of its entire share in the IEX and has appointed Axis Capital as the

Investment Banker for the purpose. Learned Counsel referred to the letter dated 29.9.2014 written by Axis Capital (Annexure 'C' of the IA) and submitted that significant progress has been made for divestment of the shareholding of FTIL in IEX. Learned Counsel submitted that a further period of 3 months may be granted to complete the divestment of shares as multiple chains of legal processes are involved.

8. The representative of IEX referred to the affidavit dated 30.5.2014 filed the IEX and submitted that IEX has been apprising the Commission about the status of compliance of the order of the Commission on monthly basis. The representative of IEX submitted that the request of FTIL for extension of time may be considered.

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.

10. I.A. is disposed of in terms of the above.

sd/-
(A.S. Bakshi)
Member

sd/-
(A.K. Singhal)
Member

sd/-
(M. Deena Dayalan)
Member

sd/-
(Gireesh B. Pradhan)
Chairperson