

**CENTRAL ELECTRICITY REGULATORY COMMISSION  
NEW DELHI**

**Petition No. 6/SM/2017**

**Coram:  
Shri P.K.Pujari, Chairperson  
Shri A. K. Singhal, Member  
Shri A.S. Bakshi, Member  
Dr. M.K. Iyer, Member**

**Date of Order: 21<sup>st</sup> of March, 2018**

**In the matter of:**

Voluntary Closure of Business Operations of Power exchange India Limited: Show cause notice for non-compliance of the directions of the Commission in the letter dated 3.3.2017.

**And**

**In the matter of:**

Power Exchange India Limited  
5<sup>th</sup> Floor, Tower 3,  
Equinox Business Park (Peninsula Techno park)  
Off. Bandra Kurla Complex,  
Kurla (West), LBS Marg, Mumbai-400 070

**Respondent**

**ORDER**

In the Extraordinary General Meeting (EGM) of Power Exchange India Limited (PXIL) held on 25.1.2017, it was decided to voluntarily close the business operations of PXIL. PXIL approached the Commission with a proposal to close down the exchange with effect from 1.4.2017 and close the transaction by 30.4.2017. The Commission after examination of the proposal of PXIL directed PXIL vide letter dated 3.3.2017 to publish a public notice in the newspapers at least 15 days prior to the closure of business operation w.e.f. 1.4.2017. Subsequently, PXIL in its letter dated 29.3.2017 informed that the Board of PXIL (being duly authorized by the EGM) decided to continue the



operation of the exchange and accordingly, no notice for closure of the operation of the business was issued. After seeking further clarification, the Commission issued a show-cause notice to PXIL as under:

“4. PXIL is directed to explain within seven working days as to how the decision taken in the EGM, specially called for a particular purpose and decision passed by requisite majority, can be kept in abeyance by the Board of PXIL without approval of EGM and how the business operation of PXIL can be carried out beyond 31.3.2017 without seeking prior approval of the Commission. PXIL is further directed to explain as to why the permission granted to PXIL for operation and management of the Power Exchange should not be suspended till the time the Commission takes decision on the legality and propriety of the action of PXIL to continue with the trading operation beyond 31.3.2017.

2. PXIL vide affidavit dated 26.4.2017 and 18.5.2017 has filed its response to the show-cause notice. After considering the response of PXIL, the Commission directed PXIL vide letter dated 1.8.2017 to file the following information:

- (a) The reason for passing ordinary resolution as against the requirement of special resolution for rescinding the decision to close down the business of PXIL;
- (b) Reasons for making the resolution dated 26.5.2017 subject to the consummation of the transfer of shares of National commodity and Derivatives Exchange Limited and NSE Strategic Investment Corporation Limited to potential investors; and
- (c) Confirmation as to whether continuation of the business of PXIL has been disclosed in the DRHP filed by NSE before SEBI.

3. The Commission after considering the reply of PXIL to the queries above vide affidavit dated 8.8.2017 further directed vide letter dated 11.9.2017 to pass the



resolutions dated 25.1.2017 and 26.5.2017 through special resolutions by requisite majority in terms of the Companies Act, 2013. PXIL vide its letter dated 13.11.2017 has submitted that in the meeting of OCRPS holders and the Extraordinary General Meeting of shareholders held on 6.9.2017, the resolutions dated 25.1.2017 and 26.5.2017 were unanimously adopted as special resolutions. PXIL has placed the resolutions on record.

4. As regards intimation to SEBI regarding continuation of the business of Power Exchange, PXIL vide its letter dated 27.12.2017 has submitted that National Stock Exchange of India Limited (NSEIL) vide its letter dated 10.10.2017 had informed Book Running Lead Managers (BRLMs) that there may be further developments since the date of DRHP and the disclosure in this regard would be suitably updated in the other documents as and when filed by NSE with SEBI. SEBI vide its letter dated 30.1.2018 has clarified that "SEBI has not issued its observations on the Draft Red Herring Prospectus (DRHP) of NSE as on date. Once the observations are issued, the BRLMs submit in-seriatim reply to our observations along with an updated DRHP".

5. We have considered the submission of PXIL and the documents on record including the reply from SEBI. The suo-moto petition was initiated against PXIL for taking the decision with regard to the issue of closure of business and subsequent continuation of the business of PXIL without getting a special resolution by requisite majority from the EGM of PXIL and for carrying out the business beyond 31.3.2017 without the approval of the Commission. PXIL has complied with the directions of the Commission by issuing the resolutions dated 25.1.2017 and 26.5.2017 through Special



Resolutions in the EGM of the PXIL. PXIL vide its affidavit dated 26.4.2017 has assured that it will strictly comply with the rules and regulations and orders of the Commission and keep the Commission apprised of all developments in future.

6. As regards intimation to SEBI regarding continuation of the business of PXIL, we find that SEBI has not yet issued its observation in DRHP. PXIL is directed to ensure that NSEIL takes necessary action through BRLMs to inform SEBI regarding continuation of business by PXIL before approval of RHP by SEBI.

7. PXIL is directed to comply with all shareholding and regulatory requirements including the net worth and keep the Commission apprised.

8. Keeping in view the above, we discharge the show cause notice issued to PXIL.

9. The Petition is disposed of in terms of the above.

Sd/-  
**(Dr. M. K. Iyer)**  
**Member**

sd/-  
**(A.S. Bakshi)**  
**Member**

sd/-  
**(A. K. Singhal)**  
**Member**

sd/-  
**(P.K. Pujari)**  
**Chairperson**

