

**CENTRAL ELECTRICITY REGULATORY COMMISSION
NEW DELHI**

Petition No. 6/SM/2017

Subject : Voluntary Closure of Business Operations of Power Exchange India Limited.

Date of hearing : 8.5.2017

Coram : Shri Gireesh B. Pradhan, Chairperson
Shri A.K. Singhal, Member
Shri A.S. Bakshi, Member
Dr. M.K. Iyer, Member

Petitioner : The Commission on its own motion

Respondent : Power Exchange India Limited.

Parties present : Shri Sanjay Sen, Senior Advocate, PXIL
Shri Alok Shankar, Advocate, PXIL
Ms. Mayuri Singh, PXIL
Shri Kapil Dev, PXIL
Shri M.K. Anand Kumar, PXIL
Shri CA Bhat, PXIL
Shri Shekhv Rao, PXIL
Shri Kaushik Dey, NLDC
Shri Vedant Sonkhiya, MPL

Record of Proceedings

Learned senior counsel for Power Exchange India Limited (PXIL) submitted that PXIL vide its letter dated 23.2.2017, intimated the Commission regarding its decision to voluntary close down its business operations by 31.3.2017 in view of the current cash problems, low level of business, carry forward losses, eroded net-worth, the overdraft position and monthly operational costs, which had made the business financially unviable. Learned senior counsel further submitted as under:

(a) The Commission vide letter dated 3.3.2017 directed PXIL to publish the notice in the newspapers at least 15 days prior to the closure of the business operations w.e.f 1.4.2017 and to close the transactions /affairs of its clients and members with PXIL before 30.4.2017.

(b) PXIL was working on the directions issued by the Commission in the letter dated 3.3.2017, in the meantime, PXIL received an intimation from one of

the promoters, National Commodity and Derivatives Exchange Limited (NCDEX) about both the promoters (NSICL and NCDEX) being in discussions with some investors for sale of their shares in PXIL in view of the pending advanced stage discussions of the promoters and prospective investors, the Board of Directors of PXIL in their meeting held on 23.3.2017 decided to keep the voluntary closure of business operations of PXIL in abeyance in the interim.

(c) PXIL sent a letter dated 29.3.2017 to the Commission apprising about the developments and intimating about continuation of the trading on the Exchange beyond 31.3.2017 as usual.

(d) PXIL vide its affidavit dated 31.3.2017 submitted that if it proceeds with the voluntary closure of its business operations, all requirements as mentioned by the Commission in letter dated 3.3.2017 shall be duly complied with by PXIL.

(e) On 19.4.2017, the Commission issued a Show Cause Notice to PXIL for non-compliance of the directions of the Commission in its letter dated 3.3.2017. PXIL, vide affidavit dated 26.4.2017, filed its response to the Commission's Show Cause Notice dated 19.4.2017.

(f) It would have taken considerable amount of time for conducting an EGM. Besides, calling an EGM in the absence of any executed Share Purchase Agreement (SPA) would not have served the purpose. The Board has not rejected /disapproved the decision of EGM to voluntary close down the business operations but it only provided the requisite time to the parties and EGM was to take place when the negotiations were complete and SPA was signed.

(g) The promoters of PXIL have executed a Share Purchase Agreement (SPA) on 27.4.2017 with six investors, wherein the promoters agreed to sell their equity shareholding (61.9% taken together) along with their preference shareholding (OCRPS) in PXIL. In view of the said developments, meetings of equity holders and OCRPS holders of PXIL have now scheduled on 26.5.2017 and a notice dated 3.5.2017 has also been issued by PXIL along with an Explanatory Statement, calling an EGM of the shareholders of PXIL on 26.5.2017.

2. Learned senior counsel for PXIL sought permission to withdraw the affidavit dated 24.6.2017 and to file a fresh affidavit in response to the show cause notice dated 19.4.2017. PXIL was permitted to file a fresh affidavit.

3. After hearing the learned senior counsel for PXIL, the Commission observed that PXIL must make efforts to achieve the required networth in terms of the provisions of the Power Market Regulations and ensure that the shareholders and Directors of the PXIL meet the requirement of Regulation 22 and 22A of the Power Market Regulations. The Commission further directed PXIL to submit the list of the Directors of PXIL who

participated in the Board Meetings held on 23.3.2017 and 26.4.2017 along with the details of the shareholders being represented by the Directors (except Independent Directors). The Commission directed PXIL to file the said information by 19.5.2017.

4. The petition shall be listed for hearing on 31.5.2017.

By order of the Commission

**Sd/-
(T. Rout)
Chief (Legal)**