



याचिका संख्या / Petition No 148/MP/2024

कोरम/ Coram:

श्री जिशु बरुआ, अध्यक्ष / Shri Jishnu Barua, Chairperson
श्री रमेश बाबू वी., सदस्य / Shri Ramesh Babu V., Member
श्री हरीश दुदानी, सदस्य / Shri Harish Dudani, Member
श्री रविंदर सिंह ढिल्लो, सदस्य / Shri Ravinder Singh Dhillon, Member

आदेश दिनांक/ Date of Order:- 19th of June, 2025

In the matter of

Petition under Section 66 of the Electricity Act read with Regulation 17(12), 54, 55, and 56 of the Central Electricity Regulatory Commission (Power Market) Regulations, 2021 seeking additional time period for meeting the compliances as set out under Regulation 17 of the said Regulations.

And in the matter of

Hindustan Power Exchange
25th Floor, P. J. Towers,
Dalal Street
Fort Mumbai, Maharashtra 400 001

Petitioner

ORDER

The Petitioner, Hindustan Power Exchange Limited (HPX), had filed the petition under Section 66 of the Electricity Act read with Regulation 17(12), 54, 55, and 56 of the Central Electricity Regulatory Commission (Power Market) Regulations, 2021 (PMR 2021) seeking additional time period for meeting the compliances as set out under Regulation 17 of the said Regulations. The Petitioner had made the following prayers:

- a) *allow the present petition;*
- b) *grant extension of three months from 31.03.2024 for the appointment of Independent Directors and Managing Director;*
- c) *pass such other and further order(s) as this Hon'ble Commission may deem fit and proper under the facts and circumstances of the present case and in the interest of justice.*

Submissions of the Petitioner

2. The Petitioner, HPX, was approved by the Central Electricity Regulatory Commission ("Commission / CERC") vide order dated 12.05.2021 in Petition No. 287/MP/2018 to establish and operate as a Power Exchange. Subsequently, the Commission vide order dated 27.06.2022 in Petition No. 159/MP/2022, accorded permission to the Petitioner to commence operations of its Power Exchange. The Petitioner commenced its business operations on 06.07.2022.

3. Regulation 17 of PMR 2021 provides for the Governance structure of Power Exchange as under:

"17. Governance structure of Power Exchange

- (1) *The Board of Directors of the Power Exchange shall have the following categories of Directors:-*
 - (a) *Shareholder Director;*
 - (b) *Independent Director; and*
 - (c) *Managing Director.*
- (2) *The number of Independent Directors shall not be less than the number of Shareholder Directors on the Board of the Power Exchange: Provided that for this purpose, the Managing Director shall be included in the category of Shareholder Directors.*
- (3) *A minimum of two names shall be submitted by the Board of the Power Exchange to the Commission for approval for each vacancy of Independent Directors.*
- (4) *The Power Exchange shall ensure that Independent Directors are selected from diverse fields of work and while deciding to propose the*

name of a particular person as an Independent Director, the Power Exchange shall also take into account the following factors:

- (a) Persons having qualifications in the area of law, finance, accounting, economics, management, administration, or any other area relevant to the power markets, may be considered;*
 - (b) At least one person having experience and background in finance or accounts, shall be inducted;*
 - (c) Persons currently holding positions of trust and responsibility in reputed organisations or persons who have retired from such positions, may be considered;*
 - (d) Persons who are likely to have interested positions in commercial contracts and financial affairs of the Power Exchange, shall be excluded;*
 - (e) Persons who are Directors on the board of the promoter entity of the Power Exchange, shall be excluded;*
 - (f) Persons who are in any fiduciary relationship with any member of Power Exchange, shall be excluded.*
- (5) The Managing Director shall be a professional qualified in the fields of power sector or finance or management or information technology and hold sufficient experience.*
- (6) The Managing Director shall function as the Chief Executive of the Power Exchange and all powers in respect of day-to-day affairs of the Power Exchange shall be vested with him.*
- (7) The Managing Director or any employee of the Power Exchange shall not be directly or indirectly associated with any member of the Power Exchange or client or participant of the Power Exchange or with a holding or subsidiary company thereof.*
- (8) The Managing Director shall ensure that the details of individual bids of members of the Power Exchange are not shared with the Board of Directors.*
- (9) The names of persons to be appointed as Shareholder Directors shall be approved by the Board of Directors of the Power Exchange, followed by shareholders' approval, and thereafter shall be submitted to the Commission for information.*
- (10) The manner of election, appointment, tenure, resignation, and vacation of Shareholder Directors shall be governed by the relevant provisions of the Companies Act, 2013.*
- (11) No member of Power Exchange or their client shall be on the Board of Directors of any Power Exchange.*

(12) *The Power Exchanges which have been granted registration by the Commission prior to the date of coming into force of these regulations, shall within a period not exceeding one year from the date of coming into force of these regulations, align the governance structure as specified in this Regulation.”*

4. The provisions of Regulation 17 of PMR 2021 mandates three categories of Directors, namely:

- a) Shareholder Director;
- b) Independent Director; and
- c) Managing Director.

5. Due to certain unavoidable circumstances, the Petitioner submitted Petition No. 228/MP/2022, in which the Commission, through its order dated 06.12.2023, granted an extension to the Petitioner until 31.03.2024, for fulfilling the requirements of the Independent and Managing Director. The relevant paragraph 30 of the order dated 06.12.2023 is presented below for consideration:

“30. In view of the submissions as stated above, we are inclined to invoke our power to relax. In the exercise of the powers under Regulation 56 of PMR 2021, the Commission hereby grants the Petitioner time up to 31.03.2024 to align its requirement of the appointment of a Managing Director and alignment of the number of Independent Directors as per the requirement under Regulation 17 of PMR 2021.”

6. The petitioner submitted that in compliance with the order in petition 228/MP/2022, they have undertaken few changes in the Directorship and Managerial positions. The said changes are reflected below:

- (i) Mr. Nayan Chandra Kant Mehta was appointed as a nominee Director of BSE Investments Ltd. w.e.f. 16.06.2023 in place of Mr. Neeraj Kulshrestha, and subsequently, Mr. Deepak Goel was appointed w.e.f. 29.09.2023 replacing Mr. Mehta.

- (ii) Mr. Vishnu Kant was appointed as Nominee Director of the Company as representative of ICICI Bank Ltd w.e.f. 27.09.2022.
- (iii) Mr. Rishi Vashisth was appointed as Manager of the Company in place of Mr. Kaushal Daxesh Mehta w.e.f. 01.02.2024.

7. Presently, the Petitioner has the following Directors and key personnel:

S. No.	Name of Director	DIN No.	Category
1	Mr. Niraj Nabh Kumar	03401815	Independent Director
2	Mr. Shyam Dhar Dubey	07606447	Independent Director
3	Mr. Deepak Goel	10330715	Non-Executive Director
4	Dr. Rajib Kumar Mishra	06836268	Non-Executive Director
5	Mr. Vishnu Kant	00204337	Non-Executive Director
6	Mr. Ashok Kumar Ojha	AAHPO4395D	Chief Financial Officer
7	Mr. Rishi Vashisth	AQTPV9017D	Manager and Company Secretary

8. Further, the petitioner submitted that the power exchange established by the Petitioner commenced its operations on 06.07.2022 and remains in its early developmental phase. In the initial phase, the Petitioner concentrated its efforts primarily on acquiring market share and establishing itself as a prominent player in the Power Market as a leading exchange. As a newly established Exchange, the Petitioner faced numerous challenges across various aspects, including the development of infrastructure, the acquisition of necessary technology, the establishment of IT infrastructure and platforms, the recruitment of competent and sufficient personnel, and the onboarding of participants (members/clients). Additionally, the Petitioner had to generate revenue to satisfy daily financial requirements and uphold the regulatory net worth threshold throughout its operations

over the past years.

9. The petitioner further explained that the market has experienced transformations concerning the regulatory landscape, particularly with the introduction of TGNA and the implementation of associated regulations. The implementation of the New Indian Electricity Grid Code (IEGC) has taken place in the current fiscal year. The Commission released a Staff Paper regarding Market Coupling in August 2023. Furthermore, on 6th February 2024, the Commission issued an order to initiate a shadow pilot for Market Coupling implementation. The Petitioner has effectively addressed the aforementioned changes and has successfully enhanced its net worth to meet the regulatory threshold of Rs. 50.00 Crores as of 30.09.2023, in compliance with the order dated 16.07.2023, and this status has been upheld to the present day.

10. The Petitioner also submitted that the composition of the Board has been altered, as the nominee Directors of the promoter(s) were also changed a few times during previous years, and due to the changes, a delay occurred in the process of finalisation of candidates for the positions of Managing Director and Independent Directors, as the discussions on these critical issues could not be held continuously and were postponed.

11. In light of this, the petitioner requested an additional extension of three months to fill the position of an additional Independent Director to comply with the requirement of matching the number of Shareholder Directors.

12. With respect to the necessity of having a Managing Director, the Petitioner submitted that currently, they have personnel who possess the necessary knowledge and experience to manage the Power Exchange. Additionally, critical personnel, including the Chief Financial Officer and Company Secretary, are also in position. Separate professionals with years of experience in the power sector oversee and manage the company's various departments, including Business Development, Market Operations, and Regulatory Affairs. Additionally, approximately 66 employees are employed by the organization.

13. The petitioner further submitted that the selection process for a Managing Director entails the systematic evaluation of a variety of essential qualities, such as experience, strategic vision, industry knowledge, and leadership skills. It is imperative to allocate sufficient time to guarantee that the selected candidate possesses the optimal combination of these qualities in order to effectively guide the company. Furthermore, the process of selecting a suitable candidate for an Independent Director also entails the systematic evaluation of a variety of essential qualities, including subject matter expertise, relevant experience, and the fulfillment of the prescribed eligibility criteria in accordance with the relevant provisions of the Companies Act, 2013.

14. The Petitioner has already taken the following steps for the selection of the Independent Director and the Managing Director:

- (i) Petitioner appointed M/s ABC Consultants Pvt. Ltd. (hereinafter called as

“Consultant”) on 27.10.2022 for shortlisting the candidates for the post of Managing Director of the Company.

- (ii) The Board of Directors approved the Job Description along with the procedure for the appointment of Managing Director on 15.12.2022.
- (iii) Petitioner in accordance with the recommendation of the Nomination & Remuneration Committee and consultation with the Consultant published the advertisement on 22.12.2022 in one of the leading newspapers, namely Economic Times, New Delhi, and Mumbai editions, for the post of Managing Director. The last date for submitting the application for the post of Managing Director was 21.01.2023.
- (iv) Pursuant to the above, the Consultant shared a few candidate profiles for the post of Managing Director, and those candidates were interviewed by the Directors of the Petitioner.
- (v) However, the Board felt that the candidates provided by the Consultant in the first list lacked the requisite domain expertise and were unfit for leading a power exchange. Considering the long-term ramifications on the company as well as the sector, the Company's Board was of the view that due care needs to be adopted in selecting the right candidate.
- (vi) Therefore, post interview of the shortlisted candidates, the Board of Directors requested the Consultant to share more candidatures for the post of Managing Director.

15. Accordingly, the Petitioner is currently in the process of finalising suitable candidates for the appointment of Managing Director and Independent Directors. However, considering the fact that the Petitioner is relatively a new entity in the evolving Indian power sector, particularly the power exchange space, attracting the right senior professionals for the role of Managing Director is taking longer than what would normally be required. Therefore, the said process has taken more time.

16. In view of the above, the petitioner requested another three-month extension for the appointment of Managing Director from 31.03.2024. The petitioner was hopeful of having the required number of Independent Directors and the Managing Director by the said extended time.

17. The petitioner further submitted that the Commission has the powers under Regulation 54, 55, and 56 of the Power Market Regulation 2021, more specifically under Regulation 56, where this Hon'ble Commission has the power to relax. Regulation 56 reads as under:

“56. Power to relax

The Commission may in appropriate case and for reasons to be recorded in writing relax any provisions of this regulation”

Hearing dated 08.05.2024

18. The petition was first heard on 08.05.2024 wherein the learned counsel submitted that the Petition had been filed seeking an additional time of three months in order to meet the compliances as set out in Regulation 17 of the Central Electricity Regulatory Commission (Power Market) Regulations 2021, i.e., the appointment of Independent Directors and Managing Director. Learned counsel fairly stated that vide order dated 06.12.2023 in Petition No. 228/MP/2022, the Commission granted an extension to the Petitioner till 31.03.2024 for meeting the compliances of the Independent Directors & Managing Director. Learned counsel further submitted that the Board of the Petitioner is striving to complete the selection process of the Independent Directors & Managing Director as soon as possible and is expecting that no further extension of timeline would be required for the aforesaid compliances.

19. Considering the submissions made by the learned counsel for the Petitioner, the Commission admitted the petition and issued notice to the respondents. The Commission also gave the opportunity to the respondents to file their reply within a week. Subject to the above, the Commission reserved the matter for order.

Hearing dated 26.09.2024

20. The order in the matter which was reserved on 08.05.2024 could not be issued as the Members of the Commission who formed part of the Coram, demitted office. Accordingly, the matter was re-listed for hearing.

21. Learned counsel submitted that insofar as the appointment of Independent Directors is concerned, the Petitioner has already moved Petition No. 291/RC/2024 for approval of the Commission for the proposed candidates for appointment as Independent Directors.

22. During the hearing, the learned counsel for the petitioner further submitted that insofar as the appointment of Managing Director is concerned, the Petitioner is in the process of finalizing suitable candidates for the said post, and in this regard, the first round of interviews has also been conducted.

23. In response to the specific query of the commission, learned counsel for the Petitioner submitted that the Petitioner is expecting the finalization of a suitable candidate for the post of Managing Director within three months and requested to

adjourn the matter for a period of three months. Considering the submissions made by the Petitioner, the commission adjourned the matter and directed it to be listed after three months to examine the progress made by the Petitioner in the appointment of the Managing Director.

Hearing dated 27.12.2024

24. Learned counsel submitted that the selection for the appointment of the Independent Director and Managing Director has been completed and offer letters have been issued. However, the selected candidate may join for the said post within two to three months.

25. Considering the submissions of the learned counsel for the Petitioner, the Commission, while granting a final opportunity, mandated the Petitioner to finalize the appointment of the Independent Director and Managing Director within two months from the issuance of the ROP failing which the Petitioner will be liable to pay the appropriate penalty for non-compliance with the Commission's directions.

26. The Commission directed the Petitioner to submit on an affidavit within two weeks, the details of the methodology used, along with information regarding applicants for the selection and appointment of the Independent Director and Managing Director.

27. In compliance with the above direction, the Petitioner vide affidavit dated 14.01.2025 has submitted that they have taken the following steps for the

appointment of the Managing Director.

- (i) M/s ABC Consultant Pvt. Ltd. was appointed by the petitioner during their board meeting on 27.10.2022, following the recommendation of the Nomination & Remuneration Committee ("NRC").
- (ii) The job description and the procedure for appointment of the Managing Director, which encompasses the advertisement of the vacancy and the shortlisting of candidates, received approval from the Petitioner's Board during the meeting on 15.12.2022, following the recommendations made by the NRC in collaboration with M/s ABC Consultant.
- (iii) The advertisement was published in prominent daily newspapers, The Economic Times, New Delhi, and Mumbai editions on 22.12.2022 by M/s ABC Consultant. Furthermore, comprehensive details regarding the job were made available on the Petitioner's website.
- (iv) M/s ABC Consultant obtained the profiles of candidates expressing interest.
- (v) Subsequently, M/s ABC Consultant presented and discussed the list of shortlisted candidates with NRC during their meeting on 30.01.2023. Following thorough discussions, NRC asked M/s ABC Consultant to identify additional candidates for the position.
- (vi) It is noted that HPX, as a relatively new entity in the evolving Indian power sector, particularly within the power exchange domain, required additional time to attract appropriate senior professionals for the position of Managing Director. Additionally, throughout the intervening period, the Petitioner's net worth remained below the required statutory threshold, and

there were numerous alterations in the board's composition resulting from the appointment of new nominee Directors by promoter entities. It was submitted that to secure the most suitable candidate, it is essential that the individual embodies an optimal blend of qualities, including leadership skills, industry expertise, pertinent experience, and strategic vision, to competently guide the Petitioner Company.

- (vii) In the meeting conducted on 21.06.2024, the Board of Directors of HPX requested that the consultant M/s ABC provide an updated list of suitable candidates, ideally within a timeframe of 2 weeks.
- (viii) On 25.06.2024, the Petitioner re-advertised the vacancy on its website, indicating 08.07.2024 as the final date for job applications, with no changes made to the previously established criteria.
- (ix) M/s ABC Consultant provided an additional list of interested 10 candidates for further consideration. Out of the 10 candidates, seven were invited for in-person interviews with the Board on the 10th and 11th of August, 2024.
- (x) Following interviews with the candidates, the Board of HPX undertook a comprehensive assessment considering multiple factors, such as pertinent experience, industry expertise, and leadership capabilities. Based on the evaluation, the Board determined Mr. Harish Saran as the most appropriate candidate for the position of MD, after engaging in multiple rounds of discussions and deliberations with him. Subsequently, during the meeting of the Board convened on 23.12.2024, Mr. Harish Saran was chosen for the position of MD, based on the recommendation of the NRC.
- (xi) Mr. Harish Saran is a notable expert in the power sector, possessing more

than 37 years of experience in power trading, generation, transmission, marketing, and commercial operations. Mr. Harish Saran is presently holding a leadership role at PTC India Ltd., the largest power trading company. Before PTC, Mr. Harish Saran had affiliations with NTPC Ltd. and Power Grid Corporation of India Ltd. Mr. Harish Saran is acknowledged for his strategic leadership, business insight, and significant contributions to the development of India's energy sector. Mr. Saran has successfully spearheaded multiple consultancy projects and has made significant progress in promoting cross-border electricity trade with nations such as Nepal and Bhutan. Mr. Saran holds a degree in Electrical Engineering from NIT Durgapur and has completed a PGDM from IMT Ghaziabad. Mr. Saran has made substantial contributions to innovations in the power market, demonstrating outstanding results in leadership, engagement with stakeholders, and financial outcomes.

(xii) In light of the aforementioned, preliminary information dated 23.12.2024 was communicated to Mr. Harish Saran indicating that he has been selected for the position of MD.

(xiii) The Petitioner, through an email dated 25.12.2024, received a communication from Mr. Harish Saran, in which Mr. Saran expressed his willingness to join as Managing Director.

28. The Petitioner has already filed Petition No. 291/RC/2024 on 02.08.2024, wherein the Petitioner has submitted two names for the vacancy of Independent Director for approval of the Commission.

Hearing dated 04.03.2025

29. During the hearing, learned counsel for the petitioner submitted, insofar as the appointment of Managing Director is concerned, the Petitioner has already issued an in-principal intimation to Mr. Harish Saran, in spite of the specific directions given vide order dated 12.05.2021 in pet. No. 287/MP/2018 by the Commission. Mr. Harish Saran is currently serving in a leadership position at PTC India Limited. He has also expressed his consent to assume the role of the Managing Director in the Petitioner's Company.

30. The Commission observed that vide RoP dated 31.12.2024, the Petitioner was directed to appoint the Managing Director within 2 months of the issue of RoP. However, the Petitioner has not complied with the same. In response, the learned counsel for the Petitioner sought 3 months' time for the appointment of Managing Director since Mr. Harish Saran will superannuate from PTC on 06.06.2025.

31. Considering the submissions made by the learned counsel for the Petitioner, the Commission directed the Petitioner to file an affidavit within 3 days indicating the precise date by which the Petitioner shall appoint the Managing Director. The Commission expressed its displeasure at this non-compliance with the direction of the Commission and directed the Petitioner to appoint a Managing Director at a precise date agreed by the Commission, failing which the Petitioner will be liable to pay the penalty for non-compliance with the direction of the Commission.

Hearing dated 13.03.2025

32. Learned counsel for the Petitioner submitted that the Petitioner had filed an affidavit dated 07.03.2025 in compliance with the Commission's directions, vide Record of Proceedings for the hearing dated 04.03.2025. A detailed offer letter was issued on 10.02.2025 to the selected candidate, Mr. Harish Saran, for the position of Managing Director. The selection process was in accordance with the Commission's order dated 12.05.2021, amended Articles of Association, and Companies Act 2013.

33. Learned counsel further submitted that Mr. Harish Saran will join as the Managing Director in the Petitioner's Company on or before 10.06.2025 either by resigning or on superannuation from PTC India Ltd.

34. Considering the submissions made by the learned counsel for the Petitioner, the Commission reserved the matter for order.

Analysis and Decision

35. The petitioner, HPX, filed petition 148/MP/2024 on 28.03.2024 to seek additional time of 3 months in order to meet the compliances as set out in Regulation 17 of PMR 2021, i.e., the appointment of Independent Directors and Managing Director.

36. Previously, the petitioner had filed petition no. 228/MP/2022 for the same cause, wherein the Commission vide its order dated 06.12.2023 granted HPX time extension till 31.03.2024 for meeting the compliances of the Independent Directors

and Managing Director. The current petition was filed since HPX underwent a few changes in Directorship and Managerial positions post the filing of the petition no. 228/MP/2022.

37. Meantime, the petitioner filed petition no. 291/RC/2024 seeking approval of the Commission for the proposed candidates for appointment as Managing Director. The Commission hence provided another 3 months extension w.e.f. 26.09.2024 to finalize the selection process.

38. During the hearing on 27.12.2024, the petitioner submitted that the selection process for appointment of Independent Director and Managing Director has been completed and an offer letter issued, and the selected candidate may join within two to three months.

39. During the hearing on 04.03.2025, the petitioner informed that the Managing Director post would be offered to Mr. Harish Saran, currently serving a leadership role in PTC India Limited, in spite of specific directions given vide order dated 12.05.2021 in petition no. 287/MP/2018. As per clause 42 of the order in petition no. 287/MP/2018, the Commission had directed:

"PTC shall not at any point of time have veto rights in the matters relating to day to day functioning of the Petitioner as per items 1, 4, 5, 8, 9, 13, 14 and 16 of Schedule 3 of the SHA and decisive voting rights with regards to any change in senior management including key management employees as per item 17 of the Schedule 3 of the SHA. For this purpose, necessary amendments in the SHA shall be effected by the Petitioner. Further, consequential changes as required shall also be incorporated in Rules, Bye-Laws, Business Rules, and other such documents by the Petitioner."

40. Apropos, the petitioner requested another 3 months' time for appointing Mr. Harish Saran as MD following his superannuation from PTC on 06.06.2025.

41. The Commission highlighted non-compliance with PMR 2021 by the petitioner as it was supposed to appoint the MD within 2 months from the RoP dated 27.12.2024. The Commission further directed HPX to file an affidavit indicating the precise date of appointment, failing which the petitioner will be liable to pay a penalty for non-compliance.

42. The petitioner filed an affidavit on 07.03.2025 declaring that Mr. Harish Saran will be joining as MD in HPX on or before 10.06.2025 either by resigning or on superannuation from PTC India Ltd.

43. In this regard, we have noted the submissions made by HPX including the reasons for delay in fulfilling the requirement of appointment of Managing Director, approval of the proposal from its Board, and that it is considered in line with the Power Market Regulations, 2021 and in compliance of directions issued by the Commission in petition no. 287/MP/2018 as mentioned in the above para 39.

44. The Central Electricity Regulatory Commission (CERC) mandates that Power Exchanges must have a Managing Director, who is part of the Board of Directors. The appointment of the Managing Director is governed by Regulation 17 of the Central Electricity Regulatory Commission (Power Market) Regulations, 2021. The Power Exchange must also ensure that the number of Independent Directors is at least equal

to the number of Shareholder Directors, with the Managing Director counted as a Shareholder Director for this purpose. Subject to the above, we accord approval to the proposal of HPX for the appointment of the Managing Director in terms of Regulation 17(3) of the PMR 2021.

45. Further, the petitioner is being directed to submit a status report after Mr. Harish Saran joins as MD in HPX.

46. The petition no. 148/MP/2024 stands disposed of in terms of the above.

Sd./-
(रविंदर सिंह ढिल्लो)
सदस्य

Sd./-
(हरीश दुदानी)
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(रमेश बाबू वी.)
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