

# PTC India board to meet today, likely to take up restrictive norms

## Quorum of meeting, wholtime directors appointment on agenda

Sanjay Jog

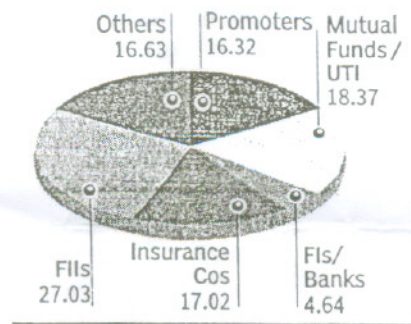
Mumbai, Sep 21: Board of directors of PTC India, which enjoys over 50% share in country's power trading market, is expected to take up a crucial matter on doing away with restrictive provisions in the articles of association on Tuesday. The restrictive provisions are relating to the veto power enjoyed by NTPC, PowerGrid Corporation, NHPC and PFC, which are original promoters of the company, to decide the quorum for holding board meeting and also to appoint the whole-time directors on the board. Incidentally, these state-run undertakings, who used to have 100% equity in the beginning, currently together holds only 16.32% while 18.37% by mutual funds or UTI, 6.64% by banks, 17.02% by insurance companies, 27.03% by FIIs and 16.63% by others.

If directors of NTPC, PowerGrid Corporation, NHPC and PFC are not present, the board meeting will not take place as they have a veto power on deciding the quorum. Besides, in case of appointment of whole-time directors, they may stall the proposal. At present, there are three whole-time directors on PTC India's board of directors.

When contacted PTC India CMD TN Thakur said, "This matter will be discussed in the board,

### PTCs India's equity structure

in%



until then I am not in a position to give any comment."

However, sources in the know told FE, "84% of the shareholders are questioning the continuation of restrictive provisions enjoyed by those holding 16.32% in PTC India. They argue that these provisions are creating a major roadblock in the mobilisation of funds by PTC India. Besides, a large number of investors are very uncomfortable with these provisions especially when the shareholding of NTPC, PowerGrid Corporation, NHPC, PFC has come down to 16.32%. The board of directors will take a decision of doing away with these provisions."

It must be mentioned here that before PTC India's first QIP January 2008 these state-run companies had decided to do away with mandatory provision to hold 32% together as per the articles of association. However, they argued that as they had their own capex requirement they would not be able to provide additional contribution to the funds being raised by PTC India.

Sources said such a board decision is required especially when NTPC, PowerGrid Corporation, NHPC and PFC have recently expressed their desire to exit from the company raising the ground of conflict of interest.

A Mumbai-based analyst, who does not want to be quoted, said that it is quite necessary for PTC India board to take a decision on doing away with the restrictive provisions. This is required especially when PTC India has already signed power purchase agreements for 13,000 mw and inked MoU for another 25,000 mw. Besides, PTC India and its financial arm have plans of fund mobilisation.

JM FINANCIAL MUTUA

#### ADDENDUM

THIS ADDENDUM DATED SEPTEMBER 21, 2009 SETS OUT THE  
OF ADDITIONAL INFORMATION ("SAI") OF ALL SCHEMES OF JM  
INFORMATION DOCUMENT ("SID") AND KEY INFORMATION