

PTC India Ltd

In line with the power ministry's directive, Power Grid, PFC, NTPC and NHPC decided to exit PTC in one go to maximize value. MINT

# PSUs hire I-Sec to sell stakes in PTC

Rituraj Baruah  
rituraj.b@livemint.com  
NEW DELHI

State-run Power Grid Corp. of India Ltd, Power Finance Corp. of India Ltd (PFC), NTPC Ltd and NHPC Ltd have decided to sell their stakes in PTC India Ltd, the country's largest power trading company, after allegations surfaced of lapses in corporate governance.

ICICI Securities (I-Sec) has been hired as the investment banker for the proposed transaction, two people familiar with the developments said.

Each of the four promoters—NTPC, NHPC, Power Grid Corp. and PFC—currently hold 4.05% in the listed entity, with the collective promoter holding at 16.22%

Initially, only NTPC planned to sell its shares in the company and appointed ICICI Securities as the banker. Following the move, according to the people cited above, the power ministry suggested that the four promoters exit the firm together.

In line with the directive, the four state-run companies decided to exit in one go to maximize value. In its FY22 annual report, NTPC said the Centre's approval was required for selling its shares in PTC India as the company was formed by a directive of the government. On 11 December, *Mint* reported that India's largest power generation firm NTPC was planning to offload its stake in PTC India.

The development comes at a

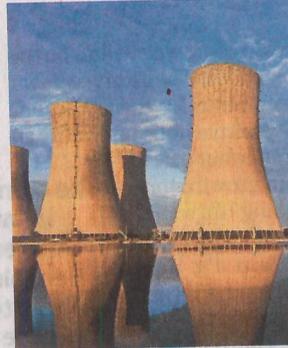
FROM PAGE 16

time several independent directors have resigned from PTC India's board, alleging mismanagement and lapses in corporate governance at the company and its subsidiary PTC India Financial Services (PFS).

One official said NTPC's push for the exit also fits into an overall plan to divest its stakes in its subsidiaries and joint ventures. On 6 September, *Mint* reported that the state-run power major plans to divest its stake in a few subsidiaries and joint ventures through private placements and initial public offerings (IPO) as part of its asset monetization process.

Queries sent to spokespeople for Power Grid, PFC, NHPC, NTPC, PTC India and the ministry of power remained unanswered till press time, while a spokesperson for ICICI Securities declined to comment on the matter.

The latest push for share sale



NTPC's push for the exit fits into an overall plan to divest stakes in units and joint ventures.

gains significance as it comes amid a slew of resignations from the PTC board.

Of late, four independent directors—former diplomat Preeti Saran, BSE chairman S.S. Mundra, former secretary in the finance ministry Sushama Nath, and Jayant Gokhale, founder of accounting firm Gokhale and Sathe—have quit the board.

In her resignation letter,

Nath said since the issues in its subsidiary PFS surfaced earlier this year, governance norms have deteriorated in PTC as well.

“Specifically in relation to the report submitted by chairman RMC (risk management committee) on the matters raised by three independent directors of PFS in their resignation letters in January 2022, the board of directors of PTC has by a majority decision chosen to turn a blind eye on the corporate governance lapses in PFS,” she wrote.

BSE chairman and former RBI deputy governor Mundra alleged that a trend has developed in PTC India where most of the board meetings are called at short notice, and agenda papers circulated at an even shorter deadline to the meeting.

On 8 December, the company denied allegations of misgovernance and non-compliance made by its outgoing

independent directors. However, in a clarification filed with the exchanges, the state-run company said that none of the board members had raised any such issue over the past six months, choosing to mention them only in the resignation letters.

Regarding concerns raised by independent directors over alleged non-implementation of the risk management committee's recommendations, the company said the recommended corrective actions have already been taken. It also denied the allegation that meetings were called at short notice.

PTC was formed in 1999 with four state-run entities in the power sector as its promoters. On Friday, its shares fell 1.39% to close at ₹85.40 on BSE.

Last week, the power trading company reported a 29% fall in its consolidated net profit for the September quarter at ₹138.23 crore.

New Delhi