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Date: 21<sup>st</sup> September, 2012

**Listing Deptt. / Deptt. Of Corporate Relations**  
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**Listing Deptt.**  
**National Stock Exchange of India Limited**  
 Exchange Plaza, C-1, Block G, Bandra – Kurla Complex, Bandra (E), Mumbai -51  
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Dear Sir/ Madam,

**Sub: Annual General Meeting (AGM) of PTC India Limited.**

**Ref: Stock Quote at BSE: - 532524 & at NSE- PTC**

It is informed that the 13<sup>th</sup> Annual General Meeting of the Members of PTC India Ltd. (PTC) was held on Friday the 21<sup>st</sup> September, 2012 at 04:30 p.m. at FICCI, 1 Foundation House, Tansen Marg, New Delhi – 110001.

A copy of the Chairman Speech made in the 13<sup>th</sup> AGM of PTC India Limited held on 21<sup>st</sup> September, 2012 is enclosed.

Thanking You,

Yours sincerely,

(Rajiv Maheshwari)  
 Company Secretary

MD & CEO	MKT PLACE		SP&P	FIR	INVEST & A/C
ROD					DOT/DT
LEGAL	BOMBAY STOCK EXCHANGE LIMITED				DOT BRD
MS & D	26 SEP 2012				DOSS
BD & M					CRE
IPF	NO. 173527				
INTER'L RELA					
BTI	INTER CONT'L	INF PROD		ESTATE	CORP. COMM
BSE/BOOK	DIS	CSD & ICCL	ADMIN.	SECUR	LISTING

**PTC India Limited**

(Formerly known as Power Trading Corporation of India Limited)

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## Chairman's Statement in the 13<sup>th</sup> AGM

Dear Shareholders, esteemed Members of the PTC Board, Ladies and Gentlemen,

I have great pleasure in welcoming you to the 13<sup>th</sup> Annual General Meeting of your Company. On behalf of the Board of Directors and my colleagues at PTC, I thank you all for having spared your valuable time to make it convenient to attend this AGM and to demonstrate your sense of belonging and solidarity with us.

The Annual Report containing Director's Report and the Annual Audited Accounts have been with you for some time and I am sure, you have had the time to go through them.

Your Company has completed another eventful year of its operations, and I derive pride in informing that your Company has remained number one in the power trading business since inception. Maintaining sustained leadership position in a challenging environment and stiff competition is an enviable record and a major feat.

**"Innovation distinguishes between a leader and a follower"- Steve Jobs**

### Global and Indian Economic Scene

As you are aware, in recent years, India's integration with the rest of the world has deepened and thus its economy will be increasingly affected by what happens externally. In the year gone by and the current year, one can see again the impact of international situation on the Indian economy. There is a clear sign of the slowing down of India's growth due to Euro Zone debt crisis jolting the global growth prospects and slowing domestic demand owing to policy tightening and capacity constraints.

But one very encouraging factor is that since India's growth is largely propelled by domestic demand, we must on our own steam be able to grow at 8% and if the world situation improves, we should be able to achieve the goal of 9% sooner.

### Power Sector Outlook

FY 2012 being the terminal year of 11<sup>th</sup> plan, we have seen large generation capacity addition, particularly from the private sector. The country could achieve the highest generation capacity addition of ~ 55 GW in the 11<sup>th</sup> plan – a very significant development and in a manner heralding private sector's entry into power sector in a big way. Your company had remained in the forefront of playing the catalytic role in power sector by creating a vibrant power market- which no doubt paved the way for large scale private investment and record capacity addition.

Government being the largest player in power sector and private investment getting increasingly channelized, a high order of Government intervention and public-private partnership in capacity creation and other supportive components of electricity business is crucial to sustaining a high growth rate. Constraints such as the availability of coal and gas, land acquisition and environmental issues need to be tackled in a more aggressive manner so that the desired growth in capacity expansion can be achieved.

Power sector being one of the key infrastructure segments cannot remain insulated from the economy slowing down. Though there remains innumerable challenges and need for radically new approach that enables financial

viability, accelerates capacity additions, improves operational efficiencies and augments fuel supplies, the outlook of power sector in general is quite positive.

### Physical and Financial Performance

I am happy to report to you the good performance of your company for the year 2011-12 consolidating our position and creating opportunities for a sustainable future. A future that promises to be even more glorious, fulfilling and rewarding as your Company pursues its vision to build an exemplary enterprise. Your continued trust and goodwill has always been invaluable, and will lend immense encouragement to us for the journey ahead.

**"The vision must be followed by the venture. It is not enough to stare up the steps- we must step up the stairs."**- Vance Havner

I would like to present to you the highlights of your Company's performance during the year gone by. Many initiatives taken by the Company in recent times for achieving sustainable growth and competitiveness have begun yielding encouraging results.

The trading volumes this year at 24325 MUs were marginally lower (0.64%) as against 24481 MUs during the previous year. With a turnover of Rs. 77011 million (including other income) for the year 2011-2012 as against Rs. 90603 million (including other income) in the financial year 2010-11, your Company has earned a profit after tax of Rs. 1204 million as against Rs. 1385 million in the previous year. Profitability was low as compared to previous year due to higher interest burden and lower income from other sources.

Your Company has two subsidiaries, namely PTC India Financial Services Limited (60% owned) and PTC Energy Limited (Wholly Owned). The consolidated turnover of the PTC group is Rs. 81105 million for the current financial year as against Rs. 92627 million for the financial year 2010-11. The consolidated profit after tax of the PTC group is Rs. 2041 million for the current financial year as against Rs. 1660 million for the financial year 2010-11.

**"If you can't make it good, at least make it look good"** – Bill Gates

### Dividend

Your Directors are pleased to recommend for your consideration and approval dividend @ 15% for the financial year 2011-12 i.e. Rs 1.5/- per equity share of Rs. 10 each (which is same as paid in last year).

### Strategy and New Business Initiatives

Your Company had engaged an international consultant for equipping PTC India group for the next phase of growth. As a follow up to this exercise, your Company has adopted multi-pronged strategy – to consolidate its existing business operations, to explore new opportunities in the energy value chain, to further strengthen risk management and governance processes and to develop its organization to achieve its potential aspirations.

The Company had been sensitizing the government and policy makers, regulators, utilities, media and public-at-large about the fundamental advantages of market-based operations, in implementing open access to industry and captives, and a market-friendly regulation in the larger long term interests of the consumers. The expanding energy market requires PTC to go beyond its role as a transaction facilitator. With reform and re-structuring

gaining grounds, financial health of power utilities will improve in future, thus putting pressure on intermediary business. Your Company would have to grow both organically and inorganically by creating and acquiring assets in the energy value chain to remain a credible player. As physical market for electricity gets mature and private investment in the sector gets intensified, electricity derivative markets and gas/coal trading markets would emerge. Your Company would have to gear itself as opportunity arises to gain first-mover advantage in these segments through credible alliances and partnerships.

**"If at first the idea is not absurd, then there is no hope for it" - Albert Einstein**

Your Company has already responded by exploring opportunities in credit support to clients, advisory role for portfolio management of few states, by assuring coal supply from overseas sources to IPPs and playing the role of an aggregator for industry/captives. Your Company has introduced a new Strategic Business Unit- PTC Retail, to cater to specific needs of large industrial and commercial consumers (1 MW and above). Also, your Company has made operational power tolling business – first of its kind in the country. For power tolling, PTC sources fuel, pays a conversion charge to the project developer and owns the power produced from these projects. Two power tolling units of 150 MW each have been commissioned in the current fiscal and your company is successfully selling that power in the market. PTC has been continuously making strides in the direction of Energy Efficiency Management. Your company's engagement with Bureau of Energy Efficiency (BEE) under Ministry of power has been extended for a further period of 5 years to undertake Energy efficiency projects and also to seize emerging opportunities such as perform, achieve, and trade (PAT) etc.

**"It is not the strongest of the species that survive, nor the most intelligent, but the one most responsive to change" - Charles Darwin**

#### Short Term Trade

Short term bi-lateral trade including over Power Exchange remains the mainstay of your Company's business. The market for the short term power has grown substantially -by 16% YoY to 94.5 Billion Units (BUs) in FY12. In volume terms, ST market is 11% of the total electricity generation in the country and in monetary terms, total size of market is Rs. 20,532 Crores, 10% more than FY11. Traders have been playing a vital role in the development of ST market which is evident from the fact that bilateral trading contributed ~40% in the total ST market in FY12 and grew by 23% YOY. Banking transactions (cashless transactions where utilities borrow power during days of power deficit and return the same in kind during power surplus days) have shown an upward trend. Comparatively, volume on power exchanges (PX) grew only by 9.5% YOY and Un-scheduled Interchange (UI) volume reduced by 1% YOY (mainly because of tightening of frequency band by CERC) which is a positive sign. Price in bilateral market remained slightly higher than PX for most part of the year indicating that buyers are ready to pay premium for reliability of power. Also bilateral prices were less volatile than PX prices.

As far as performance of your company is concerned, it traded 24.3 BUs of electricity as against 24.5 BUs previous year with a market share of 43% (including cross-border and intra-state trades). This drop is primarily because of slightly lower Cross-border trade with Bhutan at 5.3 BUs in FY12 (5.6 BUs in FY11) on account of increased domestic demand in Bhutan. Domestic trading contributed almost 80 % of the Company's business, rest from cross-border trade. Trading volumes could have been higher but for the Company regulating power to some of its clients not making payments on time. The regulated power supply, primarily to Tamil Nadu and Uttar Pradesh, caused an approximate opportunity loss of more than 4 BUs.

PTC-Retail continues to develop its credibility across the spot-market in India. It has successfully added more than hundred new clients to its list.

**"Always dream and shoot higher than you know you can do. Don't bother just to be better than your contemporaries or predecessors. Try to be better than yourself."** - William Faulkner, Nobel Prize Laureate

#### Long Term Trade

Your Company's portfolio of projects, under long term power purchase agreements with IPPs, brings unique strength and expectedly a continuous stream of electricity traded volumes- both short term and long term business. During the year, PTC entered into Power Purchase Agreements with aggregate capacity of about 460 MW. The total long term agreements cumulatively signed by your Company as on 31 March 2012 stand at 14,548.8 MW including cross-border agreements. Power from most of the projects is being offered for sale through Case - 1 bidding process being initiated by State Utilities and Discoms. The projects are based on domestic coal, imported coal, gas and hydro resources. Some important projects already commissioned in FY-12 and current year are: 300 MW Stage-II coal-based power project of Lanco Amarkantak; 2\* 150 MW coal-based Simhapuri Tolling Project; 100 MW Malana-II hydro-electric project and 70 MW Budhil Hydro-electric project.

Long term power from projects have started contributing to trading volumes and the total MU traded from projects under long term PPA reached 4749 MUs in FY 2012. This segment would gradually be contributing significantly to our total trading volumes.

During this fiscal, PTC signed a long term power sale agreement with Nepal Electricity Authority (NEA) to supply them 150 MW power for 25 years. The supply of power is expected to commence after commissioning of 400 KV Muzaffarpur (India) and Dhalkebar (Nepal) transmission line in next 2 to 3 years.

Your Company is actively participating in the Case-I bids invited by various utilities and is competitively placed in the tender invited by Andhra Pradesh for 2000 MW. It also provides key support to IPPs by highlighting their combined view on key issues related to Case-I bidding process to the Ministry of Power and Appropriate Electricity Regulatory Commissions to get their genuine concerns addressed. PTC has balanced and strategically located projects under long term portfolio likely to be commissioned in coming years with 3400 MW capacity projects in western region, 3300 MW capacity in eastern region and 4200 MW capacity projects in southern region. Due to their strategic locations, projects are likely to be competitive in Case-I bids. PTC is also actively working towards supply of 250 MW power to Bangladesh Power Development Board (BPDB) from Indian power market for a period of 15 years.

Considering the coal supply situation compared to the demand, it looks like that dependence on imported coal will go up. Projections suggest that there will be a deficit of up to 265 Million Tonnes (MT) of domestic coal by FY17. This provides a window of opportunity for our subsidiary PTC Energy Ltd. (PEL). We have been sourcing coal for Independent Power Producers (IPPs) on their request and we see a substantial rise in coal trading volumes in the coming years.

**"If you don't know where you're going, any road will do."**

## Renewable Sources of Energy

Your Company recognizes that with mounting pressures due to climate change issues, renewable sources of energy will gain momentum. Prime Minister's National Action Plan for Climate Change offers tremendous opportunities for the market to develop renewable energy, particularly, wind, solar and also energy efficiency projects. This is an emerging area of business and going to become very significant in the next few years.

PTC, through its subsidiaries and affiliates, is exerting efforts to bring into its fold renewable energy projects, particularly wind and Solar projects and is also active in trading Renewable Energy Certificates (RECs) on Power Exchanges on behalf of member clients.

**"The only vital value an enterprise has is the experience, skills, innovativeness and insights of its people"**  
- Leif Edvinsson, Swedish Intellectual Capital guru

## People@PTC

PTC takes immense pride in its dedicated employees, who have year on year delivered results against odds through their hard work, discipline, being close to customers, and by demonstrating ability to quickly put together solutions in an innovative way.

To foster the culture of innovation in the organization, it is important to nurture it at an individual level. PTC has made it possible by empowering individuals to dream and nurture their creativity and innovation. In essence, this has encouraged them to empathize and understand the inherent customer needs, customize the solutions and accelerate the deliverables, thus maintaining an edge over competitors.

PTC recognizes that for sustained profitable growth, talent acquisition and retention is one of the key result areas for your Company. Capacity building program is an ongoing exercise and employees are being continuously mentored on job by senior executives. We also regularly organize structured management development program as means to create effective managers- people who can operate across regions with confidence, able to deal with diversity of cultures and issues, and be highly analytical and result-oriented.

**"The purest treasure mortal times can afford is a spotless reputation"** - William Shakespeare

## Corporate Governance and Corporate Social Responsibility

For the long-term viability of any enterprise, you need a viable corporate culture and that requires a proper framework for Corporate Governance. Eco-friendly attitude and sustainable business practices are now among the critical determinants. Today's corporate landscape is pushing companies to be more transparent and accountable for their actions, open about engaging with all their stakeholders in a manner that balances the needs of the community while mitigating the negative social and environmental impacts of the business. PTC has been following some key aspects of good corporate governance such as strengthening the responsibilities of audit committees; improving the quality of financial disclosures, including those related to initial public offerings; assessing and disclosing business risks; introducing responsibilities on boards to adopt formal codes of conduct among others. Trust, transparency and reliability are the hallmark of an organization with right corporate governance framework- and PTC has adopted them as core of its business.

Also, there is a significant increase in the expectations of a wide range of stakeholders in regard to a Company's commitment to socially responsible business practices. As a result, Corporate Social Responsibility (CSR) is becoming a progressively more important component of good business practice. CSR includes maintaining ethical business practices, health and well-being of employees, energy conservation measures and concern for environment. PTC is proud of being a socially committed organization and attaches great importance to discharging its duties to the community and society.

It has supported primary education and health in rural areas, mid-day meals to children, emerging talents in sports, and contribution to the Prime Minister's National Relief Fund from time to time.

**"The time is always right to do what is right" - Martin Luther King**

#### **Acknowledgement and Conclusion**

At a personal level, I feel great satisfaction to lead an aspiring group of creative and talented employees, who are ever ready to go that extra mile to remain competitive and grow further in the field. Theirs has been the key contribution in transforming PTC in to an exemplary enterprise. I am sure that their continued efforts will continue to propel us to greater heights of achievements and excellence. I would like to sincerely thank all our valued customers, both domestic and international, for their unstinted support at all times.

PTC's quest for continuous value creation and playing its lead developmental role of power market would not have been possible but for the support that my colleagues and I have received from all our customers, business associates, knowledge partners, shareholders and members of the Board. I take this opportunity to express my sincere thanks to the Ministry of Power and the Ministry of External Affairs, Government of India, promoter companies, the financial institutions, insurance companies and Banks, Regulatory Commissions, Central Electricity Authority, Central Transmission Utility, State, regional and national load dispatch centers among others for their encouragement and support to our Company. Their active involvement has been a source of great encouragement and inspiration. I am confident of their continued whole-hearted support and patronage in augmenting our future plans and strategy. India's power market is at watershed in its development, and its progress is imperative to sustaining economic growth. The time is right for all stakeholders- policymakers, regulators, public and private enterprises, lenders and investors, equipment manufacturers, consumers-to act in concert to power the country's future.

Thank you,

Date: 21 September, 2012

(Tantra Narayan Thakur)

Place: New Delhi