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PTC INDIA LIMITED

A N N U A L R E P O R T 2 0 0 4 - 2 0 0 5



Vision

"To be a frontrunner in power trading by developing a vibrant power market and striving to correct market distortions"

Mission

Develop power market for optimal utilization of energy.
Promote Power Trading to optimally utilize the existing resources

Catalyze development of Power Projects particularly environment friendly Hydro Projects

Promote exchange of power with neighbouring countries

Values

- Transparency
- The Customer is always right
- Encouraging Individual initiative
- Continuous Learning
- Teamwork

SIXTH ANNUAL GENERAL MEETING

- To be held on Wednesday, 28th September 2005 at 11.00 AM
- At Pearey Lal Bhawan, Bahadur Shah Zafar Marg, New Delhi-110 002

NOTE:

1. Shareholders are requested to bring their copy of Annual Report with them to the Annual General Meeting.
2. No gifts or coupons would be given to the shareholders for attending the Annual General Meeting.



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BOARD OF DIRECTORS

1. Shri T.N. Thakur, Chairman & Managing Director
2. Shri S.K. Dube, Director (Operations)
3. Shri Gireesh B. Pradhan
4. Shri Ranjit Rae
5. Shri J.Haque
6. Shri R.S. Sharma
7. Shri Satnam Singh
8. Shri Amulya Charan
9. Shri V.K. Saxena
10. Shri G.P. Gupta
11. Shri D.P. Bagchi
12. Shri M.S. Verma
13. Shri P.Abraham
14. Shri V.K. Kanjlia

Statutory Auditors

M/s. T.R. Chadda & Company

Internal Auditors

M/s. Kishore & Kishore

Company Secretary

Shri Rajiv Maheshwari

Registrar and Share Transfer Agents

M/s. MCS Limited

Sri Venkatesh Bhavan

W40, Okhla Industrial Area, Phase-II

New Delhi - 110 020

Phone: 26384909 / 10 / 11; Fax: 26384907



NOTICE

NOTICE is hereby given that the Sixth Annual General Meeting of the Members of PTC India Ltd. (PTC) will be held on Wednesday, the 28 September 2005 at 11:00 a.m. at Pearey Lal Bhawan, Bahadur Shah Zafar Marg, New Delhi-110002 to transact the following business: -

Ordinary Business

1. To receive, consider and adopt :
 - a. The Audited Balance Sheet as at 31 March 2005.
 - b. The Audited Profit & Loss Account for the year ended on that date,
 - c. The Auditors' report thereon,
 - d. The Director's Report for the year 2004-05.
2. To appoint a Director in place of Shri M.S. Verma, who retires by rotation and is eligible for reappointment.
3. To appoint a Director in place of Shri G.P. Gupta, who retires by rotation and is eligible for reappointment.
4. To appoint a Director in place of Shri P. Abraham, who retires by rotation and is eligible for reappointment.
5. To consider and if thought fit, to pass with or without modification(s), the following resolution for appointment and fixation of the remuneration for the Statutory Auditors for the Financial Year 2005-2006 as Special Resolution:

"RESOLVED THAT pursuant to the provisions of Section 224A of the Companies Act, 1956, M/s T.R. Chadha & Co. Chartered Accountants, B-30, Connaught Place, Kuthaila Building, New Delhi be and are hereby appointed as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company at such remuneration as may be decided by the Board of Directors of the Company.

RESOLVED FURTHER THAT, Board of Directors of the Company be and is hereby authorized to take necessary actions in this regard."
6. To consider and if thought fit, to pass with or without modification(s), the following resolution for dividend for the Financial Year 2004-2005 as Special Resolution:

"RESOLVED THAT dividend at the rate of 8% for the FY 2004-2005 on the equity shares of Rs. 10/- each fully paid-up be and is hereby declared and to be paid as per the ownership as on closing hours on 23rd September, 2005".

SPECIAL BUSINESS

7. To appoint Shri R.S. Sharma (who was appointed as an additional Director by the Board of Directors to hold the office of Director only upto the date of this meeting), in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director being nominee of National Thermal Power Corporation Limited (NTPC) and to move the following as ordinary Resolution:

"RESOLVED THAT pursuant to Section 257 of the Companies Act, 1956, Shri R. S. Sharma be and is hereby appointed as a Director of the Company, liable to retire by rotation."
8. To appoint Shri Satnam Singh (who was appointed as an additional Director by the Board of Directors to hold the office of Director only up to the date of this meeting), in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director being nominee of Power Finance Corporation Limited (PFC) and to move the following as ordinary Resolution:

"RESOLVED THAT pursuant to Section 257 of the Companies Act, 1956, Shri Satnam Singh be and is hereby appointed as a Director of the Company, liable to retire by rotation."
9. To appoint Shri Amulya Charan (who was appointed as an additional Director by the Board of Directors to hold the office of Director only up to the date of

this meeting), in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director being nominee of The Tata Power Company Limited (TPC) and to move the following as ordinary Resolution:

"RESOLVED THAT pursuant to Section 257 of the Companies Act, 1956, Shri Amulya Charan be and is hereby appointed as a Director of the Company, liable to retire by rotation."

10. To appoint Shri V.K. Kanjlia (who was appointed as an additional Director by the Board of Directors to hold the office of Director only up to the date of this meeting), in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director being nominee of National Hydro-electric Power Corporation Limited (NHPC) and to move the following as ordinary Resolution:

"RESOLVED THAT pursuant to Section 257 of the Companies Act, 1956, Shri V.K. Kanjlia be and is hereby appointed as a Director of the Company, liable to retire by rotation."

11. To consider and if thought fit, to pass with or without modification(s), the following as a Special Resolution to alter the Articles of Association of the Company to provide for the appointment of Chairman or Chairman & Managing Director/ Whole-time Director by the Board:

"RESOLVED that subject to the provisions of Section 268 and pursuant to section 31 of the Companies Act, 1956 and other applicable provisions, the Articles of Association of the Company be altered in the following manner:

- (i) To replace the words **"the General body"** by **"the Board"** in the First part of Second Para of **"Article 111"** of the Articles of Association.
- (ii) To substitute the **"Article 129"** of the Articles of Association by the following new Article:

129. Appointment of Chairman or Chairman & Managing Director/ Whole Time Directors:

"The appointment of Chairman or Chairman & Managing Director/ Whole-time Director and determination of remuneration shall be made by the Board of Directors of the Company subject to the provisions of the Act. Such Directors shall act under superintendence, control and direction of the Board of Directors and their appointment shall not be for a period of more than five years at a time.

For the appointment of Chairman or Chairman & Managing Director or Managing Director/Whole-time Director, consent of Chairman & Managing Director of POWERGRID, NTPC, PFC and NHPC shall be necessary."

- (iii) To delete **"Clause (iii) of Article 136"** of the Articles of Association of the Company"

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

12. To consider and if thought fit, to pass with or without modification(s), the following resolution for increase in number of Directors of the Company as Special Resolution:

"RESOLVED THAT pursuant to Article 112 of the Articles of Association of the Company and subject to section 259 and all other applicable provisions, if any, of the Companies Act, 1956, and subject to the approval of the Central Government, the number of Directors of the company for the time being in the office be increased from 15 to 22.

RESOLVED FURTHER THAT pursuant to section 31 and all other applicable provisions, if any, of the Companies Act, 1956, existing article 111 of the Articles of Association of the Company be and is hereby substituted by the following new article with effect from the date of Central Government's



approval in accordance with the provisions of the Companies Act, 1956:

"Article No. 111

The Board of Directors of the company shall consist of not less than 3 (three) but not more than 22 (twenty two) Directors. A person need not hold any qualification shares to become Director.

Not less than two third of the total number of Directors shall be liable to retire by rotation in accordance with the provisions of Section 255 and 256 of the Act and shall be eligible for reappointment."

RESOLVED FURTHER THAT the Board be and is hereby authorised to take all such steps as may be necessary, proper or expedient to give effect to this resolution."

13. To consider and if thought fit, to pass with or without modification(s), the following resolution for commencement of new business for the Company as Special Resolution:

"**RESOLVED THAT** subject to section 149 (2A) and other applicable provisions (if any) of the Companies Act, 1956, approval be and is hereby accorded for commencement of business included in the Clause C-3 of the 'OTHER OBJECTS' specified under Object Clause of the Memorandum & Articles of Association of the Company.

RESOLVED FURTHER THAT subject to the provisions of the Companies Act 1956 or any other laws/ rules as may be applicable from time to time and the Memorandum and Articles of Association of the Company, the Board of Directors be and is hereby authorized to take all necessary actions as may be required for carrying any business as may be required to attain all the objects of the Company as also business covered in Clause C-3 of the 'OTHER OBJECTS' specified under Object Clause of the Memorandum & Articles of Association of the Company."

By Order of the Board of Directors,
For PTC INDIA LTD.

(Rajiv Maheshwari)
Company Secretary

Place: New Delhi

Date: 1st September, 2005

Notes:

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member of the Company. A proxy form is enclosed. The instrument appointing a proxy should, however, be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.
2. Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of Special Business set out in the notice is enclosed.
3. All documents referred to in the notice or in the accompanying explanatory statement are open for inspection at the registered office of the Company between 11:00 a.m and 1:00 p.m. on all working days upto the date of Annual General Meeting.
4. The details pertaining to the appointment / reappointment of Directors are furnished in statement of Corporate Governance in the Director's Report/ in the Explanatory Statement in the notice.
5. The register of members and the share transfer books of the Company will be closed from 23rd September, 2005 to 28th September, 2005 both days inclusive. The dividend in respect of equity shares held in the electronic form will be paid on the basis of beneficial ownership existing as on the closing hours on 23rd September, 2005 and as per details available from NSDL and CDSL.
6. Members/ proxies should bring their copy of the Annual Report for reference at the meeting as also the attendance slip duly filled in for attending the meeting.

7. Members are informed that in case of joint holders attending the meeting, only such joint holder who is first in the order of names will be entitled to vote.
8. Shareholders holding the shares in physical form and desirous of making nominations are requested to send their requests in Form No. 2B in duplicate (which will be made available on request).
9. In respect of shareholders' holding shares in electronic form, members are requested to notify any change of address and change in bank details to their Depositories Participants.
10. The communication address of our Registrar and Share Transfer Agent (RTA) is MCS Limited, Sri Venkatesh Bhavan, W-40 Okhla Industrial Area -Phase-II, New Delhi-110020.
11. For Electronic Clearing System facility for crediting dividend directly to your designated bank accounts, shareholders are requested to give their mandate in the form enclosed.

To: All Shareholders and Auditors

Annexure to the Notice

EXPLANATORY STATEMENT PURSUANT TO SECTION 173 OF THE COMPANIES ACT, 1956.

Item no. 2, 3 and 4

Shri M.S. Verma, Shri G.P. Gupta and Shri P. Abraham are retiring by rotation and are eligible for reappointment.

Shri M.S. Verma

Shri M.S. Verma has worked as Chairman of State Bank of India (SBI). He has rich experience in Banking and other sectors of Indian Economy. He is a Director on the Board of International Asset Reconstruction Co. Pvt. Ltd., Uttaranchal Jal Vidhyut Nigam Ltd., Alliance Capital Asset Management India Pvt. Ltd., Contemporary Health Pvt. Ltd., Srei International Finance Ltd. and Visa Steel Limited. Further, he is Chairman/ Member of the Board Committee (s) of Uttaranchal Jal Vidhyut Nigam Ltd. and Contemporary Health Pvt. Ltd.

Shri G.P. Gupta

Shri G.P. Gupta has worked as Chairman of Industrial Development Bank of India (IDBI). He has rich experience in Banking, Finance and other sectors of the Indian Economy. He is a Director on the Board of Jammu & Kashmir Bank Ltd., M.P. Power Generation Company; Swaraj Engineers Ltd., Birla Sun life Insurance Company Ltd., Indo Gulf Fertilizers Limited, SIDBI Venture Capital Ltd., Indian Rayon and Industries Ltd. and Su-Raj Diamonds and Jewellery Limited. He is Chairman/ Member of the Board Committees of J&K Bank, Swaraj Engineers Ltd., M.P. Power Generation Company, Indo Gulf Fertilizers Limited and Birla Sun life Insurance Company Ltd.

Shri P. Abraham

Shri P. Abraham has worked as Secretary in the Ministry of Power, Government of India. He has rich experience of Indian Power Sector since he has worked in various areas of Government Sector. He is a Director on the Board of Future Polyesters Limited, Flex Industries Limited and Jindal Power Company. He is Member of Board Committees of Jindal Power Company.

Each of the present Directors whose appointment is proposed is concerned or interested only in his own appointment. The Directors recommend the resolution for approval of the shareholders.

Item no. 7, 8, 9 and 10

Shri R.S. Sharma

Presently, Shri R.S. Sharma is working as Director (Comml.) of National Thermal Power Corporation Ltd., (NTPC). He has rich experience of Indian Power Sector. He is a Director on the Board of NTPC, NESCL, NVVN, BESCL and NSPCL.



Shri Satnam Singh

Presently, Shri Satnam Singh is working as a Director (Fin.) on the Board of the Power Finance Corporation Ltd., (PFC). He has rich experience of Indian Power & Finance Sector. He is a member in Loans Committee, Executive Committee, Finance Committee and Management Committee of PFC.

Shri Amulya Charan

Presently, Shri Amulya Charan is working as Vice President (Fin.) & CFO of The Tata Power Company Limited, (TPC). He has rich experience of Indian Power and Finance Sector. He is a Director on the Board of the Tata Share Registry Ltd., Aftaab Investment Company Limited, Panatone Finvest Ltd., Alaknanda Hydro Power Company Limited, Tata Power Broadband Company Limited, Tata Power Trading Company Limited and Rajuvalika Investment Limited. He is Chairman/Member of Audit Committees of Tata Power Broadband Company Limited, Tata Power Trading Company Limited and Tata Share Registry Ltd.

Shri V.K. Kanjlia

Shri V.K. Kanjlia is an ME in Electrical and is presently working as Executive Director of National Hydro-electric Power Corporation Ltd. (NHPC). He has rich experience of the Indian Power Sector. He is a Director on the Board of the Uttar Pradesh Jal Vidhut Nigam Ltd.

The Company has received notices in writing from the shareholder(s) proposing the above names for Directorship in PTC. Taking into consideration the vast knowledge, ability, background and experience of the above persons, it would be appropriate and in the best interest of the Company to appoint the above persons as Directors of the Company.

Each of the present Directors whose appointment is proposed is concerned or interested only in his own appointment. No other Director is interested in the item. The Directors recommend the resolution for approval of the shareholders.

Item no. 11 – Alteration of Articles of Association to provide the appointment of Chairman or Chairman & Managing Director/ Whole-time Director by Board

The Articles of Association of the Company provide for the appointment of managerial persons like Managing Director or Whole-time Directors by General Meeting. The strict interpretation of the provision requires that the appointment shall be effective only from the date of general meeting. In case of any eventuality, if any sudden vacancy occurs in the office of Managing Director or Whole-time Director the business will come to stand still, till the long and cumbersome process of appointment through a General Meeting is carried out.

Thus, to smoothen and simplify the process, it is proposed to alter all the provisions relating to the appointment of managerial persons provided in the Articles of Association, suitably to bring the provisions of the appointment of managerial persons in line with other widely held companies. The proposal is to allow the appointment of managerial persons by the Board of Directors with prior approval of Promoter Companies.

The Directors recommend the resolution for approval of the shareholders.

None of the Directors is personally interested or concerned with the resolution.

Item no. 12 – Increase in number of Directors from 15 to 22

Article 111 of the Articles of Association of the Company currently empowers the company to appoint upto 15 directors. The Company currently has 14 Directors on the Board including 2 (Two) Executive Directors, 4 (Four) Promoter Directors & 8 (Eight) Non-Executive Directors.

The business of the Company is full of opportunities and the Company has business tie-ups with various public and private sector undertakings engaged in power generation and trading. It is also exploring new business opportunities. In such circumstances the company has to accommodate representatives of other corporate bodies so it may be required to increase the number of its Directors beyond fifteen

to accommodate nominees of business houses/financial institutions participating in future business expansion plans of the Company.

Furthermore, the business concept of the Company is new in our country and the persons having desired skill and expertise are very few. These experts are already settled at other high profile posts. Thus, it is very difficult to hire their services on a regular basis. The viable option is to get benefit of their experiences and expertise as Directors. Thus, it is important that the Company's Board be strengthened with specialized Directors with appropriate qualifications, skills, experience and background in diverse or related fields who can contribute to the maximization of shareholders worth and business objectives.

In view of the above and to maintain the maximum number of Independent Directors as per the Corporate Governance requirements & other applicable provisions of Law, it is proposed to increase the total number of Directors for the time being in office from 15 to 22 to allow the Company to increase the number of directors from present ceiling limits.

Consequently Article 111 of the Article of Association of the Company is sought to be amended in the manner set out in the resolution.

The Directors recommend the resolution for approval of the shareholders.

None of the Directors is in any way concerned or interested with the resolution.

Item no. 13 – Commencement of New Business

PTC has already made headway in trading of power and is also facilitating development of power projects which will generate electricity and sell their power through PTC and your Board of Directors feel that it is the appropriate time for PTC to start looking for diversification in related areas. As your Company has been keeping itself on a continuous growth path, to add strength to its expanding business operations and to exploit business opportunities your Company is contemplating diversification. Accordingly, your Company has initiated efforts for providing fuel linkage to SEB/TPPs/Captive power plants i.e. Coal /Natural Gas/R-LNG. The activity is covered in Clause 2 & 6 of Main Object (Part-A), and Clause 26 of Incidental or Ancillary Objects (Part-B) etc. of the Memorandum of Association of the Company. Keeping in view PTC's present growth as also prevailing energy market scenario, it will be appropriate to embark on new areas of businesses and diversify our business portfolio as per Clause 3 of Other Objects, which is reproduced below:-

"To carry on the business of construction, management of fuels systems, hydel, wind and solar resources, and to search for, get, acquire, buy, sell or otherwise deal in oils, gases, coal, coal rejects, fuel oil, naphtha, Liquefied Natural Gas, raw petroleum stock or any other fuel, solid, liquid or gas whether found in natural state or obtained by processing from other substances and to carry on business of winning, production, working, treating, manufacturing and preparation of any such or related materials which may be usefully applied for the power generation of electricity or conveniently be combined with the manufacturing, engineering or other business of the Company or any contracts undertaken by the Company either for such purpose or an independent business."

None of the Directors is concerned or interested in the resolution.

The Directors recommend the resolution for approval of the shareholders.

By Order of the Board of Directors,
For PTC India Ltd.

(Rajiv Maheshwari)
Company Secretary

Place: New Delhi
Date: 1st September, 2005



DIRECTORS' REPORT

To, The Members, PTC India Ltd.

It gives me pleasure to present to you, on behalf of the Board of Directors, the sixth Annual Report on the activities of your company, together with the Audited Accounts for the Financial Year 2004-2005.

Performance and Financial Highlights

Your company has completed yet another significant year, one in which it has sustained and consolidated its position in the industry, amidst flux in every segment of the business environment, notwithstanding the fact that the overall trading volume this year has been lower at 8,887 MUs as against 11,029 MUs during the previous year, converting to a turnover of Rs.2037 Crores (including other income etc.) as against Rs. 2,378 Crores (including other income etc.) in the financial year 2003-04. Your company earned a profit after tax of Rs.24.03 Crores as against Rs. 32.48 Crores in the previous year.

Inherent in the summary results are the new starts made by your company, in breaking new grounds by expanding the horizon beyond the existing customers and businesses. During the year, your company has demonstrated the successful participation of new categories of customers, like private distribution licensees and captive producers in the evolving power market. Sharpening its focus on developing the power market, your company has taken the decision for its first equity investment in a generation project, and delivered advisory services to a number of entities. A number of other services that would complement this holistic approach to developing the power market are on the anvil. In keeping with this sustained shift in its operations, a change in Corporate Identity was adopted during the year, signaling the beginning of an era of consolidation of your company's early gains.

The financial results of the Company for the FY 2004-05 vis-a-vis 2003-04 under broad heads are summarized as under:

Particulars	For the Year ended 31.03.2005 (in Rupees Crores)	For the Year ended 31.03.2004 (in Rupees Crores)
Electricity Sales (including rebate on purchase of power)	2,032.08	2,371.81
Other Income etc.	5.19	6.18
Electricity Purchase (including rebate on sale of power, scheduled and handling charges)	1,987.27	2,318.15
Employee Cost	4.37	4.32
Other Expenses etc.	5.48	4.83
Profit before amortization, depreciation and prior period items	40.15	50.69
Amortization and Depreciation	3.27	3.32
Prior Period Expenses/(Income)	0.07	(1.57)
Profit Before Tax	36.81	48.94
Provision for Taxation (including deferred tax expenditure/(income))	12.78	16.46
Net Profit After Tax	24.03	32.48
Transferred to General Reserves	2.40	—
Dividend (incl. dividend tax)	13.68	13.54
Balance carried forward to Balance Sheet	7.95	18.94
Earning Per Share in Rs (basic and diluted) - not annualized	1.60	2.17

Dividend and Reserves

Dividend @ 8% is proposed for the FY 04-05. Rs. 7.95 Crores profit for the year has been transferred to 'Reserves and Surplus' of the Company (apart from Rs. 2.40 Crores transferred to General Reserves) which stood at Rs.74.57 Crores (including share premium).

Capital Structure

As on 31.03.2005, the authorized share capital of your company was Rs. 750 crores and paid-up capital was Rs. 150 Crores. The equity shares of your company are listed on 'The Mumbai Stock Exchange' (BSE) and 'The National Stock Exchange of India Ltd.' (NSE). The promoters i.e. the four Central Public Sector Power Companies, namely National Thermal Power Corporation Ltd. (NTPC), Power Grid Corporation of India Ltd. (POWERGRID), Power Finance Corporation Ltd. (PFC) and National Hydroelectric Power Corporation Ltd. (NHPC) hold 8% each individually, or 32% collectively of your company's paid-up and subscribed share capital. The balance 68% is held by Power Utilities, Financial Institutions, Insurance Companies, Banking Institutions, Corporations, Investment Companies, Foreign Institutional Investors, Private Utilities and others including general public. The shareholding pattern of your company as on 31.03.2005 is as follows:-

Category	No. of shares held	Percentage of shareholding
A Promoter's holding		
1. Promoters		
- Indian Promoters	48000000	32.00
- Foreign Promoters	—	—
2. Persons acting in concert	—	—
Sub-Total	48000000	32.00
B. Non-Promoters Holding		
3. Institutional Investors		
a. Mutual Funds and UTI	436657	0.291
b. Banks, Financial Institutions, Insurance Companies (Central/ State Govt. Institutions/ Non-government Institutions)	24399742	16.266
c. FIIs	19928601	13.286
Sub-Total	44765000	29.843
4. Others		
a. Private Corporate Bodies	30007916	20.005
b. Indian Public	16735476	11.157
c. NRIs/OCBs	317008	0.211
d. Any other (please specify)		
Damodar Valley Corporation	10000000	6.667
Pvt. Bank /Co-op-Bank /Pvt. Inst.	170100	0.113
Trusts and Foundations	4500	0.003
Sub-Total	57235000	38.157
GRAND TOTAL	150000000	100.00

Distribution of shareholding - As on 31.03.2005

Nominal value of each share / unit Rs. 10/-

Number of Share Holders	% to Total	Share Holding of Nominal Value of Rs.	No. of Shares	Amount In Rs	% to Total
100754	92.49	UP TO 5,000	14169749	141697490	9.45
4669	4.29	5,001 TO 10,000	3931004	39310040	2.62
1880	1.73	10,001 TO 20,000	2867225	28672250	1.91
550	.50	20,001 TO 30,000	1411810	14118100	.94
251	.23	30,001 TO 40,000	902900	9029000	.60
249	.23	40,001 TO 50,000	1192281	11922810	.79
328	.30	50,001 TO 1,00,000	2487537	24875370	1.66
255	.23	1,00,001 AND ABOVE	123037494	1230374940	82.02
108936	100.00	TOTAL	150000000	1500000000	100.00



Share price data

Month	High	Low
Mar-05	57.4	43.2
Feb-05	58.0	52.3
Jan-05	63.1	49.0
Dec-04	56.8	50.2
Nov-04	55.9	49.1
Oct-04	60.2	51.0
Sep-04	58.6	52.8
Aug-04	54.8	45.7
Jul-04	57.0	46.0
Jun-04	52.2	42.0
May-04	53.8	38.8
Apr-04	61.0	27.8

Net worth and Earning Per Share (EPS)

As on 31.03.2005, net worth of your company was Rs.219 Crores as compared to Rs. 207 Crores on 31.03.2004. Further, as on 31.03.2005, EPS (basic and diluted) of the Company was Rs. 1.60 compared to Rs. 2.17 (not annualized) on 31.03.2004.

Management Discussions and Analysis

Your company continues to work towards its vision of developing a vibrant and distortion-free market for power in the country. In the long-term, such a market will have several categories of participants, including industrial consumers and captive generators buying and selling an array of products, both for physical delivery of power as well as for hedging and risk management. The supporting legal framework for this market is already in place. However, regulations are evolving and a transition period is being managed by various stakeholders.

The envisioned future will be strengthened and complemented by expanding the boundaries of co-operation with other countries in the region. Every stakeholder in the evolutionary process towards realizing this vision, be it competition, regulation or customer groups, has a significant role to play, and the onus is on your company to lead the way.

To deliver on this onerous responsibility, the Company adopts a holistic approach and performs an intermediary as well as an advisory role. The intermediary role has tested its boundaries already, as the focus moves beyond intermediation in the short-term segment of the market and long-term agreements for marketing power from specified projects. To give due impetus to the facilitation of long-term investments in generation, your company has moved into the business of taking limited equity positions in select generation projects. Apart from efforts to develop the long-term capacity, there is the captives and industrial customers segment, where regulation is taking shape and estimates of the potential vary widely. The Company is putting fresh efforts to construct a reliable and valid database for assessment of this potential, while also evolving structures to give effect to transactions from surpluses already identified. For achieving this, the Company is working closely with owners of captive generation capacity for obtaining enabling orders from regulators and state governments.

The advisory role is grounded in the significant head-start your company has in developing and participating in the power market. The experience so gained in a fast changing Indian context through customer-centric processes deployed by the Company puts it in a unique position to provide insights into areas like market structures, non-discriminatory access, competitive bidding and regulation in a market environment. This role benefits from and in turn contributes to the knowledge management process and financial services of your company. From its inception, the processes and structures of the Company have been designed around the concept of a knowledge driven business.

At the center of this knowledge business is the pool of knowledge-workers that are the Company's core assets. With increasing visibility of competition during the year, retention issues have assumed greater importance. The HR and OD processes of the Company have anticipated this challenge and have stood up to it. The key systems like those related to talent acquisition, performance management and performance linked incentives have been honed further. As on 31.03.2005, the Company had 63 employees on its rolls. Flexibility in terms of nature of employee-employer relationships has been achieved through alternative employment contracts, and the future will see greater diversity in the composition of this knowledge

community as people from various industry and functional backgrounds will find meaningful work opportunities at the Company.

During the year, your company was called upon to discharge both the above roles. As participants gained experience in working in the market environment, even new regulation was tested. PTC led the way in examining the validity of frontier areas in the regulations on open access as well as licensing for trading. The sensitization and outreach efforts of the Company contributed in no small way towards examination of emerging issues in the regulation across stakeholder groups and in amendment of a key regulation.

Apart from strengthening its leadership position in the short-term market, the Company intends to build up on the significant starts made in the new business segments, which are the drivers for future growth. As the Company took its first decision on acquisition of an equity stake in generation in the 330 MW LANCO Amarkantak Power Project during the year, it also consistently worked on evolving structures that would offer value-adds to customers and project developers. Similarly, the sale and purchase of power from CESC Ltd. marked the first power trading transaction with a privately owned distribution licensee, and purchase of power from Jindal Steel and Power Ltd. (JSPL)'s Captive Power Plant in Chhatisgarh was the first such trade with a captive producer in the country. Other significant developments, which are expected to become key stepping stones to the future, are the standing agreement with ONGC for marketing of the entire surplus power output from its existing and future power generation facilities and with Wartsila for marketing of entire surplus from their installed base.

Trading of Power

In the year 2004-05, your company could achieve trading volume of 8887 MUs of energy spread over a large number of customers in all the five regions of the country, inspite of competition in the short term trading market and lower marketable volumes available with the generators due to deficit rains in the eastern coast. Against all odds, your company has still been able to maintain its leadership position in the power trading business.

Introduction of new products in short term power trading, catering to varying needs of its customers has been the hallmark of your company's innovative approach since inception. In keeping with this tradition, in addition to various products already launched, your company introduced another product by trading of Weekend Power during this year.

Cross-Border Operations

One of the missions of the Company is to promote exchange of power with neighboring countries. The long-term prospect for regional cooperation in power, particularly with Bhutan and Nepal, is quite promising. Bhutan has the potential to become a major hydropower exporter. Some estimates have put the country's potential hydropower resources as high as 30,000 MW. Nepal has economically viable hydro potential of 43,000 MW and feasibility studies have already been carried out for 22,000 MW of hydro capacity in the country. India, due to its large economy and growing power demand, is the main potential export market for these neighboring countries.

Power trade with Bhutan

The present power trade with Bhutan is being carried out under bilateral contractual arrangements with tariff fixation based on negotiations between the two Governments. Surplus power from Chukha project is being supplied to the Eastern Region constituents namely BSEB, DVC, GRIDCO, JSEB, Sikkim and WBSEB and from Kurichhu project to WBSEB and DVC.

Power Trade with Nepal

The bilateral exchange of power at the borders between the two countries is presently at around 50 MW and the two sides through Indo-Nepal Power Exchange Committee decide the tariff jointly at periodic intervals with underlying principle of meeting the cost of supply of power.

PTC, designated by Government of India as the nodal agency for matters related to exchange of power between the two countries, is negotiating with Nepal Electricity Authority (NEA) for trading of power on commercial principles. This may follow enforceable bilateral contract/ power purchase agreements between the sellers and buyers of the two countries at market-determined tariffs.