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PTC INDIA LIMITED

ANNUAL REPORT 2005 - 2006



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

SEVENTH ANNUAL GENERAL MEETING

- To be held on Tuesday, 18th July, 2006 at 11.00 AM
- At Air Force Auditorium, Subroto Park, New Delhi-110 010

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 Pankaj Saran
5. Shri J. Haque
6. Shri R.S. Sharma
7. Shri Satnam Singh
8. Shri S.P. Sen
9. Shri Amulya Charan
10. Shri G.P. Gupta
11. Shri D.P. Bagchi
12. Shri M.S. Verma
13. Shri P. Abraham

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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

W-40, Okhla Industrial Area, Phase-II

New Delhi - 110 020

Phone: 41406149; Fax: 41709881



NOTICE

NOTICE is hereby given that the Seventh Annual General Meeting of the Members of PTC India Ltd. (PTC) will be held on Tuesday the 18th July, 2006 at 11:00 a.m. at Air Force Auditorium, Subroto Park, New Delhi-110010 to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31 March 2006, Profit & Loss Account for the year ended on that date, the Auditors' report thereon and the Director's Report for the year 2005-06.
2. To appoint a Director in place of Shri D.P. Bagchi, who retires by rotation and is eligible for reappointment.
3. To appoint a Director in place of Shri Gireesh B. Pradhan, who retires by rotation and is eligible for reappointment.
4. To appoint a Director in place of Shri J. Haque, 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 resolutions for appointment and fixation of the remuneration for the Statutory Auditors for the Financial Year 2006-2007 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 is 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 on such remuneration as may be determined by the Board of Directors of the Company.

RESOLVED FURTHER THAT Board of Directors of the Company be and are 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 2005-2006 as Special Resolution:

"RESOLVED THAT pursuant to provision of Section 205 and other applicable provisions of the Companies Act, 1956, dividend at the rate of 10% be and is hereby declared for the financial year 2005-06 out of the profits of the Company on the 150,000,000 equity shares of Rs. 10/- each fully paid up to be paid as per the ownership as on closing hours on 6th July, 2006".

SPECIAL BUSINESS

7. To appoint Shri Pankaj Saran (who in pursuance of section 260 of the Companies Act, 1956 was appointed as an Additional Director by the Board of Directors to hold the office of Director only upto the date of this meeting), as a Director in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director and to move the following as Ordinary Resolution:

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

8. To appoint Shri S.P. Sen (who in pursuance of section 260 of the Companies Act, 1956 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), as Director, as a nominee of National Hydroelectric Power Corporation Limited (NHPC), in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director and to move the following as Ordinary Resolution:

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

9. To consider and if thought fit, to pass with or without modification(s), the following resolution for approval of re-appointment of Shri T.N. Thakur as Chairman & Managing Director made by the Board of Directors and to move the following as Ordinary Resolution:

"RESOLVED THAT pursuant to the provision of Section 269,309, schedule XIII and other applicable provisions of the Companies Act 1956 and Article 129 of the Articles of Association (including any statutory modifications or re-enactment thereof, for the time being in force), Shri T.N. Thakur be and is hereby reappointed as the Chairman & Managing Director of the Company for a period of five years w.e.f. 11th October, 2005.

FURTHER RESOLVED THAT the Board of Directors be and are hereby authorized to fix/vary and/to revise the remuneration of Shri T.N. Thakur and the Board is further authorized to settle any question in connection therewith or incidental thereto."

10. To consider and if thought fit, to pass with or without modification(s), the following resolution for approval of re-appointment of Shri S.K. Dube as Whole-time Director made by the Board of Directors and to move the following as Ordinary Resolution:

"RESOLVED THAT pursuant to the provisions of Section 269,309 and schedule XIII and other applicable provisions of the Companies Act 1956 and Article 129 of the Articles of Association (including any statutory modifications or re-enactment thereof, for the time being in force), Shri S.K. Dube be and is hereby reappointed as Whole-time Director of the Company to be designated as Director (Operations) or such other designation as may be decided by the Board of Directors from time to time, for a period of five years w.e.f. 2nd December, 2005.

FURTHER RESOLVED THAT the Board of Directors be and are hereby authorized to fix/vary and/to revise the remuneration of Shri S.K. Dube and the Board is further authorized to settle any question in connection therewith or incidental thereto."

11. To consider and if thought fit, to pass with or without modification(s), the following resolution for incorporating a Subsidiary Company for the Company as Ordinary Resolution as per the proposal prescribed in the Explanatory Statement to the Resolution:

"RESOLVED THAT pursuant to the applicable provisions of Companies Act 1956 and Article 135 of the Articles of Association of the Company, the consent be and is hereby granted for the incorporation or formation of a subsidiary Company and the Board of Directors of the Company be and are hereby authorized to do all such acts as are necessary in this regard and to settle any question in connection therewith or incidental thereto"

12. To consider and if thought fit, to pass with or without modification(s), the following resolution for increase in limits of foreign shareholding for the Company as Special Resolution as per the proposal mentioned in the Explanatory Statement to the resolution:

"RESOLVED THAT pursuant to the applicable regulations of FEMA and other applicable laws/provisions, consent be and is hereby granted to increase in the investment limit of FIIs from 24% to 40%. Board of Directors are further authorized to take necessary actions in this regard including settling any question in connection therewith or incidental thereto."

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

(Rajiv Maheshwari)
Company Secretary

Place: New Delhi
Date: 15th May, 2006

**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 07.07.2006 to 18.07.2006 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 6th July, 2006 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 D.P. Bagchi, Shri Gireesh B. Pradhan and Shri J. Haque are retiring by rotation and are eligible for reappointment.

Shri D.P. Bagchi

Shri D.P. Bagchi has worked as Chief Secretary to the Government of Orissa. He has rich experience in all sectors of Indian Economy. He is a Director on the Board of N.M.D.C., Hyderabad, Visa Steel Limited and N.I.M.L., Bhubneshwar.

Further, he is Chairman of Dispute Resolution Committee of MMTC.

Shri Gireesh B. Pradhan

Shri Gireesh B. Pradhan is Joint Secretary in the Ministry of Power, Government of India. He has rich experience in power sector and other sectors of Indian Economy.

He is a Director on the Board of Powergrid Corporation of India Limited. Further, he is Member of the Audit Committee of Powergrid Corporation of India Limited.

Shri J. Haque

Shri J. Haque is Director (Operations) in the PowerGrid Corporation of India Limited. He has rich experience in power sector and other sectors of Indian Economy. He is a Director on the Board of PowerGrid Corporation of India Limited and Gujarat Energy Transmission Corporation Limited.

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

Item no. 7 and 8**Shri Pankaj Saran**

Presently, Shri Pankaj Saran is working as Joint Secretary (Nepal & Bhutan) of Ministry of External Affairs, Government of India. He has rich experience of Indian Economy. He is not a Director in any other Company except PTC.

Shri S.P. Sen

Shri S.P. Sen is presently working as Director (Technical) of National Hydroelectric Power Corporation Ltd. (NHPC). He has rich experience of the Indian Power Sector. He is to be appointed as the nominee of National Hydroelectric Power Corporation 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 items. The Directors recommend the resolutions for approval of the shareholders.

Item no. 9 & 10

PTC is managed by the Board of Directors and is headed by the Chairman & Managing Director. Presently, he is assisted by a Whole-time Director holding the position of Director (Operations). Other Directors hold very senior positions in their respective organizations and their association with PTC is part-time. Further, independent Directors are on the Board of PTC as part-time Directors who have held very senior positions in the Government/ Public Sector in their respective assignments in the past.

In terms of Articles of Association of the Company, the Board of Directors in its meeting held on 29th September, 2005 passed, inter-alia, the following resolutions:-

1. "Resolved that subject to the applicable provisions of the Companies Act, 1956, the approval for re-appointment of Shri S.K. Dube as Whole-time Director to be designated as Director (Operations), for a period of five years w.e.f. 2nd December, 2005 be and is hereby accorded.

Further resolved that total remuneration (including all perquisites) for Shri S.K. Dube shall be in accordance to the extant rules as applicable to him and shall be further subject to the applicable provisions relating to remuneration as specified under the Companies Act, 1956."

2. "Resolved that subject to the applicable provisions of the Companies Act, 1956, the approval for re-appointment of Shri T.N. Thakur as Chairman & Managing Director, for a period of five years w.e.f. 11th October, 2005 be and is hereby accorded.

Further resolved that total remuneration (including all perquisites) for Shri T.N. Thakur shall be in accordance to the extant rules as applicable to him and shall be further subject to the applicable provisions relating to remuneration as specified under the Companies Act, 1956."



Biodata of Shri T.N. Thakur

Shri T. N. Thakur is presently working as Chairman & Managing Director of the PTC India Ltd. (PTC) since October 2000. Under his leadership, the Company has successfully introduced the concept of power trading in India, as part of its vision to set up a vibrant power market in the country. In these five years, Company's turnover has grown from Rs. 12.5 Crores in FY 2000-2001 to Rs. 3120 Crores in FY 2005-2006. He has also diversified the Company's businesses into the energy value chain by introducing fuel intermediation, particularly coal sourcing from abroad. The Company's successfully foray into the advisory services has also been his brain child. His high stature among the international arena is further evidenced in the extension of the partnership programme with USEA in its fourth year and initiation of knowledge exchange partnership with a Norwegian Power Market player which is supported by the Government of Norway. He has also led and guided the IPO of the Company which met with resounding success.

Shri Thakur had worked as Director (Finance & Financial Operations) of Power Finance Corporation Ltd., New Delhi from June 1995 to October 2000 where he was the Chief Financial Officer at the Board level, responsible for managing the entire financial systems of the company. Shri Thakur has over 30 years of extensive experience, as a member of the Indian Audit & Accounts Service, Treasury Management, Financial Management (including Resource Mobilization, Investment decisions and Appraisal of Projects for Project landings), Accounts, Cash Management, Budgeting and Budgetary Control, Human Resource Management etc.

Shri Thakur is not a Director of any other company other than PTC. He is not a member/ Chairman of any Committee in any other Company. He holds 20790 equity shares of Rs. 10/- each in PTC

Biodata of Shri S.K. Dube

Shri S. K. Dube is presently working for PTC India Ltd. (PTC) as Director (Operations) since December, 2002. He is a Graduate in Electrical Engineering (1969) from Jadavpur University, Kolkata. Before joining PTC he had also served SAIL, MECON, NTPC and POWERGRID in various capacities. He had also served Private Sector for over six years out of his total experience of about 36 years in industry covering the area of Design, Project Management, O&M, Commercial, Power Trading and Regulatory Issues. He has also extensive experience in Tariff mechanism and Regulatory issues.

Shri Dube is not a Director of any other Company other than PTC. He is not a member/ Chairman of any Committee in any other Company. He holds 500 equity shares of Rs. 10/- each 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 approve the re-appointment of Shri T.N. Thakur as Chairman & Managing Director and Shri S.K. Dube as Whole-time Director of the Company respectively as made by the Board of Directors in their meeting dated 29.09.2005.

Shri T.N. Thakur and Shri S.K. Dube are concerned or interested in his case(s) respectively. No other Director is interested in the items. The Directors recommend the resolutions for approval of the shareholders.

Item no. 11 Formation of a Subsidiary Company

Your company is also facilitating the development of various power projects which proposed to generate electricity and sell surplus power through PTC. Further, your Board of Directors felt it appropriate to have equity participation in these projects. For this purpose, it approved the proposal of formation of Subsidiary Company in the nature of investment Company (to be incorporated as a NBFC with not less than 51% of equity in proposed Subsidiary Company).

The formation of a subsidiary company is also more efficient in terms of getting institutions and other investors with a specific focus. Equity participation by other institutions would increase PTC's capacity to support equity investment in such projects, as the investible corpus would accordingly increase. Therefore, such a subsidiary, if promoted by PTC will be able to attract the right kind of investors that would drive the investment object of PTC.

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. 12. Increase in limits of foreign shareholding

As per the details of shareholding forwarded by the Registrar & Share Transfer Agent (RTA) of the Company, FIIs Investment has been increased to 20.974% in equity capital of the Company as on 31.12.2005 and NRIs investment is 0.22%.

As per FEMA (Transfer or Issue of Security by Person Resident outside India) regulations 2000, FII together can not purchase more than 24% of paid-up capital without prior approval of RBI and the ceiling on a single FII is 10%. However, a Company may by passing a Board Resolution and Special Resolution in a General Meeting, increase the FIIs Investment limit whether through primary, secondary market upto the sectoral caps prescribed under the regulations, which is at present 100% for power trading sector.

Therefore, it is proposed that the investment limits for the FIIs may be increased to 40% and the Board may be authorized to take other necessary actions in this regard including settle any question in connection therewith or incidental thereto.

The Directors recommend the resolution for approval of the shareholders.

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

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

(Rajiv Maheshwari)
Company Secretary

Place: New Delhi
Date: 15th May, 2006



DIRECTORS' REPORT

To,

The Members, PTC India Ltd.

It gives me immense pleasure to present to you, on behalf of the Board of Directors, the seventh Annual Report on the activities of your Company, together with the Audited Annual Accounts for the Financial Year 2005-2006.

Performance and Financial Highlights

Your Company has completed another significant year of its operations, one in which it has sustained and consolidated its position in the industry, amidst flux in every segment of the business environment, notwithstanding which the overall trading volume this year has been higher at 10,119 MUs as against 8,887 MUs during the previous year, leading to a turnover of Rs. 3,121 Crores (including other income) as against Rs. 2,037 Crores (including other income) in the financial year 2004-05. Your company has earned a profit after tax of Rs.40.63 Crores as against Rs. 24.03 Crores in the previous year.

The financial results of the Company for the FY 2005-06 vis-a-vis 2004-05 under broad heads are summarized as under:

Particulars	For the Year ended 31.03.2006 (in Rupees Crores)	For the Year ended 31.03.2005 (in Rupees Crores)
Sales* (including rebate on purchase of power and surcharge)	3,108.55	2,032.08
Other Income (including consultancy services)	12.00	5.19
Purchase** (including rebate on sale of power, scheduling and handling charges)	3,046.68	1,987.27
Employee Cost	5.65	4.37
Other Expenses etc.	7.58	5.48
Profit before amortization, depreciation and prior period items	60.64	40.15
Amortization and Depreciation	3.38	3.27
Prior Period Expenses/(Income)	0.22	0.07
Profit Before Tax	57.04	36.81
Provision for Taxation (including deferred tax expenditure)	16.41	12.78
Profit After Tax	40.63	24.03
Balance as per last accounts	40.19	32.24
Transferred to General Reserves	30.06	2.40
Dividend (incl. dividend tax)	17.10	13.68
Balance carried forward to Balance Sheet	33.66	40.19
Earning Per Share in Rs.	2.71	1.60

* Includes Electricity Sales of Rs. 3,037.94 Crores and Coal Sales of Rs. 17.90 Crores.

** Includes Electricity Purchase of Rs. 2,974.27 Crores and Coal Purchases of Rs.17.63 Crores.

Dividend

Your Directors have decided to recommend a dividend @ 10% for the FY 05-06.

Reserves

Out of the profit of the Company, a sum of Rs.30.06 Crores transferred to General Reserves during the year and total reserves and surplus stood at Rs.98.25 Crores (including share premium) as on 31.03.2006.

Capital Structure

As on 31.03.2006, 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 'Bombay Stock Exchange Limited' (BSE) and 'The National Stock

Exchange of India Ltd.' (NSE). The promoters i.e. NTPC Ltd., Power Grid Corporation of India Ltd. (POWERGRID), Power Finance Corporation Ltd. (PFC) and National Hydroelectric Power Corporation Ltd. (NHPC) individually hold 8% each, or 32% collectively of your Company's paid-up and subscribed share capital. The balance 68% is held by Power Entities, Financial Institutions, Insurance Companies, Banking Institutions, Corporations, Investment Companies, Foreign Institutional Investors, Private Utilities and others including general public at large. The shareholding pattern of your Company as on 31.03.2006 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	8224988	5.48
b. Banks, Financial Institutions, Insurance Companies (Central/ State Govt. Institutions/ Non-government Institutions)	9907740	6.61
c. FIIs	32224199	21.48
Sub-Total	50356927	33.57
4. Others		
a. Private Corporate Bodies	20998761	14.00
b. Indian Public	20184960	13.46
c. NRIs/OCBs	326609	0.22
d. Any other (please specify)		
Damodar Valley Corporation	10000000	6.67
Pvt. Bank /Co-op-Bank /Pvt. Inst.	122993	0.08
Trusts and Foundations	9750	0.001
Sub-Total	51643073	34.43
GRAND TOTAL	150000000	100.00

Distribution of shareholding - As on 31.03.2006

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
78904	93.55	UPTO 5,000			10758037	107580370	7.17
3201	3.80	5,001	TO	10,000	2714829	27148290	1.81
1188	1.41	10,001	TO	20,000	1808091	18080910	1.21
332	.39	20,001	TO	30,000	855712	8557120	.57
153	.18	30,001	TO	40,000	551946	5519460	.37
163	.19	40,001	TO	50,000	788123	7881230	.53
206	.24	50,001	TO	1,00,000	1516390	15163900	1.01
194	.23	1,00,001	AND	ABOVE	131006872	1310068720	87.34
84341	100.00	TOTAL			150000000	1500000000	100.00

Share price data

Month	High	Low
April- 05	50.10	41.55
May -05	45.60	41.25
June -05	47.70	41.95
July -05	50.80	42.00

**Format of Application for payment of dividend through ECS**

MCS Ltd.,
Sri Venkateshwara Bhavan,
W-40 Okhla Industrial Area, Phase II
New Delhi 110020

Unit - PTC

DPID no. - Client ID no. / folio no.

Name of the shareholder : _____

Re: Payment of Dividend through ECS

Dear Sir,

I hereby give the company my mandate to credit my dividend on the shares held by me under the aforesaid details directly to my bank account through the Electronic Clearing Service. The details of the bank account are given below:

Name of the Bank

Bank Branch Name

Account Type (Savings/Current/O.D/Cash Credit)

Account Number (As appearing on the cheque book)

Ledger Folio no. (if any, as appearing on the cheque book)

*Code number of the bank & branch

Contact Tel. No. (if any)

(Please attach a photocopy of the cheque or a cancelled bank cheque of the aforesaid account)

Yours faithfully

(Signature of the first/sole shareholder)

(*9 digit number appearing on the MICR cheques issued to you by the bank i.e. the code located immediately adjacent to the specific cheque number)



August -05	52.90	44.20
September -05	56.90	44.15
October -05	55.25	45.60
November -05	55.80	46.20
December -05	63.60	52.85
January -06	67.00	59.25
February -06	62.45	56.30
March -06	62.65	55.50

Net worth and Earning Per Share (EPS)

As on 31.03.2006, Net Worth of your Company stands at Rs. 244.57 Crores as compared to Rs. 218.91 Crores on 31.03.2005 and EPS of the Company stands at Rs. 2.71 compared to Rs. 1.60 on 31.03.2005.

Management Discussions and Analysis

Your Company has its sights firmly set on the pathway to its long-term vision of developing and delivering energy solutions that provide value to the community. Your Company's management aspires to create this value through products and services that are knowledge based as well as structures that are conducive to new value creation. This vision is a logical expansion of the statement of purpose set by your Company four years ago; that of developing a vibrant and distortion-free market for power in the country. To serve the envisaged customer bases in the market, your Company's managers have to think way beyond the services of short-term physical delivery of power, which has been the dominant business line during the past operating periods.

During the year, the short-term business also was characterized by some defining moments. One of these was related to a landmark ruling of the Supreme Court on the capacity of a trading licensee to carry out business commensurate to its established credentials under the license. This is especially significant as it has implications for the counterparty risk that our customers are exposed in transacting with intermediaries, a clear step towards a more mature business environment. Another defining moment was the signing of medium term contracts with a State Government for management of its portfolio of surplus generation, as against the existing model of agreements with State Power Utilities. Agreements such as these highlight that the value inherent in power trades is becoming obvious to a wider customer base, which is willing to adopt newer revenue models. At the other end, the year witnessed a revival of the market for very short-term or 'Day-Ahead' power after an enabling amendment in the open access regulations. Your Company's differentiator is its knowledge base and organizational capacity, a testimony to which was its near 100% presence in the 'Day-Ahead' business for most part of the year.

A modest beginning in coal intermediation during the year lays the platform for playing a bigger role in energy markets. Structures taking shape for the future like tolling arrangements, which mean that additional fuel supplies are arranged by PTC, and sale of the incremental power output by the generator takes place in the market for traded power through PTC, will not only increase the total available stock of physically delivered power, but also give value-adds like risk management. PTC's position as a market aggregator will be particularly relevant here. Your Company intends to develop the coal trade business to its frontiers in this country. In the coming periods, significant initiatives may include the possibility of investment in coal mining capacity and related infrastructure.

Similar innovations are being structured by your Company's initiatives in new businesses, which have been given a renewed thrust with a New Business Development Group that is in place under an Executive Vice President level functionality. While the supporting legal framework for development of most of these new businesses is already in place, regulations are evolving and a transition period is being experienced by various stakeholders. Therefore, though the new business initiatives may not yet have a significant contribution to your Company's revenues and profits, the promise they hold is towards fully realizing its vision.

The long-term market for traded power is now closer to realization with several agreements for marketing power from specified projects being inked during the year. The validation of our efforts to facilitate asset creation in long-term capacity is now evident with the first generation project where your Company took limited equity participation entering the construction phase. More investments are now on the anvil.

PTC also consolidated on the advisory role where a small start was made last year. Your Company has now delivered advisory services to a diverse set of customers, from State Governments, Regulators to IPPs. The processes and structures of your Company have been designed around the concept of a knowledge driven business, and advisory services is a natural off-shoot from this kernel.

The boundaries of co-operation with other countries in the region are expanding, with PTC actively engaging in outreach to stakeholders in the region on several occasions in the year just completed. One of the key outcomes of this has been the sensitization achieved in terms of realizing the existence of possible synergies and dispelling the myths that surround newer concepts like traded power.

PTC entered into an agreement with SWECO Groner AS, Norway in September 2005 for cooperation in the field of "Nordic Power Market Experiences and their Relevance for the Evolving Power Market in India". Under this Institutional Cooperation Program, a series of workshops are being planned in Norway and India with the objective to learn from the experiences of Nord Pool and contribute towards capacity building among the Indian stakeholders that will eventually assist in proposed setting up and successful operation of a national power exchange in India.

During the year, regulation in the operational areas of your Company's business has been tested like never before. PTC has been at the forefront of responsibly questioning and engaging in a healthy debate focused on the outcomes and benefit-cost of regulation. During the coming months, we would see a lot of the invested energies in this area bearing fruit as some key issues will be ironed out and clear pathways will emerge.

The Company continued its journey towards evolving into one of the most respected employer brands in the industry. Major initiatives covering a paradigm shift in performance and compensation management have been launched. Policies that are people-centric make your Company a fun place to work, and knowledge-workers remain the Company's core assets. Retention and attraction strategies have been reworked, and as we ended the year on March 31, 2006, the Company has 60 knowledge workers on its rolls. A greater diversity in the composition of this knowledge community is now evident as people from different industry and functional backgrounds have come into key positions in the Company.

Trading of Power

Your Company achieved a significant growth in the volume of short term power traded during the year 2005-06, in spite of stiff competition in the market and almost all the surplus/deficit utilities, resorting to bidding process for sale/purchase of power. Trading volume increased to over 10,119 MUs from approximately 8,887 MUs in the preceding year by virtue of which, your Company maintained its leadership position in the market for traded. By its sustained efforts, your Company has been able to collect all payments on time and liquidate all outstanding dues with its customers.

Long Term Agreements for Purchase and Sale of Power signed in FY 2005-06

PTC's focus on facilitating Power Projects in the country has continued this year and has achieved significant landmarks both in power purchase from project developers and catering to the long term power requirements of various states. It is noteworthy that eight of the projects with which PTC has signed agreements to purchase power on a long term basis have already commenced construction work at the project site. PTC has initiated / finalised Power Purchase Agreements for 4572.3 MW and entered into MOUs for purchase of additional about 10500 MW. A major achievement during the year has been the signing of Power Sale Agreement / MOUs with state power utilities for an aggregate capacity of about 4000 MW.

Power Purchase / Sale Agreements in 2005-06

PTC has entered into long term Power Purchase / Sale Agreements for the following Power Projects during the financial year 2005-06:

300 MW Pathadi Thermal Power Plant (Phase I)

The Power Project is being developed by M/s Lanco Amarkantak Power Pvt. Ltd., a Company promoted by the Lanco Group. PTC has entered into a Power Purchase Agreement with the developer for the entire capacity. The Project is expected to generate about 2100 MUs of energy in a year for 25 years from the commissioning of the Project. Construction work has begun and the project is expected to be in operation by year 2008-09. The Power Sale