

Report **PTC India** Junction.com

PTC INDIA LIMITED

8TH ANNUAL REPORT 2006-2007



Vision

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

Mission

Attract investment to power sector specially from the private sector

Develop power market for optimum utilisation of existing resources.

Promote exchange of power with neighbouring countries

Values

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

EIGHTH ANNUAL GENERAL MEETING

To be held on Friday, 28th September, 2007 at
3.30 PM 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.



CONTENTS

Board of Directors	04
Notice	05
Directors' Report	08
Auditors' Report	16
Accounting Policies	17
Balance Sheet	18
Profit & Loss Account	19
Schedules	20
Cash Flow Statement	36
Balance Sheet Abstract	37
Subsidiary Company's Accounts/Documents	39
Consolidated Financial Statements	48



BOARD OF DIRECTORS

1. Shri T.N. Thakur, Chairman & Managing Director
2. Shri Gireesh B. Pradhan
3. Shri R.S. Sharma
4. Shri Satnam Singh
5. Shri S.P. Sen
6. Shri R.G. Yadav
7. Shri G.P. Gupta
8. Shri D.P. Bagchi
9. Shri M.S. Verma
10. Shri P. Abraham

Company Secretary
Shri Rajiv Maheshwari

Statutory Auditors
M/s. T.R. Chadha & Co.

Internal Auditors
M/s. Ravi Rajan & Co.

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 8th Annual General Meeting of the Members of PTC India Ltd. (PTC) will be held on Friday, the 28th September, 2007 at 3:30 p.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 the Balance Sheet as at 31 March 2007, Profit & Loss Account for the year ended on that date, the Auditors' report thereon and the Director's Report for the Financial year 2006-07.
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 dividend for the Financial Year 2006-2007 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 2006-07, out of the profits of the Company on the 15 crore equity shares of Rs. 10/- each fully paid up, aggregating to Rs. 1,50,00,00,000 to be paid as per the ownership as on closing hours on 14th September, 2007".

6. 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 2007-2008 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 for the Financial Year 2007 - 2008 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 is hereby authorized to take necessary actions in this regard."

SPECIAL BUSINESS

7. To appoint Shri R.G. Yadav (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 Powergrid Corporation of India Limited (POWERGRID), 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 resolution as ordinary Resolution:

"RESOLVED THAT pursuant to Section 257 of the Companies Act, 1956, Shri R.G. Yadav be and is hereby appointed as a Director of the Company as a Nominee of Powergrid Corporation of India Limited (POWERGRID) and shall be liable to retire by rotation."

8. To consider and if thought fit, to pass with or without modification (s), the following resolution for amendment to the Articles of Association of the Company as Special Resolution:

"Resolved that pursuant to section 31 and other applicable provisions, if any, of the companies Act, 1956 and subject to such approvals as may be necessary from appropriate authorities and subject to such conditions/ modifications, if any, as may be prescribed by the appropriate authorities in granting such approvals, which may be agreed to by the Board of Directors, the Articles of Association of the Company be and are hereby altered as follows:-

- A- Article 10 of the Articles of Association of the Company be substituted by the following new Article 10:-

Article -10 - Issue of shares

Issue of capital shall be made as per the provisions of the Act.

- B- Article 13 (Further issue of capital) of the Articles of Association of the Company is deleted.

- C- Article 113 (i) of the Articles of Association of the Company be substituted by the following new Article 113 (i) :-

113(i) - Nominee Directors

'Any shareholder holding more than 10% shareholding of the Company shall be entitled to nominate a part-time Director on the Board of the Company by a notice in writing addressed to the Company.'

- D- Article 135 (Restrictions on the power of the Board) of the Articles of Association of the Company is deleted.

- E- Existing clauses of the Article 136 be deleted and existing Article 136 is substituted by the following new Article 136.

Article - 136- Approval Through Special Resolution

The following matters shall be decided in the General Body Meeting of the Company by passing special resolutions:-

(i) To sell or otherwise dispose of the whole or substantially the whole of the undertaking of the Company.

(ii) Any proposal to merge the Company with another economic organization.

- F- Article 162 (Inspection of accounts or records by members) of the Articles of Association of the Company is deleted.

- G- Article 178 (Promoters Agreement) of the Articles of Association of the Company be substituted by the following new Article 178.

After Incorporation, the Company shall adopt the Promoters Agreement executed among POWERGRID, NTPC and PFC on 8th April, 1999 for formation of this Company and supplement thereof dated 29th November, 2002. Upon adoption of the Promoters' Agreement including any amendment thereto or supplement thereof, the Company shall be bound by the same and shall give effect to the terms thereof as by law permits except when there is any inconsistency between the provisions of Promoters Agreement (including its supplement) and Articles of Association, in which case the provisions of the Articles of Association shall prevail.

9. To consider and, if thought fit, to pass with or without modification, the following resolution for augmentation of capital base of the Company as a special Resolution:-

"Resolved that in accordance with the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 (including any amendment thereto or re-enactment thereof) and in accordance with the provisions of the Memorandum and Article of Association of the Company and the regulations/ guidelines, if any, prescribed by the Securities and Exchange Board of India (SEBI) or any other relevant authorities from time to time, to the extent applicable and subject to such consents, permissions, sanctions and such other approvals as may be necessary and subject to such conditions and modifications as may be considered necessary by the Board of Directors (hereinafter referred to as "the Board" which term shall be deemed to include any Committee thereof/ Managing Director for the time being exercising the powers conferred on the Board by this resolution) or as may be prescribed or made, while granting such consents and approvals and which may be agreed to by the Board, the consent of the Company be and is hereby accorded to the Board to offer, issue and allot from time to time in one or more tranches, in the course of domestic/international offerings to Domestic/ Foreign Institutional Investors, Companies, Corporate Bodies, Mutual Funds,



Banks, Insurance Companies, Non-Resident Indians, Pension Funds, individuals, public at large, Qualified Institutional Buyers (as defined by the Securities and Exchange Board of India (DIP) Guidelines) or otherwise, whether shareholders of the Company or not, through a public issue and/or on a private placement basis (including placement to Qualified Institutional Buyers under Chapter XIII A of SEBI DIP Guidelines), with or without any green shoe option, shares or any other permissible securities including but not limited to Global Depository Receipts, Foreign Currency Convertible Bonds (Hereinafter collectively referred to as "Securities"), for cash, at such price or prices, in such manner and on such terms and conditions as the Board, may, in its absolute discretion, decide at the time of issue of Securities. The total issue size raised through the aforesaid Securities should not exceed Rs. 1,200 crores or its equivalent at a price as may be determined by the Board of Directors after complying with the relevant guidelines.

Further resolved that in case of securities linked to equity shares, the Board be and is hereby authorized to issue and allot such number of equity shares as may be required to be issued and allotted in accordance with the terms of the offer. All such shares shall rank pari-passu inter-se and with the then existing equity shares of the Company in all respects.

Further, in case issue is made in pursuance to Chapter XIII-A of SEBI DIP Guidelines for Qualified Institutional Placement, the relevant date shall be 29th August, 2007 since the Annual General Meeting is being held on 28th September, 2007.

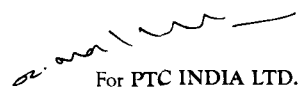
Further resolved that for the purpose of giving effect to the above, the Board be and is hereby authorized to determine the form and terms of the issue(s), including the class of investors to whom the securities are to be allotted, number of securities to be allotted in each tranches, issue price, face value, premium amount on issue/redemptions of Securities (if applicable), listings on one or more stock exchanges in India and/or abroad as the Board, in its absolute discretion may deem fit and to make and accept any modifications in the proposal as may be required by the authorities involved in such issues in India and/or abroad and to settle any questions or difficulties that may arise in regard to the issue(s).

Further resolved that for the purpose of giving effect to above issue and allotment of securities, the Board be and is hereby authorized on behalf of the company to do all such acts, deeds, matters and things as it may, in its absolute discretion, deem necessary or desirable for such purpose, including without limitation, the entering into arrangements for managing, underwriting, marketing, listing, trading, acting as depository, custodian, registrar, agent and any other agency as may be required and to issue any offer document(s) including, but not limited to, prospectus and/or letter of offer and/or circular, and sign all deeds, documents and writings and to pay any fees, commissions, remuneration, expenses relating thereto."

10. To consider and if thought fit, to pass with or without modification (s), the following resolution for decision on shareholding level of PTC in PTC India Financial Services Limited (a Company promoted by PTC) as Ordinary Resolution :

"RESOLVED THAT pursuant to the applicable provisions of Companies Act 1956 and Articles of Association of the Company, the consent be and is hereby granted that shareholding level of PTC in PTC India Financial Services Limited (PFS) be not less than 26%."

By Order of the Board of Directors


For PTC INDIA LTD.
(Rajiv Maheshwari)
Company Secretary

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 Directors' 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 15th September, 2007 to 28th September, 2007 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 14th September, 2007, 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 the State Bank of India (SBI) and TRAI. He has rich experience in all sectors of Indian Economy.

He is Chairman on the Board of International Asset Reconstruction Co. Pvt. Limited., Asian Heart Institute & Research Centre, Sree Infrastructure Finance Limited and The Bellwether Micro Finance Fund.

He is Director on the Board of Alliance Capital Asset Management (India) Private Limited, Ratnagiri Gas and Power Private Limited, Visa Steel Limited, Jammu & Kashmir Bank Limited and Sriram Transport Finance Company Limited.

Shri Verma is also Chairman of Audit Committee of The Jammu & Kashmir Bank Limited and Member of Audit/ Remuneration Committee of Visa Steel Limited. Shri Verma does not have any shareholding in the Company.

Shri G.P. Gupta

Shri G. P. Gupta has worked as Chairman of IDBI. He has rich experience in Indian Economy as also in power sector. He is Chairman of Emkay Share and Stock Broker Limited and holds Directorship in NTPC Ltd., Hindustan Aeronautics Limited, SIDBI Ventures Capital Limited, The Jammu & Kashmir Bank Limited, Swaraj Engines Limited, M.P. Power Generation Co. Limited, Birla Sun Life Insurance Company Limited, Aditya Birla Nuvo Limited, Swaraj Diamonds & Jewellery Limited, Shree Digvijay Cement Company Limited, Power Finance Corporation Limited and Idea Cellular Ltd.

Shri Gupta is Chairman of Audit Committees of NTPC Ltd., Hindustan Aeronautics Limited, Power Finance Corporation Limited, Swaraj Engines Limited and Idea Cellular Ltd.

Shri Gupta is Member of Audit Committees of The Jammu & Kashmir Bank Limited, Birla Sun Life Insurance Company Limited, Aditya Birla Nuvo Limited and Shree Digvijay Cement Company Limited. Shri Gupta does not have any shareholding in the Company.

Shri P. Abraham

Shri P. Abraham (IAS- Retired) has worked as Secretary (Power) to the Government of India. He has rich experience in power sector and other sectors of Indian Economy.

He is Chairman on the Board of Maharashtra State Power Generation Company, and Director of GVK Power Infrastructure Company Limited, Futura Polyester Ltd., Flex Industries Limited, JSW energy Limited, Vijay Electricals Limited, Nagarjuna Construction Co. Limited, Lanco Infratech Limited, Himalayan Green Energy Private Limited, Green Infrastructure Private Limited and PTC India Financial Services Limited.

Shri Abraham is also member of Audit Committee(s) of GVK Power Infrastructure Company Limited, JSW energy Limited, Vijay Electricals Limited and PTC India Financial Services Limited. Shri Abraham does not have any shareholding in the Company.

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

Shri R.G. Yadav

Presently, Shri R.G. Yadav is working as Executive Director of Powergrid Corporation of India Limited. He has rich experience of Indian Power Sector. He is not a Director in any other Company except PTC. He does not hold membership of any Committee. He does not have any material shareholding in the Company. He is to be appointed as a nominee of Powergrid Corporation of India Ltd.

Shri R.G. Yadav is interested in his own appointment. The Board recommends the resolution for approval of the shareholders.

Item no. 8

Amendment in the Articles of Association of the Company

As per the existing Articles of Association of the Company, Promoters are obliged to hold 32% equity (8% each) upto the authorized capital of Rs. 750/- Crores. Deliberating on the matter relating to further requirements of capital, PTC Board has recommended to AGM the additional requirement of funds to the extent of Rs.1200 crores for expansion of PTC's existing business. The issue relating to the obligation of Promoters to hold 32% was discussed in the Board. It was decided that Promoters should have an option and not an obligation to maintain the holding of 32% equity. For enabling this, the present Articles of Association of the Company are required to be amended. As a corollary to this amendment to bring the enabling clause, certain existing restrictive clauses in the Articles of Association of PTC are also required to be amended. The proposal for amendment in Articles of Association was submitted before the Board of PTC and those changes in the Articles which have been agreed by the Board are submitted to the Shareholders for approval.

The Directors recommend the resolution for approval of the shareholders.

No Director is deemed to be concerned or interested in this item.

Item No. 9.

Augmentation of capital base of the Company

Presently, the Paid-up Share Capital of the Company is Rs. 150 Crores divided into 15 Crore equity shares of Rs. 10 each and the authorised capital if Rs. 750 Crores divided into 75 Crore equity shares of Rs. 10 each.

The Company needs to augment long-term resources to strengthen its financial position and to meet its growth objectives. It is accordingly proposed to authorize the Board to issue Securities as contemplated in the resolution set out above, in such manner as may be expedient and in the interests of the Company.

The terms and conditions of the Securities will be determined by the Board of Directors in consultation with the relevant advisors such as merchant bankers, lead managers, advisors, underwriters and other experts in accordance with the terms of such approvals as may be required.

The proposed issue of Securities as above may be made in one or more tranches and the issue price of the securities to be issued in the proposed offerings will be determined by the Board of Directors. The Securities may be listed on such stock exchanges as the Board may be advised.

This special resolution thus seeks to give adequate flexibility and discretion to the Board to finalize the terms of the issue, in consultation with such experts as may need to be consulted in relation to terms of the issue.

It is considered advisable to let the Board decide the exact mode of raising funds within the aforesaid limits and fix the terms of such fund raising as may be in the best interest of the Company.

The Board of directors recommends approval of the resolution by the shareholders.

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

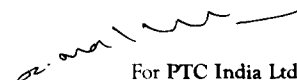
A copy of Memorandum and Articles of Association of the Company together with the proposed alterations is available for inspection by the Members of the Company at its Registered Office between 10 a.m. to 1 p.m. on any working day of the Company.

Item No. 10.

After the approval of the competent authority, PTC promoted 'PTC India Financial Services Limited' (PFS) in 2006. While discussing on the future requirements of capital of PFS, PTC Board has decided that at any point of time, PTC may maintain not less than 26% shareholding in the paid-up capital base of PFS. PFS may raise balance funds from other stakeholders.

The Board of Directors recommends approval of the resolution by the shareholders. None of the Directors of the Company is concerned or interested in the resolution.

By Order of the Board of Directors


For PTC India Ltd.
(Rajiv Maheshwari)
Company Secretary

Place: New Delhi
Date: 17th August, 2007



DIRECTORS' REPORT

To,

The Members, PTC India Ltd.

Your Directors have immense pleasure in presenting to you, on behalf of the Board of Directors of the company, the Eighth Annual Report on the activities of your Company, together with the Audited Annual Accounts for the Financial Year 2006-2007.

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. In spite of various constraints, the trading volumes were only marginal lower this year at 9,549 MUs as against 10,119 MUs during the previous year, with a turnover of Rs. 37859 Million (Including other income) as against Rs. 31206 Million (including other income) in the financial year 2005-06. Your company has earned a profit after tax of Rs. 351 Million as against Rs. 406 Million in the previous year.

The financial results of the Company for the FY 2006-07 vis-a-vis 2005-06 under broad heads are summarized as under:

Particulars	(Amount in Rs. Million)	
	For the Year ended 31.03.2007	For the Year ended 31.03.2006
Sales* (including rebate on purchase of power and surcharge)	37,666.56	31,085.50
Other Income (including consultancy services)	192.92	120.04
Purchase** (including rebate on sale of power, scheduling and handling charges)	37,216.52	30,466.77
Employee Cost	57.03	56.51
Other Expenses etc.	94.53	75.87
Profit before amortization, depreciation and prior period items	491.40	606.39
Amortization and Depreciation	32.83	33.77
Prior Period Expenses/(Income)	1.36	2.20
Profit Before Tax	457.21	570.42
Provision for Taxation (including deferred tax income)	106.27	164.07
Profit After Tax	350.94	406.35
Balance as per last accounts	334.41	401.93
Transferred to General Reserves	105.28	300.63
Dividend (incl. dividend tax)	175.49	171.04
Balance carried forward to Balance Sheet	404.58	336.61
Earning Per Share in Rs.	2.34	2.71

* Includes Coal Sales of Rs. 134.82 Million in FY 06-07 and Rs. 179 Million in previous FY.

** Includes Coal Purchases of Rs. 134.50 Million in FY 06-07 and Rs. 176.28 Million in previous FY.

Dividend

The Directors recommend dividend @ 10% for the FY 06-07.

Reserves

Out of the profit of the Company, a sum of Rs. 105.28 Million has been transferred to General Reserves during the year and total reserves and surplus stood at Rs. 1155.72 Million (including share premium) as on 31.03.2007.

Capital Structure

As on 31.03.2007, your Company has an authorized share capital of Rs. 750 crores and Paid-up Capital of 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 the equity paid-up and subscribed share capital of your company and the balance of 68% of the equity paid-up and subscribed share capital of your company 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 31.03.2007 is as follows:-

Category	No. of shares held	Percentage of shareholding
A Promoter's holding		
1. Promoters		
- Indian Promoter		
- Foreign Promoters	48000000	32.00
	-	-
2. Persons acting in concert	-	-
Sub-Total	48000000	32.00
B. Non-Promoters Holding		
1. Institutions		
Mutual Funds and UTI	6173280	4.12
Banks and Financial Institutions	90922	0.06
Insurance Companies	7034306	4.69
FII's	37604734	25.07
Sub-Total	50903242	33.94
2. Non Institutions		
Bodies Corporate (incl. DVC)	32923363	21.95
Individuals		
(holding nominal share capital upto Rs. One lac)	15802664	10.54
Individuals		
(Holding nominal share capital in excess of Rs. One lac)	1609482	1.07
Others		
-NRIs	752479	0.50
-Trusts and Foundations	8770	0.01
Sub-Total	51096758	34.06
GRAND TOTAL	150000000	100.00

Distribution of shareholding - As on 31.03.2007

Nominal value of each share Rs. 10/-

Number of Share Holders	% to Total	Share Holding of Nominal Value of Rs.	No. of Shares	Amount In Rs	% to Total
74289	93.72	Upto 500	9711161	97111610	6.47
2796	3.52	To 1000	2344985	23449850	1.56
1154	1.45	To 2000	1768507	17685070	1.17
366	0.46	To 3000	933515	9335150	0.62
164	0.20	To 4000	583190	5831900	0.38
135	0.17	To 5000	649070	6490700	0.43
182	0.22	To 10000	1336973	13369730	0.89
120	0.15	To 50000	2491825	24918250	1.66
10	0.01	To 100000	696291	6962910	0.46
49	0.06	To 100001 And Above	129484483	1294844830	86.32
79265	100.00	TOTAL	150000000	1500000000	100.00



Share price data

Month	High	Low
April-06	63.00	56.20
May-06	82.65	58.00
June-06	64.00	44.00
July-06	51.90	46.20
August-06	60.00	46.60
September-06	64.80	55.00
October-06	59.50	50.00
November-06	56.80	46.55
December-06	57.30	46.00
January-07	66.75	56.25
February-07	65.90	53.45
March-07	60.90	53.60

Net worth and Earning Per Share (EPS)

As on 31.03.2007, Net Worth of your Company stands at Rs. 2638.82 Million as compared to Rs. 2445.69 Million on 31.03.2006 and EPS of the Company stands at Rs. 2.34 compared to Rs. 2.71 on 31.03.2006.

Management Discussions and Analysis

This is a significant period in your Company's journey towards its long-term vision. Initiatives for value creation have been put in place. As they mature over the next one year to three year period, value will be delivered to various customer groups in the community we are serving. On the organizational development front also, significant HR initiatives were introduced to enable your Company to attract and retain the requisite talent at various organizational tiers. Interacting with this internal environment is the external environment, which has never been more dynamic.

The year has seen some very significant developments on the regulatory and policy landscape and both the short-term and long-term business segments of your Company are now working in more defined spaces. Various regulatory and policy matters are being debated and discussed at various levels and forums and over the coming months, views and counter-views of various stakeholders will be presented and tested, and a clearer road-map for evolution of the power market will emerge. The value-additions by an intermediation function in the market will be clear to all stakeholders at the end of this process.

Another set of developments emanate from policy; the mandated nature of competitive bidding for new capacity procurement by distribution utilities spelt out by the National Tariff Policy, 2006 had a major implication on the way your Company could do business development for the long-term segments. However, we were able to provide impetus to the business by signing a significant quantum of on sale agreements with major state power utilities, and also adapt our business model to participate successfully in competitive bids.

Your Company also continued to build on its initiative of signing of medium term contracts with State Governments / Power Utilities. The model revolves around the concept of management of the entity's portfolio of surplus generation, as against the existing model of agreements for the short-term. Initiatives such as these have enabled your Company to defend its dominant position in the market. At the end of the year, though the volume share is down by nearly 10 percentage points, your Company is confident of achieving a steady growth in volumes over the medium term. Despite fluctuations in the operational performance in the short term, we have the satisfaction of continuing to put in place differentiators in terms of knowledge base and organizational capacity, a testimony to which is a near Rs. 3 Crore order-book size of our advisory services unit, and a further build-up over the previous beginnings in coal intermediation.

PTC India Financial Services Limited (PFS), the initiative for funding energy and related infrastructure was born during the year as subsidiary of your Company. Strong deal-flow available due to the parent's position as a market aggregator makes

PFS a natural extension of our business model. Over the coming years, PFS will be a very significant building block for realizing a part of our vision - that of acting as a strong bridge between the power and financial services sectors.

New Business Development Group started making significant contributions to our operating income. The fee-based income from the advisory component of our uniquely structured advisory-cum-transaction structures had started flowing in, and in the coming periods we expect to convert the transaction parts of the deals also into steady revenues.

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. Our efforts to facilitate asset creation have taken root with more proposals for equity participation and by setting up Athena Energy Venture Pvt. Ltd as a strategic partner with Athena Power Projects Ltd.

To kick-start a dialogue between the Indian and Nepalese private enterprise for co-operation in developing Nepal's hydro potential, PTC organized a high-level forum 'Power Summit' in association with Independent Power Producers' Association, Nepal (IPPN) in Kathmandu during September 2006. The two day event showcased India's capability in power project development, equipment manufacture, financing, risk insurance and legal expertise.

Our Institutional Cooperation Program with SWECO Groner AS, Norway in the field of "Nordic Power Market Experiences and their Relevance for the Evolving Power Market in India" successfully completed its first phase and is set to enter the second phase now. Under this program, Norway and India are coming together towards capacity building among the Indian stakeholders.

Trading of Power

During the year, certain regulations and orders were issued by the Hon'ble Central Electricity Regulatory Commission (CERC) and Appellate Tribunal for Electricity (ATE) which has impacted the performance of your company. These orders have been challenged by your company in the higher courts and the final outcome is still awaited. Despite such odds, your company could achieve trading volume of 9549 Million Units from short/medium term contracts and cross border transactions, which is only marginally lower than the preceding year volume of 10119 Million Units of energy.

Long Term Agreements for Purchase & Sale of Power

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 sale for catering to the long term power requirement of various states. The Company has signed a couple of MOUs with developers with tolling concept wherein the power plants would generate power using imported coal supplied by PTC and supply power to PTC. It is noteworthy that 12 (twelve) 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. During the year PTC has initialed / finalized Power Purchase Agreements for 2104 MW. The Company has entered into MOUs with private developers for purchase of capacity of about 16,300 MW. A major achievement during the year has been the signing of Power Sale Agreements with state power utilities for an aggregate capacity of about 2610 MW.

From 30th Sept, 2006 onwards, as per the Tariff Policy of Govt. of India, the long term power procurement by the SEBs/ DISCOMs has to be necessarily done through competitive bidding. As such, in case of State Utilities, onward sale of power by the Company has to be through participation in the bidding process. The Company is in the process of participating in competitive bidding by States like Haryana, Punjab and Karnataka.

A. Power Purchase / Sale Agreements in 2006-07

During the financial year 2006-07 PTC has entered into long term Power Purchase / Sale Agreements for the following major Power Projects:



1200 MW Teesta Stage III HEP in Sikkim

The Power Project is being developed by M/s Teesta Urja Ltd. During the year, PTC has entered into a Power Purchase Agreement with the developer for purchase of 1200 MW capacity including free power for 35 years from commissioning of the Project. During the year PTC also signed Power Sale Agreement with Punjab, Haryana, Uttar Pradesh and Rajasthan for sale of 70% power from the Project for 35 years.

1000 MW Karcham Wangtoo Hydro Electric Project in Himachal Pradesh

The Power Project is being developed by M/s Jaypee Karcham Hydro Corporation Limited. In the year 2005-06 PTC had entered into a Power Purchase Agreement with the developer for purchase of 704 MW Capacity, net of free power to home state, for 35 years from the commissioning of the Project. This is a run-of-the-river project with storage and is capable of providing 3 to 4 hours of peaking power and is expected to provide about 3105 MUs per year to PTC. The project is expected to be in operation by 2011. During the year PTC signed Power Sale Agreement with Punjab, Haryana, Uttar Pradesh and Rajasthan for sale of power from the Project for 35 years.

600 MW Dheeru Powergen Private Ltd. in Chattisgarh

The project is being developed in Korba District in Chattisgarh by M/s Dheeru Powergen Private Limited promoted by Ranthill Group, Malaysia. During the year PTC entered into a Power Purchase Agreement with the developer for purchase of the entire capacity for 25 years from the commissioning of the Project. This coal based power project is expected to provide about 4205 MUs of energy generation per year and is expected to be commissioned in year 2010. During the year PTC also signed Power Sale Agreement with Madhya Pradesh and Punjab for sale of entire power from the Project for 25 years.

B. Progress on Projects for which Agreements have been entered before 2006-07

Pathadi Thermal Power Plant (Phase I, 300 MW) & (Phase II, 300 MW)

The Project is under advanced stages of construction. PTC has signed Bulk Power Transmission Agreement with POWERGRID for Long Term Open Access in Western Region for Phase - I. Madhya Pradesh is the beneficiary state for power from Phase - I whereas Phase - II power will be purchased by Haryana.

750 MW West Seti Hydro Electric Project in Nepal being developed by M/s Snowy Mountain Engineering Corporation of Australia.

The project is likely to achieve financial closure during 2007-08. The States of Northern Region have evinced keen interest in purchasing power from this project which would offer peaking power for 7 to 8 hours in a day. MoUs for sale of power from the Project have been signed with Haryana, Uttar Pradesh and Punjab.

In addition to above, couple of small hydro projects which are expected to be commissioned during 2007-08 are under advanced stage of construction.

C. Memorandum of Understanding

In addition to the above Projects, PTC has also signed MOUs for a number of Projects for purchase and subsequent sale of power on a long term basis. The capacity tied-up through these MOUs is about 16,300 MW from projects based on domestic/imported coal and a 750 MW gas based project being set up by joint venture Company of ONGC and IL&FS. Discussions are on for the finalization of the Power Purchase and Sale Agreements for these projects.

Other Projects under consideration

In addition to the above mentioned projects, PTC has received proposals for long term sale of power from more than twenty project developers aggregating to a capacity of about 6,500 MW. PTC is actively evaluating these projects for selection of projects considered to be marketable.

Cross-Border Trading 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 336 MW (4X84 MW) Chukha project is being supplied to the Eastern Region constituents namely Bihar, DVC, Orissa, Jharkhand, Sikkim and West Bengal and surplus power from 60 MW (4X15 MW) Kurichhu project is too being supplied to Eastern Region constituents namely West Bengal and DVC. In September 2006, PTC and Royal Govt of Bhutan (RGoB) signed a PPA for sale/purchase of surplus power from 1020 MW (6X170 MW) Tala project for a period of thirty five (35) operation years. The first unit of the project started commercial operation from 31st July 2006. As of 31st March 2007, three units have been declared under commercial operation and the balance three units are expected to be under commercial operation by June 2007. Surplus power from Tala project is being supplied to Bihar, DVC, Orissa, Jharkhand and West Bengal in the Eastern Region and Delhi, Haryana, J&K, Punjab, Rajasthan and Uttar Pradesh in the Northern Region.

Power Trade with Nepal

The bilateral exchange of power at the borders between the two countries is presently at around 50 MW under Indo-Nepal Power Exchange Committee Arrangement 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, functioning 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. PTC is also exploring import of power from IPPs located in Nepal through new transmission corridors being proposed between India and Nepal. PTC is also exploring the option of entering into long term PPAs with the prospective IPPs in Nepal.

Captive Power Plants

Your company has been awarded contracts by 4 upcoming group captive power plants for advice on ownership structure in line with Electricity Rules '05. Open access in state grids continued to be an area of concern, in the face of unwillingness/inability of state utilities to facilitate the flow of power from captive power plants for trade outside the state. CERC has issued an order on this matter which can be expected to ease the situation on this account.

HT Consumers

Your Company is engaged in providing advice to HT consumers on various aspects of power procurement strategy. In the year under review, new order bookings exceeded Rs. 300,00,000/-. Your Company is recognized as the adviser of choice by the top Corporations in the country for matters relating to third party power procurement. The cross subsidy charges continue to be either undefined or maintained at very high levels, often in contravention of the recommendations of the Forum of Indian Regulators. As a result the segment, which can really lead the addition of new distributed generation capacities, is not being allowed to grow to its potential.

New Business Development

Your company has been retained by the Government of Goa to carry out the Tariff-based bidding for procurement of long term power for the state of Goa. The increased expectations and the business potential highlight the need to attract and retain top level talent.