

Powerful thought  
Transparent action

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Transparent action





PTC India

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# Vision

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

The logo for Report Junction, featuring a stylized diamond shape with a curved arrow pointing upwards and to the right.

Report  Junction.com

# Mission

- ▶ Promote Power Trading to optimally utilize the existing resources.
- ▶ Develop power market for market based investments into the Indian Power Sector.
- ▶ Facilitate development of Power Projects particularly through private investment.
- ▶ Promote exchange of power with neighbouring countries.

# Values

- ▶ Transparency
- ▶ The Customer is always right
- ▶ Encouraging individual initiative
- ▶ Continuous learning
- ▶ Teamwork

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# Board of Directors

## Board of Directors



**Shri T.N. Thakur**  
Chairman & Managing Director



Shri Shashi Shekhar



Shri Deepak Amitabh



Shri Satish C. Mehta



Shri Sudhir Kumar



Shri A.B.L. Srivastava



Shri M.K. Goel



Shri I.J. Kapoor



Shri R.G. Yadav



Shri M.S. Verma



Shri P. Abraham



Shri D.P. Bagchi



Shri G.P. Gupta



Shri S. Balachandran

Company Secretary  
Shri Rajiv Maheshwari

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

Internal Auditors  
M/s. Ravi Rajan & Co.

# Chairman's Statement

## Chairman's Statement



*“Your company has adopted a multi-pronged strategy towards development of an efficient power market to become a credible player on the national power exchange that would increase liquidity and encourage market participants including merchant generators.”*





**Dear Shareholders, Members of PTC Board,  
Ladies and Gentlemen,**

It is my pleasure to extend a very warm welcome to all of you to your company's 10th Annual General Meeting. I thank you for having spared your valuable time to make it convenient to attend.

The Annual Report containing the Directors' Report and the audited accounts for the year ended 31st March 2009 has been with you for some time and, I am sure, you have had the opportunity to peruse them.

I take pride in informing you that the company has completed a decade of innovative services continuously maintaining number one position in the power trading market despite intense competition.

**Dividend:**

Keeping in view the improved performance of your company, your Directors have recommended a dividend of 12% on equity shares.

The year gone by has indeed been challenging due to downturn of global economy and though Indian economy has shown resilience maintaining a relatively high GDP growth, the path to full-fledged recovery is expected to be arduous. The power sector has been adversely impacted is evident from the fact that there have been muted private sector investment and delay in financial closure of many projects necessitating downward revision of 11th plan generation capacity addition program in the country. But, there are reasons to remain optimistic and confident-due to inherent strengths of our economy, the recent election of a stable government igniting new hopes and the expectations of a brighter tomorrow and the continued support the power sector receives from highest level of governance.

**Physical and Financial Performance:**

Despite the very challenging external economic environment, competitive pressures and regulatory uncertainties, your company delivered another year of excellent performance. The traded volumes touched an all time high of 13.825 billion units, a 40% rise over the previous year. Gross turnover for the year grew by 67.07 % to Rs. 6532.8 Cr. Income from Operations at



*10th Annual General Meeting of the Shareholders of PTC India Ltd.*

Rs. 6528.9 Cr. grew by 67.14 % driven by a robust growth in the domestic and cross-border trading businesses. The domestic trading (7.886 billion units) accounted for 57% with balance contributed by cross-border traded volumes. EBIDTA grew by 5.3% to Rs 22.72Cr, while Post- tax profit at Rs. 90.83 Cr. registered a growth of 86.46%.

Your company's initiative of managing power portfolio of some key state power utilities, co-promotion of the first national power exchange, Indian Energy Exchange (IEX) and managing trading portfolio of client members on power exchange, steady conversion of MoUs into long term Power Purchase Agreements (PPAs), participation in the competitive bidding process for procurement of power by state utilities with some significant success, foray into financing of projects in the energy value chain through PTC Financial Services Ltd. and diversifying into asset-based business through PTC Energy Ltd has helped build a secure future for the company and its stakeholders.

**The Development and Competitive Challenges:**

Power market has shown some steady progress over the years but it has not been able to traverse a higher growth trajectory- which it is very much capable of. The domestic traded volumes have remained in the range of 2.5 % to 3 % of total electricity generation for the last three years in spite of the fact that National Electricity Policy encourages about 15% of new capacities to be tied up in short term market. A number of factors have contributed to the stifling of growth- the foremost being the

continued capping of trading margin to 4p/kWh since early 2006.

The cost of short term traded power has no doubt seen a sharp rise in recent times despite margin-capping due to inherent shortage of power and rapid growth in demand - more an interplay of demand and supply giving price signal for adding new capacities rather than abuse or market domination. Large-scale investment from private sector could only be expected if there are market-based operations and commercialization of the sector.

*“Too many among us are afraid to be ourselves. So we give up our dreams to follow the crowd.”*

The Indian power sector would grow at a rapid pace and move towards commercialization, adoption of new technologies, customer-orientation and higher efficiency.

#### **Our Strategy:**

The company has adopted a multi-pronged strategy towards development of an efficient power market: a) to sensitize the Government, policy makers, regulators, intelligentsia, media and public-at-large about the fundamental strength of market-based operations, need for adequate infrastructure and a light-

handed regulation with full freedom to trade, b) to enter into fuel intermediation to address the issue of long term fuel linkage and fuel-risk mitigation, c) to develop RE projects -wind, small hydro, biomass, cogeneration etc. and facilitate their trade across the states towards green power market, d) to become a total energy solution provider to bring optimization in the entire energy value chain and e) to become a credible player on the national power exchange that would increase liquidity and encourage market participants including merchant generators (thus incentivising investment in this segment).

*“Most people take the limits of their vision to be the limits of the world. A few do not join them”*

– Arthur Schopenhauer

Long-term fuel tie-up with associated risks is a weak link in the growth of power sector. The company would be moving into this space by playing the role of a fuel intermediary and insulating the developers of power projects from the fuel-associated risks by tying up coal from abroad. PTC would also be playing a crucial role by advising its clients as a total energy solution provider, investing in strategic energy-related infrastructure and enhancing regional cooperation in energy among neighbouring countries.



*Visit of ambassadors of different countries to PTC*





### Fund Raising:

With your valued support, your company has raised Rs. 500 Cr. in May 2009 through QIP route with a view to reinforce the earlier raised capital of Rs. 1200 Cr. in January 2008, the combined proceeds of which are being utilized to fund the business expansion and also with an objective to create an equity fund to meet the gap in equity funding of power projects.

*“Some people always throw stones in your path. It depends on you what you make with them. A wall or a bridge? Remember, you are the architect of your life.”*

Your company is geared up for investment in the emerging businesses, particularly power sector, based on inherent strength of the projects, strong capabilities of developers, innovation and technology. Strengthened by robust and trusted business relationships, a transparent and progressive in-house processes, a strong brand name, growing and diversifying business portfolios based on public-private partnerships, your company is moving purposely ahead to create superior value for all its stakeholders.

I would like to make special mention of the fact that the above fund-raising exercises received enthusiastic response from investors in India and abroad which reflects their confidence in your company and our business. I would also like to compliment the diligent efforts of our Finance and cross-functional team for the success of our various fund raising programmes.

### People Talent management:

The process of transformation into a leading local company with global mindset presents a new challenge for PTC - that of building world class human resources. For sustained profitable growth, talent acquisition and retention is one of the key result areas for our company. We have already initiated steps in this direction by starting a training program with the help of NPTI and PMI and also new recruits are being continuously mentored on job by senior executives. This not only quickly familiarizes the recruits to the company's business processes and best practices but also gives management the opportunity to identify high potential talent.

Innovative Human Resource initiatives like 'Campus to

Corporate' and 'Exit Interviews' has helped in increasing and retaining its human resource. We have also initiated structured management development programme for our senior management as means to create effective managers - people who can operate across regions with confidence, deal with diversity of cultures and issues, and be highly analytical and result oriented.

*“Good things happen to people who do good things. When you bring your highest talents and deeper devotion to the work you do, what you are really doing is setting yourself up for a richer, happier and more fulfilling experience for living”*

—Robin Sharma

It is a matter of great pride and privilege for me to lead a team of highly talented and motivated people at PTC who are committed to achieving our organization's Vision. There has been the key contribution in transforming PTC from what it was 10 years ago to where we are now. I am sure that their contributions will continue to propel us to greater heights of achievement and excellence

### Corporate Social Responsibility:

There is a significant increase in the expectations of a wide range of stakeholders-customers, employees, investors, communities and governments-in regard to a company's commitment to socially responsible business practices. As a result, corporate social responsibility is becoming a progressively more important component of good business practice.

PTC is proud of being a socially committed organization and a responsible corporate citizen. We attach great importance to discharging our responsibilities to the community and society where we are located. Corporate social responsibility includes maintaining top notch ethical and business practices, health and well being of employees, energy conservation measures, and concern for environment. We help strengthening primary education in the schools for communities in rural areas. During the year, our employees contributed to the Prime Minister's National Relief Fund to help people of Bihar affected by the Kosi flood.

### Corporate Governance:

I would like to re-iterate our strong commitment to good corporate governance. We are continuously striving to improve

the quality of our disclosures. Members would have observed that the contents of our Annual Reports over the past few years contain more information about the company and its working.

During the year I have, on several occasions, interacted with groups of business analysts and the media. We have found these interactions useful in communicating effectively with the external environment and in helping them to gain a better understanding about our company's goals, priorities and working. All information about our company is available on our company's official website <http://www.ptcindia.com/>. I would urge Members to access the website regularly so that you are fully aware about latest developments at PTC.

#### Outlook:

Power market brings transparency and choice to both buyers and sellers and gives a clear commercial signal encouraging investors. Our efforts in the last couple of years have revived the interest of private players in generation and sale through intermediaries to mitigate risks. The private players are reacting positively in terms of investment and looking at the sector with renewed vigour. Today investment in power sector is viewed as a business venture. As one can see, a number of IPOs are being lined up. PTC itself has become a major vehicle for private investment in the generation segment by tying up more than 16000 MW under long term arrangement - many of such projects are under various stages of implementation. In addition, MoUs have been signed with prospective developers for an additional 25000 MW generation capacity for which PPA negotiations are in progress. This will result in significant quantum of private investment in the fund-starved sector.

As we move on, the company is well positioned to exploit the opportunities that will emerge from power and energy infrastructure sectors both within the country and in the neighbouring countries.

The Public Private Partnership model is going to be the way forward for power and energy infrastructure projects in the future. PTC has already consolidated its position with some completed power projects and several under implementation spread across the region. Given the opportunities available the company believes that it will be able to achieve a sustained growth.

#### Conclusion:

Before I conclude, I wish to place on record the sincere dedication and the hard work of our employees, which has led to this excellent performance. I would like to sincerely thank all our valued customers, both domestic and international, for their unstinted support at all times.

The company's quest for continuous value creation would not have been possible but for the support that my colleagues and I have received from all our customers, business associates, shareholders and members of the Board. I take this opportunity to express my sincere thanks to the Ministry of Power and Ministry of External Affairs, Government of India, our original promoter companies namely POWERGRID, NTPC, PFC and NHPC, the financial institutions and banks for their encouragement and support to our company and our collaborators for their help and assistance. Their active involvement has been a source of great encouragement and inspiration. I am grateful to them for their continued confidence in the management and expect to receive their full support in augmenting our future plans and strategy.

Thank you,

Date: 23rd September, 2009

(Tantra Narayan Thakur)

Place: New Delhi