PTC INDIA LIMITED

11TH ANNUAL REPORT 2009-2010

Vision

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

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

ELEVENTH ANNUAL GENERAL MEETING

To be held on Thursday, 23rd September, 2010 at 11.00 AM at FICCI Golden Jubilee Auditorium Federation House, Tansen Marg, New Delhi - 110 001

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

1. Shri T.N. Thakur, Chairman & Managing Director, PTC
2. Shri Shashi Shekhar, Director, PTC
3. Shri Deepak Amitabh, Director, PTC
4. Shri Satish Mehta, Joint Secretary, MEA
5. Shri Sudhir Kumar, Joint Secretary, MOP
6. Shri A.B.L. Srivastava, Director, NHPC
7. Shri M.K. Goel, Director, PFC
8. Shri I. J. Kapoor, Director, NTPC
9. Shri R.N. Nayak, Director, POWERGRID
10. Shri G.P. Gupta, Director, PTC
11. Shri D.P. Bagchi, Director, PTC
12. Shri M.S. Verma, Director, PTC
13. Shri P. Abraham, Director, PTC
14. Shri S. Balachandran, Director, PTC
15. Shri Hemant Bhargava, ED, LIC

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
F–65, Okhla Industrial Area, Phase–I
New Delhi – 110 020
Phone: 41406149; Fax: 41709881

Principal Bankers
IDBI Bank Ltd.
Indian Overseas Bank
State Bank of Travancore
ICICI Bank
Indian Bank
Indusind Bank
Corporation Bank
Yes Bank

NOTICE

NOTICE is hereby given that the 11th Annual General Meeting of the Members of PTC India Ltd. (PTC) will be held on Thursday, the 23rd September, 2010 at 11:00 a.m. at FICCI Golden Jubilee Auditorium, Federation House, Tansen Marg, New Delhi – 110001 to transact the following business: -

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31 March 2010, Profit & Loss Account for the year ended on that date, the Auditors' report thereon and the Directors' Report for the financial year 2009-10.

2. To consider and if thought fit, to pass with or without modification (s), the following resolution for dividend for the Financial Year 2009-2010 as ordinary Resolution:

   "Resolved that pursuant to provision of Section 205 and other applicable provisions of the Companies Act, 1956, dividend at the rate of 12% (one rupee and twenty paise per equity share of Rs. 10 each) be and is hereby declared for the financial year 2009-10, out of the profits of the Company on the 294,547, 401 equity shares of Rs. 10/- each fully paid up to be paid as per the ownership as on 18th September, 2010".

3. To appoint a Director in place of Shri A.B.L. Srivastava , who retires by rotation and is eligible for reappointment.

4. 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 2010-2011 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 Statutory Auditor of the Company for the Financial Year 2010 – 2011 and 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 or the Audit Committee of the Company.

   Further resolved that Board of Directors/ Audit Committee of the Company be and is hereby authorized to take necessary actions in this regard."

SPECIAL BUSINESS

5. To appoint Shri R.N. Nayak (who in pursuance of section 260 of the Companies Act, 1956 was appointed as an Additional Director by the Board of Directors as nominee of Powergrid Corporation of India Limited to hold the office of Director only up to the date of this meeting), in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director as a nominee of Powergrid Corporation of India Limited and to move the following resolution as ordinary Resolution:

   "Resolved that pursuant to Section 257 of the Companies Act, 1956, Shri R.N. Nayak be and is hereby appointed as a Director of the Company as a nominee of Powergrid Corporation of India Limited and shall be liable to retire by rotation."

6. To appoint Shri Hemant Bhargava (who in pursuance of section 260 of the Companies Act, 1956 was appointed as an Additional Director by the Board of Directors as a nominee of Life Insurance Corporation of India (LIC of India) to hold the office of Director only up to the date of this meeting), in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director as a nominee of LIC of India and to move the following resolution as ordinary Resolution:

   "Resolved that pursuant to Section 257 of the Companies Act, 1956, Shri Hemant Bhargava Mehta be and is hereby appointed as a Director of the Company nominee of LIC of India as and shall be liable to retire by rotation."

7. To consider and if thought fit, to pass with or without modification (s), the following resolution for re-appointment Shri T.N. Thakur as Chairman & Managing Director as ordinary Resolution:

   "Resolved that subject to the applicable provisions of the Companies Act, 1956 (including any statutory modifications or re-enactment thereof, for the time being in force), and the Articles of Association of the Company, the consent of the Company be and is hereby accorded to the appointment of Shri T.N. Thakur as Chairman & Managing Director, for a period of two years w.e.f. the next day on which his existing term is expiring i.e. w.e.f. 11th October, 2010.

   Further Resolved that total remuneration (including all perquisites) for Shri T.N. Thakur shall be in accordance with the Company's policies and shall be subject to the applicable provisions relating to remuneration as specified under the Companies Act, 1956.

   Further Resolved that the Board and/ or a duly constituted Committee of the Board be and is hereby authorized to fix, vary and/or to revise the remuneration of Shri T.N. Thakur within the afore-stated overall limits and the Board is further authorized to settle 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: 16th August, 2010

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 including 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 18th September, 2010 to 23rd September, 2010 (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 18th September, 2010 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, F-65, Okhla Industrial Area –Phase-I, 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, Directors and Auditors**
Annexure to the Notice

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

Shri M.S. Verma and Shri G.P. Gupta, Directors whose office was liable to retire by rotation in this AGM have shown their unwillingness for reappointment.

Item no. 3

Shri A.B.L. Srivastava is liable to retire by rotation and is eligible for reappointment.

Shri A.B.L. Srivastava

Shri A.B.L. Srivastava aged about 54 years is a Chartered Accountant. He has rich experience of Power Sector and Finance.

He is a nominee Director of NHPC Limited, which is a promoter company of PTC where he is Director (Fin.). He is also member of various Committees of NHPC including Shareholders Grievance Committee and Remuneration Committee of NHPC. He is a member of Remuneration/ Compensation Committee and Nomination Committee of PTC.

He does not have any shareholding in the Company.

Except Shri A.B.L. Shrivastava, none of Director is interested in his re–appointment. The Board recommends the above proposal for approval.

Item no. 5 and 6

Shri R.N. Nayak

Shri R.N. Nayak, aged, 54 years is working as Director (Operations) of Powergrid Corporation of India Limited. He has rich experience of Indian Power Sector. He has Directorship of Power System Operation Corporation of India Limited in addition to Directorships of Powergrid and PTC. He does not have membership of statutory Committees.

Except Shri R.N. Nayak, none of Director is interested in his appointment. The Board recommends the above proposal for approval.

Shri Hemant Bhargava

Shri Hemant Bhargava, aged, 51 years is working as Executive Director (Micro Ins.) of Life Insurance Corporation of India. He does not have any shareholding in the Company. He does not have any Directorship other than in PTC. He is a nominee of LIC of India.

Except Shri Hemant Bhargava, none of Director is interested in his appointment. The Board recommends the above proposal for approval.

Item no. 7

Shri T.N. Thakur

Shri T. N. Thakur, aged 61 years is presently posted as Chairman & Managing Director of the PTC India Ltd. (PTC) since October 2000. Shri Thakur has worked as Director (Finance) of Power Finance Corporation Ltd. Shri Thakur an Ex-IA&AS has immense experience, as a member of the Indian Audit & Accounts Service, in Treasury Management, Financial Management (including Resource Mobilization, Investment decisions and Appraisal of Projects for Project landings), Accounts, Cash Management, Budgeting and Budgetary Control etc.

His leadership in PTC has established trading of power as a separate business entity leading to optimum utilization of existing generation, transmission and distribution resources. Shri Thakur has played vital role while taking the decisions for the growth of the Company. PTC's IPO made in 2004, formation of PTC India Financial Services Ltd. in 2006, formation of PTC Energy Limited in 2008 diversification in fuel linkage and QIP placement of Rs. 1200 Crores in January 2008/ Rs. 500 Crores in May, 2009 are some of key successful assignments handled by him. Under his leadership, company plans to launch a Private Equity fund shortly.

Shri Thakur is CMD of PTC India Financial Services Limited and Non–Executive Chairman of PTC Energy Limited, Athena Energy Ventures Private Limited, R.S. India Global Energy Limited, R.K. Wind Limited, R.S. India Wind Energy Limited and Ashmore PTC India Energy Infrastructure Advisors Private Limited. He is not a member/ Chairman of any Committee in any Company. He holds 194490 equity shares of Rs. 10/- each in PTC.

Except Shri T.N. Thakur, none of Director is interested in his own re–appointment. The Board recommends this proposal for approval.

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

Place: New Delhi
Date: 16th August, 2010

(Rajiv Maheshwari)
Company Secretary

DIRECTORS' REPORT

To,

The Members, PTC India Ltd.

Your Directors take great pleasure in presenting to you, the eleventh Annual Report on the activities of your company, together with the Audited Annual Accounts for the Financial Year 2009-10.

Performance and Financial Highlights

Your company has completed another innovative year of its operations, wherein it has sustained and maintained its leadership position in the industry. The trading volumes were 32% higher this year at 18236 MUs as against 13825 MUs during the previous year. With a turnover of Rs. 78445 Million (including other income) as against Rs. 66261 Million (including other income) in the financial year 2008-09, your Company has earned a profit after tax of Rs.941 Million as against Rs. 908 Million in the previous year.

Your Company also have two subsidiaries, namely PTC India Financial Services Limited and PTC Energy Limited (Wholly Owned). The consolidated turnover of group is Rs. 79259.04 million for the current financial year as against Rs. 66377.77 Million for the financial year 2008-09. The consolidated profit after tax of the group is Rs. 1072.69 million for the current financial year as against Rs. 940.88 million for the financial year 2008-09.

The financial results of the company for the FY 2009-10 vis-a-vis 2008-09 under broad heads are summarized as under:

(in Rupees Million)

Particulars	**For the Year ended 31.03.2010**	For the Year ended 31.03.2009
Sales (including rebate on purchase of power, service charges and surcharge)	77,703.41	65,288.82
Other Income (including income from consultancy services)	741.66	972.56
Purchase (including rebate on sale of power)	76,750.60	64,735.97
Employee Cost	184.35	150.11
Other Expenses etc.	135.13	177.67
Profit before amortization, depreciation and prior period items	1,374.99	1,197.63
Amortization and Depreciation	55.21	62.16
Prior Period Expenses/(Income)	1.85	1.05
Profit Before Tax	1,317.93	1,134.42
Provision for Taxation (including deferred tax income)	376.92	226.10
Profit After Tax	941.01	908.32
Balance as per last accounts	691.98	479.50
Transferred to General Reserves	282.30	272.49
Dividend (incl. dividend tax)	412.17	412.88
Transfer to contingent reserves	–	10.47
Balance carried forward to Balance Sheet	938.52	691.98
Earning Per Share in Rs.	3.31	3.99

Dividend

Your Directors are pleased to recommend for your consideration and approval dividend @ 12% for the financial year 2009-10 i.e. Rs. 1.20 per equity share of Rs. 10 each. Total amount of dividend outgo for the financial year shall be Rs. 412.17 million including corporate dividend tax amounting to Rs. 58.71 million.

Reserves

Out of the profits of the Company, a sum of Rs. 282.30 Million has been transferred to General Reserves during the year and total reserves and surplus of the Company are Rs. 18016.90 Million (including share premium) as on 31st March 2010.

Capital Structure

As on 31st March 2010, PTC has Authorized Share Capital of Rs. 750,00,00,000 and Paid-Up Capital of Rs. 2,94,54,74,010/- divided into 294,547,401 equity shares of Rs. 10 each. 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. (NTPC) , Power Grid Corporation of India Ltd. (POWERGRID), Power Finance Corporation Ltd. (PFC) and NHPC Ltd. (NHPC) individually hold 4.075% each, or 16.30% collectively of the paid-up equity and subscribed share capital of your Company and the balance of 83.7% of the equity paid-up and subscribed share capital of your Company is held by Power Entities, Financial Institutions, Life Insurance Corporation of India and other 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 31.03.2010 is as follows:-

	Category	No. of shares held	Percentage of shareholding
A.	**Promoter's holding**		
	1. Promoters		
	– Indian Promoters	48,000,000	16.30
	– Foreign Promoters	–	–
	2. Persons acting in concert	–	–
	Sub–Total	48,000,000	16.30
B.	**Non–Promoter's Holding**		
	1. Institutions		
	Mutual Funds and UTI	69,790,601	23.69
	Banks and Financial Institutions	28,655,973	9.73
	Insurance Companies	48,931,102	16.61
	FIIs	55,033,293	18.68
	Sub–Total B(1)	202,410,969	68.72
	2. Non Institutions		
	Bodies Corporate (incl. DVC)	17,408,150	5.91
	Individuals (holding nominal share capital upto Rs. One lac)	21,788,662	7.40
	Individuals (Holding nominal share capital in excess of Rs. One lac)	3,003,797	1.02
	Others		
	– NRIs	1,753,877	0.60
	– Trusts and Foundations	181,946	0.06
	Sub-Total B (2)	44,136,432	14.98
	Total Public Shareholding	246,547,401	83.70
	GRAND TOTAL	**294,547,401**	**100.00**

Distribution of shareholding - As on 31.03.2010

Nominal value of each share is Rs. 10/-

Number of Folios	Range		No. of Shares	% To Total Capital
116048	Upto	500	13133475	4.46
4407	501	1000	3656010	1.24
1799	1001	2000	2739815	0.93
508	2001	3000	1307394	0.44
242	3001	4000	858287	0.29
216	4001	5000	1028579	0.35
267	5001	10000	2016272	0.68
213	10001	50000	4659265	1.58
40	50001	100000	2751420	0.93
150	100001	Above	262396884	89.08
123890	Total		294547401	100.00

Net Worth and Earning Per Share (EPS)

As on 31st March 2010, net worth of your company aggregates to Rs. 20962.37 mn as compared to Rs. 15365.23 mn for the previous year thereby registering a growth of 36.43%.

EPS of the Company as on 31.03.2010 stands at Rs. 3.31 in comparison to Rs. 3.99 as on 31.03.2009.

Management discussion and analysis

The short term power market in India has witnessed further consolidation during the year- it not only grew in absolute size in volume terms but its share as percentage of total electricity generation in the country also grew noticeably. Of the total electricity generation in India during 2009, short term power market including trading through power exchange, comprises about 5%. UI volume is about 3% of total electricity generation and the balance 92% of the generation is being procured mainly by distribution utilities through long term contracts.

The short term market is showing rising trend and from 3.28% in 2008, this has increased to a level of 4.08% during the year 2009. The volume traded on power exchange was 1% of the total electricity generation.

In terms of volume (kWh), the short term electricity market size was about 30.6 Billion kWh during the year 2009 - about 20.3 % higher compared to 23.37 BU transacted during the year 2008-09. In monetary terms, size of this short term market was about Rs. 20,000/- crores. During the year 2009-10 actual volume transacted in short term could have been 50-60% higher had there been no congestion prevailing in the market.

As on 31.12.2008 there were 38 electricity trading licensees out of which there are 15 licensees in category-I (unlimited trading). Top 5 trading licensee have more than 83% power market share. Out of which PTC share alone is 43%. Gap between PTC and the second largest trader (NVVN-13.25% share) is quite high.

PTC's cross border trade volume from Bhutan, which is almost 30 % of its portfolio, may gradually fall particularly due to expected lower average rainfall and also rising domestic demand in Bhutan. Domestic load in Bhutan is growing whereas there is no likely capacity addition in the foreseeable future. Since Bhutan gives priority to its domestic consumption / economic growth over the export and there is rapid rise in demand, it is expected that in the coming years there will be drop in the surplus power export.

During the year there was significant jump in the domestic transaction due to continued market efforts through portfolio management of some of the States. In the long term segment although power has started to be available to PTC from projects like Samal, Baglihar and Meenaxi, some of the long term projects are under PPA disputes / litigation and there could be some uncertainty in getting power from such projects.

CERC analyses volume of electricity transacted through trading licensees using the HERFINDAHL - HIRSCHMAN INDEX (HHI) for measuring the competition among trading licensee. HHI between 0.10 to 0.18 indicates moderate concentration and HHI above 0.18 indicates higher concentration/ market power among trading licensee. PTC HHI is 0.18, which shows moderate level of concentration / market power despite a large market share.

In FY 2009-10 as compared to the previous year average prices have come down for bilateral trade from Rs. 7.31/kWh to Rs. 5.26/kWh and for power exchange from Rs. 7.49 /kWh to Rs. 4.99/kWh.

Average prices over the year are slightly higher in OTC market than on Power Exchange. This is because OTC trades are firm contracts and there is premium for reliability and predictability. For 7 months of the last year PX average prices were higher than bilateral average prices whereas for 5 months, bilateral average prices were higher.

Short-term prices are showing a downward trend- prices have come down in both the platforms, bilateral and OTC. For procuring 5% of the short term electricity utilities had to incur a cost of 6.83%. Utilities sparingly use short term procurement option, mostly under distress situation. The cost of procurement by utilities which was 8% during 2008-09 has come down to 6.83% during 2009-10. This market trend of reduction in prices implies that competition is rising.

The short term prices are higher than the long term prices- and justifiably so due to persistent shortages. It gives a right kind of price signal for capacity addition. Nevertheless the regulators are concerned of high prices and have taken steps to intervene in the short term market. The Company on the other hand continues to impress upon through regulatory and policy advocacy that the outcomes so far are but interplay of market demand and supply and the short term power market is expected to be a niche market with minimal regulatory intervention.

The country has two operational power exchanges, namely Indian Energy Exchange (IEX) and Power Exchange India Ltd (PXIL). IEX, co-promoted by PTC through its subsidiary PFS during the FY 2008-09, has the major share of trade on Power Exchanges. During the year 2009, for the first time industrial sector consumers have begun procurement of power through power exchange, mostly at the IEX.

CERC eased out the imposition of transaction margin cap during the year. Inter-state trading licensees could now charge margin up to 7 paise per kWh for cost of energy higher than Rs. 3 per kWh. Trading margin of 4 paise per kWh however continues as earlier for the cost of power at Rs. 3 per kWh or below. Trader-to-trader transaction has also been allowed albeit with above margin cap.

CERC brought out a comprehensive regulation on Power Market. Regulation on Renewable Energy including Renewable Energy Certificate is another initiative which would give a strong push to mainstream such sources of energy and increase their share. Transmission pricing regulation based on marginal participation method has also been issued - which is expected to address the pan-caking issues in transmission thus more suiting to the growth of power market. This will enable remotely-located hydro -electric generation resources, particularly in the north-eastern region, to be brought to the load centres through long-distance transmission lines.

The Un-scheduled Interchange (UI) mechanism has also been revamped recently. It is expected that UI will be used mainly for enforcing grid discipline- thus removing earlier aberration of this mechanism being used as a mode of trading of power.

Regulatory and policy initiatives such as development of power market through adequate grid augmentation, facilitating non-discriminatory open access to grid and ensuring grid discipline are slowly but steadily showing its impact on the power market and its growth.

Such initiatives could go a long way in further accelerated development of power market and to achieve the goal of about 15% of total electricity to be traded in short term power market as per National Electricity Policy.

The deepening of the power market has created renewed interest by the private investors and a demonstrable commercial orientation among power utilities. While investors and developers are enthusiastic about power sector, the major challenge that remains is to convince the states to vigorously pursue power sector reforms based on non-discriminatory open access.

With the revised trading margin regulation 2009-10, the long term contracts have been taken out from the purview of this regulation and it is expected that transactions under long term contracts would be covered in a competitive manner through negotiation between buyer and seller based on perceptible risk and returns. Your company expects that the average trading margin realized could be higher in the coming years.

Your company is participating in Case-I Tariff Based Competitive Bidding invited by various States, discoms, power utilities for procurement of power on long term and medium term basis. In accordance with National Tariff Policy, Electricity Utilities can procure power through competitive bidding process and for this purpose Ministry of Power has come out with Standard Bidding Document for Case-I Bidding.

Some States have also come out with Standard Bidding Document under Case-I for procurement of power such as Gujarat, Punjab, Karnataka, Maharashtra among others. PTC has been actively participating in such competitive bidding and is competitively placed in various bids which are to be finalized by the concerned power utilities.

There remain certain issues related to fuel, transmission, price escalation viz-a-viz rail freight which is acting as a barrier for expeditious finalization of such bids and has also resulted in lack of level playing field between generation close to pit-heads or resources vis-à-vis the generation located within the State but away from resource centres.

Your company is actively taking up related issues being faced by developers/ IPPs with the Ministry of Power, Government of India and appropriate regulatory commission to expedite the Case I Bidding which would result in tying up of long term power that PTC has under its portfolio by signing long term PPA with various IPPs / developers.

Short Term Trading

Your Company has completed another significant year of its operations, one in which it has further consolidated its position in the industry despite intense competition, downfall in cross-border traded volumes and less than expected contribution from its long term supply sources. This has been made possible through steep rise in domestic trade by bringing innovative solutions and managing key portfolio of some states so as to remain the front runner.

During the FY 2009-10, PTC total traded volumes touched 18236 MU, a 33% increase as against 13825 MUs during the previous year 2008-09. Your Company extended its existing agreements with Chhattisgarh, CPPs/IPPs for sale of their surplus power for period ranging between 1- 3 years. Negotiations are in advance stage with some other surplus States/Utilities for signing agreements on similar lines.

Initiatives such as Intra- State power trading in Tamil Nadu and enhancing trade from captive sources have also contributed to increase trade volumes. The Company also carried out a number of energy banking transactions during the year.

PTC volume on power exchange during 2009-10 reached 1830 MU against the previous year figure of 1317 MU -registering a growth of 33% over the previous year. Share of PTC traded volume on Power Exchange is about 10% of its portfolio. Long term power from projects have started contributing to trading volumes and the total MU traded from projects under long term PPA was 1535 MU.

Power Exchange Operation

CERC has permitted the trading of Power/Electricity through Power exchange with effect from June 2008. Currently, two power exchanges are operational in India, namely Indian Energy Exchange (IEX) and Power Exchange of India Limited (PXIL). Both these power exchanges facilitate an automated on-line platform for trading of power on day ahead basis via Day Ahead Market (DAM) as well as term ahead basis via Term Ahead Market (TAM). PTC is among the leading members of both the exchanges and has the biggest portfolio of State Utilities trading power on the exchanges via traders. Apart from the state utilities, PTC's list of clients range from various high power consumption industries to captive power plants in the states.

PTC provides its clients with a unique service of daily Power Status Report which includes information on price & volume of the power traded, weather forecast and system related information enabling the clients to schedule/ plan his daily power requirements as also assist in predicting their power supply/demand in future on the basis of comprehensive details.

Power trade with Bhutan

Your company continues to import power from 3 hydroelectric projects in Bhutan under long term bilateral arrangement.

Surplus power from 336 MW (4×84 MW) Chhukha project is being supplied to the Eastern Region constituents namely Bihar, DVC, Orissa, Jharkhand, Sikkim and West Bengal.

Surplus power from 60 MW (4×15 MW) Kurichhu project is being supplied to Eastern Region constituents namely West Bengal and DVC.

Surplus power from 1020 MW (6×170 MW) Tala project is being supplied to Bihar, DVC, Orissa, Jharkhand and West Bengal in the Eastern Region and to Delhi, Haryana, J&K, Punjab, Rajasthan and Uttar Pradesh in the Northern Region.

During the year 2009-10, the total power imported from Bhutan was 5336 MU. During the high hydro months in the current year, there was more than 10% drop in the import of energy from Bhutan as compared to previous year. This was owing to less availability of water and increase in power demand in Bhutan.

Power Trade with Nepal

The bilateral exchange of power between the two countries is carried out under two categories: (a) arrangement under Indo-Nepal Power Exchange Committee and (b) commercial power transactions

Under commercial arrangement, your Company exports power to Nepal to meet their urgent requirement. Generally power on commercial principles is supplied to Nepal Electricity Authority (NEA) during winter months when their own hydro generation drops significantly. Your Company arranged 22 MW RTC power from 1st January 2010 till 30th April 2010 and about 69 MU were exported to Nepal.

Your Company is also exploring possibilities of entering into long term PPAs with the prospective IPPs in Nepal for import of power through new transmission corridor being proposed between India and Nepal.

Long Term Agreements for Purchase of power

While your company plans to build on its success in short term, it sees more sustainable growth in long term business and is accordingly organizing its efforts towards entering into medium and long term arrangements.

(A) Commissioned Projects

i. Power Projects commissioned before FY 2009 - 10

Baglihar HEP (450 MW) and Middle & Lower Kolab HEP (37 MW) were commissioned before FY 2009-10. PTC has a contracted capacity of 225 MW from 450 MW Baglihar HEP and the balance power is being consumed within the state of J&K. Out of 225 MW capacity, PTC has entered into long term Agreements for 150 MW and the balance 75 MW is being sold by PTC through short term contracts. Energy from Middle & Lower Kolab aggregating to 37 MW is being supplied to GRIDCO through long term Agreements.

ii. Power Projects commissioned in FY 2009 - 10

- **Samal HEP in Orissa (20 MW)**

The project has been commissioned in October, 2009. Entire capacity from the project has been tied-up with State of Orissa through long term Agreement.

- **Pathadi Thermal Power Plant (Phase-I, 300 MW)**

The Project developed by Lanco Group has been commissioned in June, 2009. PTC is trading the power from the project in the short term market.

- **SUGEN Gas Based Power Project in Gujarat (1100 MW)**

The project developed by Torrent Group has been commissioned in August, 2010. PTC has signed PSA with the MPPTC, for sale of 100 MW plant capacity from the project. There were certain issues relating to fuel tariff which have now been amicably resolved but the power flow is yet to commence due to certain issues relating to open access which are being resolved shortly in the regional commercial committee meetings.

iii. Power Projects which are expected to commissioned in FY 2010 - 11

- **Pathadi Thermal Power Plant (Phase-II, 300 MW)**

The Project is under synchronization and power flow is expected to commence after the stabilization of the plant. PTC has signed Power Sale Agreement with Haryana. Bulk Power Transmission Agreement has also been signed with POWERGRID for evacuation of power from the project to Haryana periphery.

- **Malana – II in Himachal Pradesh (100 MW)**

The project developed by M/s. Everest Power Pvt. Ltd. is under advanced stage of construction and is expected to be commissioned by December, 2010. PTC has signed PPA for purchase of entire plant capacity with the developer and has also signed PSA for sale of entire capacity with State of Punjab.

- **Biomass based power projects in Tamil Nadu (18 + 18 MW)**

The projects are being developed by M/s. Auro Mira Biopower India Pvt. Ltd. and M/s. Auro Mira Bio Systems Kanyakumari Pvt. Ltd. Both the projects are in advanced stage of construction and are expected to be commissioned in year 2010-11. Power from these projects would be sold through short term contracts.

- **Budhil HEP in Himachal Pradesh (70 MW)**

The project is developed by M/s. Lanco Green Power Pvt. Ltd. and is expected to be commissioned by March, 2011. PTC has tied up sale of entire plant capacity with Punjab.

B. Power Purchase Agreements finalized in 2009–10

During the year, PTC entered into Power Purchase Agreements with cumulative capacity of approximately 5700 MW. Power from most of the projects is being offered for sale through Case – 1 bidding process being initiated by State Utilities and Private Discoms. Cumulative PPAs at the end of the year is around 16,000 MW. The projects are based on domestic coal, imported coal, gas and hydro resources.

C. Memorandum of Understanding / Agreement

In addition to the above Projects, PTC has also signed MoUs/MoAs with number of Project developers for purchase of power aggregating to