



PTC INDIA LIMITED

ANNUAL REPORT 2005 - 2006

### Vision

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

### Mission

Develop power market for optimal utilization of energy.  
Promote Power Trading to optimally utilize the existing resources  
Catalyze development of Power Projects particularly environment friendly Hydro Projects  
Promote exchange of power with neighbouring countries

### Values

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

#### SEVENTH ANNUAL GENERAL MEETING

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

#### NOTE:

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

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## BOARD OF DIRECTORS

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

### **Statutory Auditors**

M/s. T.R. Chadda & Company

### **Internal Auditors**

M/s. Kishore & Kishore

### **Company Secretary**

Shri Rajiv Maheshwari

### **Registrar and Share Transfer Agents**

M/s. MCS Limited

Sri Venkatesh Bhavan

W-40, Okhla Industrial Area, Phase-II

New Delhi - 110 020

Phone: 41406149; Fax: 41709881

## NOTICE

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

### ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31 March 2006, Profit & Loss Account for the year ended on that date, the Auditors' report thereon and the Director's Report for the year 2005-06.
2. To appoint a Director in place of Shri D.P. Bagchi, who retires by rotation and is eligible for reappointment.
3. To appoint a Director in place of Shri Gireesh B. Pradhan, who retires by rotation and is eligible for reappointment.
4. To appoint a Director in place of Shri J. Haque, who retires by rotation and is eligible for reappointment.
5. To consider and if thought fit, to pass with or without modification(s), the following resolutions for appointment and fixation of the remuneration for the Statutory Auditors for the Financial Year 2006-2007 as Special Resolution:  
"RESOLVED THAT pursuant to the provisions of Section 224A of the Companies Act, 1956, M/s T.R. Chadha & Co. Chartered Accountants, B-30, Connaught Place, Kuthaila Building, New Delhi be and is hereby appointed as the Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the next Annual General Meeting of the Company on such remuneration as may be determined by the Board of Directors of the Company.  
**RESOLVED FURTHER THAT** Board of Directors of the Company be and are hereby authorized to take necessary actions in this regard."
6. To consider and if thought fit, to pass with or without modification(s), the following resolution for dividend for the Financial Year 2005-2006 as Special Resolution:  
"RESOLVED THAT pursuant to provision of Section 205 and other applicable provisions of the Companies Act, 1956, dividend at the rate of 10% be and is hereby declared for the financial year 2005-06 out of the profits of the Company on the 150,000,000 equity shares of Rs. 10/- each fully paid up to be paid as per the ownership as on closing hours on 6<sup>th</sup> July, 2006".

### SPECIAL BUSINESS

7. To appoint Shri Pankaj Saran (who in pursuance of section 260 of the Companies Act, 1956 was appointed as an Additional Director by the Board of Directors to hold the office of Director only upto the date of this meeting), as a Director in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director and to move the following as Ordinary Resolution:  
"RESOLVED THAT pursuant to Section 257 of the Companies Act, 1956, Shri Pankaj Saran be and is hereby appointed as a Director of the Company and shall be liable to retire by rotation."
8. To appoint Shri S.P. Sen (who in pursuance of section 260 of the Companies Act, 1956 was appointed as an Additional Director by the Board of Directors to hold the office of Director only up to the date of this meeting), as a Director, as a nominee of National Hydroelectric Power Corporation Limited (NHPC), in respect of whom the Company has received a notice in writing from a Member proposing his candidature for the office of Director and to move the following as Ordinary Resolution:  
"RESOLVED THAT pursuant to Section 257 of the Companies Act, 1956, Shri S.P. Sen be and is hereby appointed as a Director of the Company and shall be liable to retire by rotation."

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

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

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

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

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

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

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

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

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

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

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

(Rajiv Maheshwari)  
Company Secretary

Place: New Delhi  
Date: 15<sup>th</sup> May, 2006



## Notes:

1. A Member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote instead of himself and a proxy need not be a member of the Company. A proxy form is enclosed. The instrument appointing a proxy should, however, be deposited at the registered office of the Company not less than 48 hours before the commencement of the meeting.
2. Explanatory Statement pursuant to Section 173 of the Companies Act, 1956 in respect of Special Business set out in the notice is enclosed.
3. All documents referred to in the notice or in the accompanying explanatory statement are open for inspection at the registered office of the Company between 11:00 a.m and 1:00 p.m. on all working days upto the date of Annual General Meeting.
4. The details pertaining to the appointment/reappointment of Directors are furnished in statement of Corporate Governance in the Director's Report/ in the Explanatory Statement in the notice.
5. The register of members and the share transfer books of the Company will be closed from 07.07.2006 to 18.07.2006 both days inclusive. The dividend in respect of equity shares held in the electronic form will be paid on the basis of beneficial ownership existing as on the closing hours on 6<sup>th</sup> July, 2006 and as per details available from NSDL and CDSL.
6. Members/ proxies should bring their copy of the Annual Report for reference at the meeting as also the attendance slip duly filled in for attending the meeting.
7. Members are informed that in case of joint holders attending the meeting, only such joint holder who is first in the order of names will be entitled to vote.
8. Shareholders holding the shares in physical form and desirous of making nominations are requested to send their requests in Form No. 2B in duplicate (which will be made available on request).
9. In respect of shareholders' holding shares in electronic form, members are requested to notify any change of address and change in bank details to their Depositories Participants.
10. The communication address of our Registrar and Share Transfer Agent (RTA) is MCS Limited, Sri Venkatesh Bhavan, W-40 Okhla Industrial Area -Phase-II, New Delhi-110020.
11. For Electronic Clearing System facility for crediting dividend directly to your designated bank accounts, shareholders are requested to give their mandate in the form enclosed.

To: All Shareholders and Auditors

## Annexure to the Notice

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

#### Item no. 2, 3 and 4

Shri D.P. Bagchi, Shri Gireesh B. Pradhan and Shri J. Haque are retiring by rotation and are eligible for reappointment.

#### Shri D.P. Bagchi

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

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

#### Shri Gireesh B. Pradhan

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

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

#### Shri J. Haque

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

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

#### Item no. 7 and 8

#### Shri Pankaj Saran

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

#### Shri S.P. Sen

Shri S.P. Sen is presently working as Director (Technical) of National Hydroelectric Power Corporation Ltd. (NHPC). He has rich experience of the Indian Power Sector. He is to be appointed as the nominee of National Hydroelectric Power Corporation Ltd.

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

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

#### Item no. 9 & 10

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

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

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

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

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

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

#### **Biodata of Shri T.N. Thakur**

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

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

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

#### **Biodata of Shri S.K. Dube**

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

Shri Dube is not a Director of any other Company other than PTC. He is not a member/ Chairman of any Committee in any other Company. He holds 500 equity shares of Rs. 10/- each in PTC.

Taking into consideration the vast knowledge, ability, background and experience of the above persons, it would be appropriate and in the best interest of the Company to approve the re-appointment of Shri T.N. Thakur as Chairman & Managing Director and Shri S.K. Dube as Whole-time Director of the Company respectively as made by the Board of Directors in their meeting dated 29.09.2005.

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

#### **Item no. 11 Formation of a Subsidiary Company**

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

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

The Directors recommend the resolution for approval of the shareholders.

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

#### **Item no. 12. Increase in limits of foreign shareholding**

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

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

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

The Directors recommend the resolution for approval of the shareholders.

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

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

**(Rajiv Maheshwari)  
Company Secretary**

Place: New Delhi  
Date: 15<sup>th</sup> May, 2006



## DIRECTORS' REPORT

To,

The Members, PTC India Ltd.

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

### Performance and Financial Highlights

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

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

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

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

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

### Dividend

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

### Reserves

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

### Capital Structure

As on 31.03.2006, the Authorized Share Capital of your Company was Rs. 750 crores and Paid-up Capital was Rs. 150 Crores. The equity shares of your Company are listed on 'Bombay Stock Exchange Limited' (BSE) and 'The National Stock

Exchange of India Ltd.' (NSE). The promoters i.e. NTPC Ltd., Power Grid Corporation of India Ltd. (POWERGRID), Power Finance Corporation Ltd. (PFC) and National Hydroelectric Power Corporation Ltd. (NHPC) individually hold 8% each, or 32% collectively of your Company's paid-up and subscribed share capital. The balance 68% is held by Power Entities, Financial Institutions, Insurance Companies, Banking Institutions, Corporations, Investment Companies, Foreign Institutional Investors, Private Utilities and others including general public at large. The shareholding pattern of your Company as on 31.03.2006 is as follows:-

Category	No. of shares held	Percentage of shareholding
<b>A. Promoter's holding</b>		
1. Promoters*		
- Indian Promoters	48000000	32.00
- Foreign Promoters	-	-
2. Persons acting in concert	-	-
<b>Sub-Total</b>	<b>48000000</b>	<b>32.00</b>
<b>B. Non-Promoters Holding</b>		
3. Institutional Investors		
a. Mutual Funds and UTI	8224988	5.48
b. Banks, Financial Institutions, Insurance Companies (Central/ State Govt. Institutions/ Non-government Institutions)	9907740	6.61
c. FIIs	32224199	21.48
<b>Sub-Total</b>	<b>50356927</b>	<b>33.57</b>
4. Others		
a. Private Corporate Bodies	20998761	14.00
b. Indian Public	20184960	13.46
c. NRIs/OCBs	326609	0.22
d. Any other (please specify)		
Damodar Valley Corporation	10000000	6.67
Pvt. Bank /Co-op-Bank /Pvt. Inst.	122993	0.08
Trusts and Foundations	9750	0.001
<b>Sub-Total</b>	<b>51643073</b>	<b>34.43</b>
<b>GRAND TOTAL</b>	<b>150000000</b>	<b>100.00</b>

Distribution of shareholding - As on 31.03.2006

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

Number of Share Holders	% to Total	Share Holding of Nominal Value of Rs.	No. of Shares	Amount In Rs	% to Total
78904	93.55	UPTO 5,000	10758037	107580370	7.17
3201	3.80	5,001 TO 10,000	2714829	27148290	1.81
1188	1.41	10,001 TO 20,000	1808091	18080910	1.21
332	.39	20,001 TO 30,000	855712	8557120	.57
153	.18	30,001 TO 40,000	551946	5519460	.37
163	.19	40,001 TO 50,000	788123	7881230	.53
206	.24	50,001 TO 1,00,000	1516390	15163900	1.01
194	.23	1,00,001 AND ABOVE	131006872	1310068720	87.34
84341	100.00	TOTAL	150000000	1500000000	100.00

### Share price data

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

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

#### Net worth and Earning Per Share (EPS)

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

#### Management Discussions and Analysis

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

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

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

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

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

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

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

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

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

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

#### Trading of Power

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

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

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

#### Power Purchase / Sale Agreements in 2005-06

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

- 300 MW Pathadi Thermal Power Plant (Phase I)

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

Agreement has been signed with Madhya Pradesh State Electricity Board for sale of entire power from the Project for 25 years.

- 100 MW Malana-II HEP in Himachal Pradesh

The Power Project is being developed by M/s Everest Power Pvt. Ltd. PTC has entered into a Power Purchase Agreement with the developer for the entire capacity for 40 years from the commissioning of the Project. This is a run of the river project with storage and is expected to generate about 408 MUs per year. The project has achieved financial closure. Construction work has begun and the project is expected to be in operation by early 2008. The Power Sale Agreement has been signed with Punjab State Electricity Board for sale of entire power from the Project for 40 years.

- 22.5 MW Bhilangana Hydro Electric Project in Uttaranchal

The Power Project is being developed by M/s Swasti Power Engg. Ltd. PTC has entered into a Power Purchase Agreement with the developer for entire capacity for 35 years from the commissioning of the Project. This is a run of the river power project and is expected to generate about 102 MUs per year. The project has achieved financial closure. Construction work has begun and the project is expected to start operations by year 2008. The Power Sale Agreement has been signed with Punjab State Electricity Board for sale of entire 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. PTC has entered into a Power Purchase Agreement with the developer for 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 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.

The MoUs for sale of power from the Project have been signed with:-

1. Haryana Power Generation Corporation Ltd.,
2. Uttar Pradesh Power Corporation Ltd., and
3. Punjab State Electricity Board

The state of Rajasthan has given its in-principle approval to purchase power from this project on a long term basis.

- 1100 MW SUGEN Gas Based Power Project in Gujarat

The Power Project is being developed by M/s Torrent Power Generation Ltd. PTC has entered into a Power Purchase Agreement with the developer for 100 MW of capacity and about 700 MUs of energy in a year for 25 years from the commissioning of the Project. The Project has achieved financial closure. Construction work has begun and the project is expected to be in operation by year 2008. The state of Madhya Pradesh has given its in-principle approval to purchase this power on a long term basis.

- 300 MW Pathadi Thermal Power Plant (Phase II) in Chhattisgarh

The Power Project is being developed by M/s Lanco Amarkantak Power Private Limited, a company promoted by the Lanco Group. PTC has entered into a Power Purchase Agreement with the developer for the entire capacity for 25 years from the commissioning of the Project. This coal based power project is expected to provide about 2100 MUs of energy generation per year. The project is expected to be in operation by year 2009. Several states of Western Region as well as Haryana have expressed their interest to purchase this power on a long term basis.

- 1040 MW Malaxmi Mega Thermal Power Project in the State of Orissa

The Power Project is being developed by M/s Navabharat Power Private Limited. PTC has entered into a Power Purchase Agreement with the developer for the entire capacity for 25 years from the commissioning of the Project. This coal based power project is expected to provide about 7288 MUs of energy generation per year. The project is expected to be in operation by year 2009. The off-takers of power from this project are likely to be the States of the Eastern Region / Northern Region.

**Progress on Projects for which Agreements have been entered into in**

#### 2003-04 and 2004-05

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

In year 2005-06, MoUs for sale of power from the Project have been signed with

1. Haryana Power Generation Corporation Ltd.,
2. Uttar Pradesh Power Corporation Ltd., and
3. Punjab State Electricity Board

- 20 MW Samal Hydro Electric Project in Orissa being developed by M/s Orissa Power Consortium Ltd.

The Project is in final stages of construction and is expected to start operations from March, 2007.

- 37 MW Middle and Lower Kolab Hydro Electric Project in Orissa being developed by M/s Meenakshi Power Ltd.

The Project is in final stages of construction and is expected to start operations from March, 2007.

- 70 MW Budhil Hydro Electric Project in Himachal Pradesh being developed by M/s Lanco Green Power Pvt. Ltd.

The Project has achieved Financial Closure. Construction work has begun and the project is expected to be in operation by 2009. The state of Haryana is likely to be the offtaker of power from this project.

- 60 MW Windfarm in Rajasthan and 68.8 MW Windfarm in Karnataka being developed by M/s Enercon Windfarms Hindustan Pvt Limited.

The Project is in final stages of construction and is expected to start operations from July, 2006. PTC has a standby Power Purchase Agreement with the developer for each of these projects. In case of default in the main PPA between the developer and their counterparty, PTC would sell the power. The purchasers of power from this project via banking arrangement are likely to be the Industrial Consumers in Northern Region / Southern Region respectively.

#### 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. Discussions are on for the finalization of the Power Purchase and Sale Agreements for these projects. Some of the major Projects among them are:

- 750 MW Combined Cycle Gas Based Power Project in Tripura

The project is to be set up at Pallatana in the South District of Tripura by M/s ONGC. The Project is expected to be commissioned by year 2009.

The MoUs for sale of power from the Project have been signed with:

1. Assam State Electricity Board,
2. Tripura State Electricity Corporation Ltd.,
3. Rajasthan DISCOMS (AVVNL, JVVNL & JDVVNL),
4. Punjab State Electricity Board,
5. Uttar Pradesh Power Corporation Ltd., and
6. Haryana Power Generation Corporation Ltd.

- 1500 MW Combined Cycle Gas Based Power Project in Gujarat.

This is an LNG based Combined Cycle generating project, being set up at Hazira, by M/s Essar Power Ltd. The proposed generating plant is the second phase expansion of the existing 515 MW Phase - I generating plant. Entire power from the project would be purchased by PTC. PPA negotiations with the developer are at an advanced stage. The purchasers of power from this project are likely to be the States in Western Region.

- 1200 MW Teesta Stage III Hydro Electric Project in Sikkim

The project is proposed to be set up in North District of Sikkim by M/s Teesta Urja Ltd. The project is envisaged as a run-of-the-river scheme on the main Teesta River. The expected annual energy generation will be 5116 MUs. The Project is expected to be commissioned in year 2011. The MoUs for sale of power from the Project have been signed with:

1. Haryana Power Generation Corporation Ltd.,
2. Uttar Pradesh Power Corporation Ltd., and
3. Punjab State Electricity Board.

- 500 MW Coal based Thermal Power Project in Chattisgarh

The project is proposed to be set up in Korba District in Chattisgarh by M/s Dheeru Powergen Private Limited. This coal based power project is expected to provide about 3500 MUs of energy generation per year. The Project is expected to be commissioned in year 2009-10. Gujarat and Madhya Pradesh have expressed their interest to purchase power from this project on a long term basis.
- 1000 MW Coal based Thermal Power Project in Chhattisgarh

The project is proposed to be set up in the state of Chhattisgarh by M/s Texas Power Generation L.L.C. The Project is expected to be commissioned by year 2010. The purchasers of power from this project are likely to be the States in Western and Northern Region.
- 144 MW Imported Coal based Power Project in Andhra Pradesh

The project is proposed to be set up in Nalgonda District in Andhra Pradesh by Krishna Godavari Power Utilities Ltd. The Project is expected to be commissioned in year 2008-09. The purchasers of power from this project are likely to be the States and Industrial Consumers in Southern Region.
- 120 MW Coal based Thermal Power Project in Orissa

The project is proposed to be set up at Choudwar District in Orissa by M/s Utkal Power Ltd. The Project is expected to be commissioned by year 2009. The purchasers of power from this project are likely to be the States in Western and Northern Region.
- 250 MW Coal based Thermal Power Project in Madhya Pradesh

The project is proposed to be set up in Sidhi District in Madhya Pradesh by M/s Jindal Photo Ltd. The Project is expected to be commissioned by year 2010. The purchasers of power from this project are likely to be the States in Western and Northern Region.
- 1050 MW Combined Cycle Gas Based Power Project in Gujarat.

This project is being set up near Bharuch, by M/s Gujarat Paguthan Energy Corporation Pvt. Ltd., a company promoted by M/s CLP Holdings of Hong Kong. The proposed generating plant is the second phase expansion of the existing 655 MW Phase - I generating plant. PTC has signed an MoU to purchase 700 MW of power from the Phase - II for a period of 25 years. The purchasers of power from this project are likely to be the States in Western Region.
- 350 MW Combined Cycle Gas Based Power Project in Gujarat.

This project is being set up near Hazira in Surat District by M/s Gujarat State Energy Generation Limited, a company promoted by KRIBHCO, GSPCL, GAIL and GEB. PTC has signed an MOU with the developer for purchase of 150 MW power from the project for a period of 25 years. The purchasers of power from this project are likely to be the States in Western Region.

#### 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 8,000 MW. PTC is actively evaluating these projects for selection of projects considered to be marketable.

#### Cross - Border Projects

- 1020 MW Tala Hydro Electric Power project in Bhutan.

1020 MW Tala Hydro Electric Project is a run of the river project on Wangchu river, downstream of Chuka hydroelectric project. An underground powerhouse with six generating units of 170 MW each is envisaged to generate 4865 Million units of power in an average year. The associated transmission system of the project is already in place and the project is expected to start operations in the later half of 2006.
- 750 MW West Seti Hydro Electric Power Project in Nepal.

The West Seti Hydro Electric project is being developed by M/s. Snowy Mountain Engineering Corporation (SMEC), an international developer, in Nepal. The salient feature is its large reservoir size which makes the project capable of producing peaking power for 7-8 hours a day almost round the

year. The Power Purchase Agreement has already been initiated with the Project Developer. The project is expected to be commissioned in 2010-11. The states of Northern Region are the likely beneficiaries and MOUs have already been signed with states of Punjab, Haryana and Uttar Pradesh.

#### 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 Chukha project is being supplied to the Eastern Region constituents namely BSEB, DVC, GRIDCO, JSEB, Sikkim and WBSEB and from Kurichhu project to WBSEB and DVC. PTC will also be trading the surplus power from upcoming Tala Hydro Electric Project in Bhutan which is likely to be commissioned by September, 2006.

#### Power trade with Nepal

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

PTC, 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 Advisory Services

PTC Advisory Services has evolved in a modest way with a view to support our customers on business processes and share our experience and knowledge in dealing with emerging issues in the development of Power Market to create business opportunities and earn goodwill.

The major areas in which the advisory services are offered include tariff and financial modeling for power projects, market analysis for prospects of sale of power on short and long term basis, setting up business processes for trading desk, preparation of RFQ & RFP for competitive bidding of power projects, drafting of Power Purchase Agreement (PPA), guiding HT consumers and Captives on open access and regulatory aspects etc.

Your company during the year had provided consultancy services among others to L&T Limited, in formulating a successful bidding strategy based on market analysis for a 63 MW hydro project in Uttaranchal, to Government of Himachal Pradesh on tariff petition for their share of free power and equity power and to number of IPPs, HT consumers and Captives on tariff, open access and assistance in filing petitions before the Regulatory Commission. Clients have many a time given repeat assignments to PTC reflecting the quality of our inputs and trust that they repose in us.

#### Regulatory Imperatives for New Business Development

PTC has been leading the business of short term trade in power from surplus power states, to power starved states.

However, this business is only the basic platform on which other businesses have to be built. The short-term market has witnessed the following trends in the recent past;

- a) Limited marketable surplus
- b) Increase in prices in the short term, on account of intense competition
- c) Capping of transaction margin by CERC on short term inter-state trades
- d) Introduction of competitive bidding guidelines



The Company is engaged in developing additional sources of power at reasonable cost and on negotiated tariffs that would be essential for driving further short term and long term business growth.

Captive power plants address this need squarely

#### Market Development of Captive Power Business Segment

PTC has worked with CEA to author a report on measures to be adopted at state level to facilitate flow of surplus captive power to the grid. PTC has also established contact with all COGEN power based CPP's as well as other CPP's in India.

PTC has also jointly conducted workshop to facilitate sale of surplus power by CPP's, in 14 cities in India.

As a result of these efforts, PTC has signed agreements with CPP's with surplus power potential in excess of 100 MW.

#### Marketing of services to HT consumers

India has almost 13% peak power short fall and extremely high level of T&D losses. The brunt of these major negatives in the power sector is borne by the HT power consumers segment. Recognizing the critical need of structuring intermediate as well as long term solutions for the HT power consuming segment, PTC has successfully deployed the following initiatives: -

- Advisory services to HT consumers on power procurement solutions
- Mediation services for structuring captive as well as group captive power plants

#### Initiatives in Renewable Energy Domain

- Recognizing the changes in Wind Energy procurement policy, steps have been taken towards possible ownership of WEGs by PTC.
- PTC is working actively with developer of power plants based on Renewable Energy Sources and is the first company structure short and long term arrangements with generators of such power.

#### Fuel linkage

During the year, your Company has also forayed into field of imported coal by making a humble beginning in the short term transactions which the Company proposes to take forward for long term fuel linkage of power projects.

#### Conservation of Energy

PTC is engaged in trading of power, so particulars relating to consumption of energy are not applicable.

#### Technology Absorption

PTC is engaged in trading of power, so particulars relating to Technology Absorption are not applicable.

#### Foreign exchange earnings & outgo etc.

The Company has incurred an expenditure of Rs. 37,87,141/- (net on accrual basis) in foreign exchange during the financial year 2005-2006. There was no foreign exchange earned during the financial year.

#### Particulars of the employees

The details of employee who was in receipt of gross remuneration in excess of Rs. twenty four lacs per annum or Rs. two lac per month during the Financial Year 2005-2006 is given below:-

Name	Sh. Tantra Narayan Thakur
Designation	Chairman & Managing Director
Qualification	BSc. ( Engineering)
Age	56
Date of commencement of employment	11.10.2000
Gross Remuneration	26,00,822/-
No. of Equity Shares held (of Rs. 10/- each)	20,790

#### Auditors

##### Statutory Auditors

M/s. T.R. Chadha & Company, Chartered Accountants was appointed as Statutory Auditors of the Company for the Financial Year 2005-2006 by the Shareholders in the Sixth Annual General Meeting of the Company. The Statutory Auditors have

audited the Accounts of the Company for the Year ended 31 March 2006 and Audited Accounts together with the Auditor's Report thereon are annexed to this report. It is gratifying to note that there are no qualifying remarks from Statutory Auditors on the Accounts of the Company.

M/s. T.R. Chadha & Company, Chartered Accountants, is proposed to be re-appointed as Statutory Auditors of the Company for the Financial Year 2006-2007 by the Shareholders in the Seventh Annual General Meeting of the Company.

##### Internal Auditors

M/s. Kishore & Kishore, Chartered Accountants, Delhi were appointed Company's Internal Auditors for the Financial Year 2005-2006 and their reports were submitted to the Audit Committee.

#### Directors' Responsibility Statement

In pursuance of section 217 (2AA) of the Companies Act 1956, the Directors make the following responsibility statement:

- In the preparation of the Annual Accounts, the applicable Accounting standards have been followed by PTC along with proper explanation relating to material departures;
- The Directors had selected such Accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the Financial Year 2005-06 and of the profit or loss of the Company for that period;
- Proper and sufficient care was taken by Directors for maintenance of adequate Accounting records in accordance with the provisions of the Companies Act 1956 for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities and
- The Annual Accounts were prepared on a going concern basis.

#### Corporate Governance

##### Company's philosophy on the code of governance

It has been PTC's endeavor to inculcate good Corporate Governance practices in its organizational and business systems through the last six years. At PTC, culture is viewed as the key driver for inculcation of good governance. Organizational culture inculcates in employees the discipline of doing the right thing, every time. PTC follows principles to ensure that employees of the company subscribe to the corporate ethics and apply them in their day to day conduct. The Company seeks fullest commitment of the management and Board to improve the practices in respect of good corporate governance. Company has complied with all the mandatory requirements of the stock exchange(s) or SEBI or any statutory authority on any matter and no penalty has been imposed on the Company by any of these institutions.

Corporate governance is the mechanism by which values, principles, management policies and procedures of a company are made manifest in the real world. It refers to the entire system by which a company is managed and monitored, its corporate principles and guidelines and the system of internal and external controls and supervision to which the company's operations are subjected. Good transparent corporate governance ensures that the Company is managed and monitored in a responsible manner geared to value creation. Corporate governance is concerned with both the internal aspects of the Company, such as internal controls, and the external aspects such as an organization's relationship with its shareholders and other stakeholders. Your company does recognize that transparency and accountability are the fundamental principles to good corporate governance.

#### Board of Directors

The following changes have taken place in the Board of Directors of the Company since the last report-

- Shri F. A. Vandrevala has ceased as Director w.e.f. 22.06.2005.
- Shri S.S. Jamwal has ceased as Director w.e.f. 30.06.2005.
- Shri Amulya Charan has been appointed as Director w.e.f. 14.07.2005.
- Shri V.K. Kanjlia has been appointed as Director w.e.f. 20.08.2005 and ceased to be Director on 31.03.2006.
- Shri Ranjit Rae has ceased to be a Director w.e.f. 01.12.2005.
- Shri V.K. Saxena has ceased to be a Director w.e.f. 19.12.2005.
- Shri Pankaj Saran has been appointed as Director w.e.f. 27.01.2006.
- Shri S.P. Sen has been appointed as Director w.e.f. 28.04.2006.

The Board places on record its warm appreciation of the valuable contribution made by the outgoing Directors as members of the Board.

None of the Directors of the Board is a member of more than 10 Committees and Chairman of more than 5 committees (as specified in Clause 49), across all the Companies in which he is a Director.

There were six meetings of the Board of Directors held during the year 2005-2006 i.e. on 26<sup>th</sup> April, 2005, 14<sup>th</sup> July, 2005, 24<sup>th</sup> August, 2005, 29<sup>th</sup> September, 2005, 24<sup>th</sup> October, 2005 and 27<sup>th</sup> January, 2006. Detailed Agenda Notes with necessary information were circulated in advance to the Board.

The Annual General Meetings (AGM) for the last three years was held on May 21, 2003, July 9, 2004 and September, 28, 2005 respectively. All the meetings were held in Delhi. Five Special resolutions were passed at the last AGM. No postal ballots were used for voting.

All the Directors, including non-executive Directors, actively participated and deliberated in the various Board meetings held during the year. The attendance of each Director at the Board meetings held during the year is enlisted below:

Directors	Meetings held during the year in tenure of the Director	Meetings attended	Directorship in other companies	Attendance to the last AGM held on 28.09.2005
Mr. T.N.Thakur (CMD)	6	6	Nil	Yes
Mr. S.K. Dube (Director -Operations)	6	5	Nil	Yes
Mr. Gireesh B. Pradhan Non-executive Director	6	3	1	No
Mr. Ranjit Rae Non-executive Director	5	3	Nil	Yes
Ceased to be Director w.e.f. 01.12.2005				
Mr. R.S. Sharma Non-executive Director	6	4	6	Yes
Mr. J.Haque Non-executive Director	6	4	2	No
Mr. Satnam Singh Non-executive Director	6	4	2	Yes
Mr. S.S. Jamwal Non-executive Director				
Ceased to be Director w.e.f. 30.06.2005	1	1	NA	NA
Mr. V.K. Kanjlia Non-executive Director				
Appointed on 20.08.2005 and ceased to be Director w.e.f. 31.03.2006	4	4	NA	Yes
Mr. F.A. Vandrevala Non-executive Director	1	0	NA	NA
Ceased to be Director w.e.f. 22.06.2005				
Mr. Amulya Charan Non-executive Director				
Appointed on 14.07.2005	5	3	6	No
Mr. V.K. Saxena Non-executive Director	5	2	NA	Yes
Ceased to be Director w.e.f. 19.12.2005				
Mr. M.S. Verma Non-executive Director	6	5	8	Yes
Mr. G.P. Gupta Non-executive Director	6	5	11	Yes
Mr. P. Abraham Non-executive Director	6	6	7	Yes
Mr. D.P. Bagchi Non-executive Director	6	5	3	Yes
Mr. Pankaj Saran Non-executive Director	0	0	NA	NA

At the last AGM, shareholders of the Company holding 44% (Approx.) of the equity share capital were present either in person or by proxy.

#### Board Procedure

##### (A) Decision making process:

With a view to professionalise all corporate affairs and setting up systems and procedures for advance planning for matters requiring discussion/decisions by the Board, the Company has laid down appropriate guidelines for the meetings of the Board of Directors. These Guidelines seeks to systematize the decision making process at the meetings of Board, in an informed and efficient manner.

##### (B) Scheduling and selection of Agenda items for Board /Committee Meetings:

(i) The meetings are being convened by giving appropriate notice after obtaining the approval of the Chairman of the Board/Committee. Detailed agenda, management reports and other explanatory statements are circulated in advance amongst the members for facilitating meaningful, informed and focused decisions at the meetings. To address urgent needs, meetings are also being called at short notice. The Board is also authorized to pass Resolution by Circulation for all such matters which are of utmost urgent nature.

(ii) Where it is not practicable to attach any document or the agenda due to its confidential nature, the same is placed on the table at the meeting with the approval of the Chairman. In special and exceptional circumstances, additional or supplemental item(s) on the agenda are permitted. Sensitive subject matters are discussed at the meeting without written material being circulated.

(iii) The agenda papers are prepared by the concerned officials and are submitted to concern functional Heads for obtaining approval of the CMD. Duly approved agenda papers are circulated amongst the Board members by the Company Secretary.

(iv) The meetings are usually held at the Company's Registered Office in New Delhi.

(v) Presentations are made at the Board/ Committees covering Finance, Operations & Business Segments, Human Resources, Marketing etc. of the Company before taking on record quarterly/annual financial results at the pre-scheduled Board/Committee Meetings.

(vi) The members of the Board have complete access to all information of the Company. The Board is also free to recommend inclusion of any matter in agenda for discussion. Senior management officials are called to provide additional inputs to the items being discussed by the Board, as and when necessary.

##### (C) Recording minutes of proceedings at the Board Meeting.

Minutes of the proceedings of each Board/Committee meeting are recorded and are duly entered in the minute's book. The minutes of each board meeting are circulated among the board members in the next Board Meeting for their confirmation.

##### (D) Follow-up mechanism

The guidelines laid down for the Board and Committee Meetings facilitates an effective post meeting follow-up, review and reporting process for the action taken on decisions of the Board and Committee. Action Taken Report (ATR) on the areas of concern is presented before the Board.

##### (E) Compliance

While preparing the agenda notes, it is ensured that all the applicable provisions of law, rules, guidelines etc. are adhered to. The Company ensures compliance of all the applicable provisions of the Companies Act, 1956, SEBI Guidelines, Listing Agreement, and various other statutory requirements.

#### Audit Committee

Pursuant to the requirements of section 292A of the companies Act, 1956 and the provisions of Clause 49 of the listing Agreement, Audit Committee has been constituted by the Board of Directors. Presently, the Audit Committee of the



Company consists S/ Shri M.S. Verma, D.P. Bagchi, G.P. Gupta and Gireesh B. Pradhan as members of the Audit Committee. All the members of the Committee including its Chairman are independent Directors. The Committee has the following responsibilities:

- Overseeing the Company's financial reporting process and the disclosure of financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommending audit fees payable to Statutory Auditors appointed by the Board.
- Reviewing with management the periodical financial statements before submission to the Board, focusing primarily on (i) changes in accounting policies and practices, (ii) major accounting adjustment based on management judgment, (iii) qualifications in draft audit report (if any), (iv) significant adjustments arising out of the audit, (v) the going concern assumption, (vi) compliance with accounting standards, (vii) compliance with stock exchanges and legal requirements concerning financial statements, (viii) any related party transactions i.e. transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives etc that may have potential conflict with the interest of the company at large;
- Reviewing with the management, Reports of Auditors, the adequacy of internal control systems and recommending improvements to the management;
- Reviewing the adequacy of internal audit functions;
- Discussion with internal auditors any significant findings and follow-up thereon;
- Reviewing the findings of any internal investigations by the internal auditors on the matters where there is suspected irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

The Audit Committee had reviewed the Annual Financial Statements, before their submission to the Board, as prescribed in section 292 (A) of the Companies Act 1956 and the terms of reference of the Committee, inter-alia, includes the work given in the listing agreement. In the past, the meetings of the Audit Committee were attended by the Members of the Committee, Chief Financial Officer of the Company and the Auditors. The Company Secretary acted as the Secretary of the Committee. The minutes of the Committee were placed before the Board of Directors for information. PTC has not denied any personnel access to the Audit Committee of the company in respect of any matter. There was no case of alleged misconduct.

The Committee met four times in the last Financial Year. Meetings of the Committee were held on 26<sup>th</sup> April, 2005, 14<sup>th</sup> July, 2005, 24<sup>th</sup> October, 2005 and 27<sup>th</sup> January, 2006.

#### Attendance

Member of the Committee	Meetings held during the year in tenure of the Director	Meeting attended
Mr. M.S. Verma	4	4
Mr. Gireesh B. Pradhan	4	2
Mr. D.P. Bagchi	4	3
Mr. G.P. Gupta	4	3

#### Other Committees of the Board of Directors

- Investors' Grievance Committee comprises of Shri P. Abraham, non executive Director as Chairman and Shri S.K. Dube as member. This committee meets as per the requirements. Shri Rajiv Maheshwari, Company Secretary acts as the Compliance officer of the Company. Five investors' complaints were pending as on 31.12.2005. further, 369 Investors' complaints were received in the fourth quarter of FY 05-06, only 08 complaints were pending as on 31<sup>st</sup> March 2006. The meeting of the Committee was held on 10.08.2005 and 24.10.2005. The meetings were attended by all the members.
- Ethics and Compliance Committee comprises of Shri P. Abraham, non executive Director as Chairman and Shri S.K. Dube as member. Shri Arun Kumar, Sr. Vice President of the Company acts as the Compliance officer under the 'Code of Conduct for prevention of Insider Trading and Code of Corporate Disclosure Practices' of PTC. The meeting of the Committee was held on 10.08.2005. The meetings were attended by all the members.
- Remuneration Committee has been constituted by the Board of Directors.

Presently, this Committee of the Company consists S/ Shri M.S. Verma, D.P. Bagchi, S.K. Dube and Amulya Charan as members of the Committee. Chairman of the Committee is independent Director.

The Committee met four times in the last Financial Year. Meetings of the Committee were held on 26.11.2005, 05.12.2005, 27.02.2006 and 08.03.2006.

#### Attendance

Member of the Committee	Meetings held during the year in tenure of the Director	Meeting attended
Mr. M.S. Verma	4	4
Mr. D.P. Bagchi	4	3
Mr. S.K. Dube	4	4
Mr. Amulya Charan	4	2

The remuneration paid to the Whole-time Directors during the year 2005-2006 is as under:

Sr. No.	Director	Designation	Remuneration (Rs.)*
1.	Mr. T.N. Thakur	CMD	26,00,822
2.	Mr. S.K. Dube	Director (Operations)	20,30,840

The above remuneration includes performance linked incentive of Rs. 12, 17,003 and Rs. 8,37,544 to S/Shri T. N.Thakur and S.K.Dube respectively.

Note- Performance criteria are linked with individual performance and profitability of the Company.

Presently, other Part-time non-executive Directors are entitled/ paid sitting fee of an amount of Rs. 7500 per meeting for Board meeting(s) and Rs. 5,000 per meeting for Committee meeting(s) by the Company.

#### Disclosures

There are no material significant transactions with related parties except those mentioned in the Annual Accounts for the FY 05-06 conflicting with the Company's interest. There was also no instance of non-compliance on any matter related to the Capital Markets during the last years. The information relating to the Company are also available at Company's web-site [www.ptcindia.com](http://www.ptcindia.com).

#### Code of conduct for Directors and Sr. Management

The Company has framed a Code of Conduct for Directors and senior officers of the Company, which has been complied by the Board members and senior officers of the Company.

#### General Shareholders' Information

Registered office and address for correspondence  
Rajiv Maheshwari,  
Company Secretary & Compliance officer,  
PTC India Limited.  
2<sup>nd</sup> Floor, NBCC Tower 15 Bhikaji Cama Place,  
New Delhi-110066.

#### Financial Year

PTC follows the financial calendar from 1<sup>st</sup> April to 31<sup>st</sup> March.

#### Listed at

Bombay Stock Exchange Limited  
Phiroze Jeejeebhoy Towers,  
Dalal Street, Mumbai.

The National Stock Exchange of India Ltd. ,  
Exchange Plaza, Bandra-Kurla Complex,  
Bandra (E),  
Mumbai-400051.

#### Registrar and Share Transfer agent

M/s. MCS Limited, W-40, Okhala Phase-II, New Delhi is the Registrar and Share Transfer Agent (R&T agent) of the Company. Company's shares has also been issued in demat form and ISIN No. is INE877F01012.



#### SCRIP Code-532524 for PTC India Ltd.

The book closures dated of the Company were from 23.09.2005 to 28.09.2005 and the record date for payment of dividend for the FY 2004-05 was 23.09.2005 (opening hours).

#### *Means of communication & website.*

Quarterly results were published in the newspaper i.e. Financial Express in English and Jansatta in Hindi. The relevant information of the Company is also displayed in its website i.e. www.ptcindia.com .

#### **Acknowledgment**

The Board of Directors acknowledge with deep appreciation the co-operation received from the Government of India, particularly the Ministry of Power, State Electricity Boards, State Governments, Regional Electricity Boards, Central Electricity Authority, Central Electricity Regulatory Commission and State Electricity Regulatory Commissions, Power Sector Organizations viz. Power Grid Corporation of India

Ltd., National Thermal Power Corporation Ltd., Power Finance Corporation Ltd., National Hydroelectric Power Corporation Ltd. and valuable investors of the Company .

The Board wishes to place on record its appreciation for efforts and contribution made by the employees at all levels which made possible the significant achievements by your Company.

For and on behalf of the Board of Directors

Sd/-  
(Tantra Narayan Thakur)  
Chairman & Managing Director

Place: New Delhi  
Date: 15.05.2006

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## COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

To,  
The Members of  
PTC India Ltd.

1. We have examined the compliance of conditions of Corporate Governance by PTC India Ltd., for the year ended on 31.03.2006, as stipulated in clause 49 of the Listing Agreement of the said company with stock Exchange(s).
2. The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was limited to procedures and implementations thereof, adopted by the company for ensuring the compliance of the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statement of the company.
3. In our opinion and to the best of our information and according to the explanations given to us, we certify that the company has complied with the conditions of Corporate Governance as stipulated in the above-mentioned listing agreement.
4. We have been explained that no investor complaints are pending exceeding one month against the company as on 31.03.2006 as per records maintained and made available to us by the company and Registrar of company.
5. We further state that such compliance is neither an assurance as to the future viability of the company nor the efficiency or the effectiveness with which the management has conducted the affairs of the company.

For CP Associates  
Company Secretaries

Sd/-  
Arun Gupta  
CP No - 4115

Date: 15.05.2006  
Place: New Delhi

## AUDITOR'S REPORT

### TO THE MEMBERS OF PTC INDIA LIMITED

1. We have audited the attached Balance Sheet of PTC India Limited as at 31st March, 2006, the Profit and Loss Account and also the Cash Flow Statement for the year ended on that date annexed thereto. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis of our opinion.
3. As required by the Companies (Auditors' Report) Order 2003 issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Companies Act, 1956 and on the basis of such checks of books and records of the company as we considered appropriate and according to the information and explanations given to us, we annex hereto a statement on the matters specified in paragraph 4 and 5 of the said Order.
4. Further to our comments in the Annexure referred to in paragraph 3 above, we report that:-
  - a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit.
  - b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of such books.

- c. The Balance Sheet, Profit and Loss Account and Cash Flow Statement referred to in the report are in agreement with the books of account.
- d. In our opinion, the Balance sheet, Profit and Loss account and Cash Flow Statement, dealt with by this report comply with Accounting Standards as referred to in Section 211(3) (c) of the Companies Act, 1956.
- e. On the basis of written representations received from the directors, and taken on record by the Board of Directors, we report that none of the directors is disqualified as on 31<sup>st</sup> March, 2006 from being appointed as a director in terms of clause (g) of subsection (1) of section 274 of the Companies Act, 1956.
- f. In our opinion and to the best of our information and according to explanations given to us the Balance Sheet, Profit and Loss Account and Cash Flow Statement read together with significant accounting policies and notes on the accounts give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:-
  - i) In the case of Balance Sheet of the State of Affairs of the Company as at 31st March, 2006,
  - ii) In the case of Profit and Loss Account of the Profit for the year ended on that date, and
  - iii) In the case of Cash Flow Statement of the Cash Flows for the year ended on that date.

For T.R. Chadha & Co.,  
Chartered Accountants

(Ajesh Tuli)  
Partner  
M. No. 86424

Place : New Delhi  
Dated : 28.04.2006

### ANNEXURE REFERRED TO IN PARAGRAPH 3 OF OUR REPORT OF EVEN DATE

1. The company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.
2. According to the explanations given to us, all the fixed assets have been verified by the management at the year end, which in our opinion is considered reasonable having regard to the size of the company and the nature of its assets and no material discrepancy was noticed on such verification as compared to book records.
3. The company has not disposed off substantial part of the fixed assets during the year.
4. The company does not have any inventory hence paragraphs 4 (ii) (a) to (c) of the Companies (Auditor's Report) Order, 2003 are not applicable to it.
5. The company has not granted any loans to companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 and hence paragraphs 4 (iii) (a) to (d) of the Companies (Auditor's Report) Order, 2003 are not applicable to it.
6. The company has not taken any loans from companies, firms or other parties listed in the register maintained under section 301 of the Companies Act, 1956 hence paragraphs 4 (iii) (e) to (g) of the Companies (Auditor's Report) Order, 2003 are not applicable to it.
7. In our opinion and according to the information and explanations given to us, there are adequate internal control procedures commensurate with the size of the company and the nature of its business, for the purpose of purchase of fixed assets and for the sale of goods and services. During the course of our audit, we have not observed any continuing failure to correct major weaknesses in internal control systems.
8. In our opinion and according to the information and explanations given to us, during the year under audit there have been no transactions which need to be entered into the register maintained under section 301 of the Companies Act, 1956.
9. In view of our comments at para 8 above paragraph 4 (v) (b) of the Companies (Auditor's Report) Order, 2003 is not applicable to it.
10. According to the information and explanations given to us, the company has not accepted any deposit from the public within the meaning of Section 58A and 58AA of the Companies Act, 1956 and the rules framed thereunder.
11. The company is having an internal audit system commensurate with nature and size of its business.
12. It has been informed to us that the Central Government has not prescribed maintenance of cost records under Section 209(1) (d) of the Companies Act, 1956.
13. The company has been regular in depositing undisputed statutory dues including provident fund, income-tax, service tax, cess and any other statutory dues with the appropriate authorities though on one occasion provident fund dues were deposited with some delay.
14. According to the records of the company, the dues of sales tax, income tax, custom duty, wealth tax, service tax, excise duty which have not been deposited on account of disputes and the forum where dispute is pending, is as under:-

S. No.	Name of the Statute	Nature of dues	Amount (Rs. in lacs)	Forum where dispute is pending
1.	Income Tax Act, 1961	Income Tax dues	128.79	Assistant Commissioner of Income Tax (Appeals)

15. The company does not have accumulated losses at the end of the financial year and has not incurred cash losses during the financial year covered by our audit and the immediately

- preceding financial year hence paragraph 4 (x) of the Companies (Auditor's Report) Order, 2003 is not applicable to it.
16. According to the information and explanation given to us the company has not defaulted in repayment of dues to a bank. The company does not have any loan from any financial institution and has not issued any debentures.
17. According to the information and explanation given to us the company has not granted any loans and advances on the basis of security by way of pledge of shares, debentures and other securities. Accordingly, the provision of paragraph 4 (xii) of the Companies (Auditor's Report) Order, 2003 is not applicable to it.
18. The company is not a chit fund, or a nidhi/mutual benefit fund/society. Therefore, the provisions of clause 4(xiii) (a) to (d) of the Companies (Auditor's Report) Order, 2003 are not applicable to the company.
19. The company is not dealing or trading in shares, securities and debentures except in respect of investments made under Portfolio Management Scheme as disclosed in Note 21 in Schedule L of the accounts. Since investments made by Prudential ICICI Management Company Limited are in a pool account the question of maintenance of separate records of the transactions and contracts and making timely entries therein by the company does not arise. In respect of other investments made by the company proper records have been maintained of the transactions and contracts and timely entries have been made therein.
20. According to the information and explanations given to us, the company has not given any guarantee for loans taken by others from bank or financial institutions.
21. According to information and explanations given to us, the company has not obtained any term loan from any bank/ financial institution during the year. Therefore, the provisions of paragraph (xvi) of the Companies (Auditor's Report) Order, 2003 are not applicable to it.
22. According to the information and explanations given to us and based on our examination of the books of account of the company we have not observed any instance of funds raised for short term basis which were used for long term investment.
23. According to the information and explanations given to us the company has not made any preferential allotment of shares to the parties and companies covered in the register maintained under section 301 of the Companies Act, 1956. Accordingly the provisions of paragraph 4(xviii) of the Companies (Auditor's Report) Order, 2003 are not applicable to it.
24. The Company has not issued any debentures during the year covered by our audit therefore the provisions of Clause 4(xix) of the Companies (Auditor's Report) Order, 2003 are not applicable to it.
25. As per the information and explanations given to us, the company has not raised any money by public issue during the year.
26. As per the information and explanations given to us, no fraud on or by the company has been noticed or reported during the year.

For T.R. Chadha & Co.,  
Chartered Accountants

(Ajesh Tuli)  
Partner  
M. No. 86424

Place : New Delhi  
Dated : 28.04.2006

## ACCOUNTING POLICIES

### 1. Basis of preparation of Accounts

The financial statements are prepared under the historical cost convention and in accordance with applicable Accounting Standards in India. The financial statements adhere to the relevant presentational requirement of the Companies Act, 1956.

### 2. Fixed Assets

- i. Fixed Assets are stated at original cost less accumulated depreciation. Cost of acquisition is inclusive of freight, duties, taxes and other incidental expenses related to acquisition, installation and commissioning. Expenses incurred on tangible/intangible assets are carried forward as Capital Work In Progress at cost till the same are ready for use.
- ii. Depreciation is provided on Written Down Value method as per the rates and in the manner prescribed in the Schedule XIV to the Companies Act, 1956. Assets costing upto Rs. 5,000/- are fully depreciated in the year of capitalization.
- iii. Computer software recognized as intangible asset is amortised on straight line method on pro-rata basis over a period of three years.

### 3. Revenue

- i. Revenue from sale of power is accounted for based on rates agreed with the beneficiaries, excluding service charges wherever separately indicated in the agreement.
- ii. Service charges include transaction fee charged under the contracts of purchase and supply of power.
- iii. Revenue in the form of Management and/or Success Fee for services rendered in relation to development work of Potential Power Projects is recognised when such fee is assured and determinable under the terms of the respective contract.
- iv. The surcharge on late/non-payment of dues by sundry debtors for sale of energy is not treated as accrued due to uncertainty of its realization and is, therefore, accounted for on receipt basis.
- v. Consultancy income is recognized proportionately with the degree of completion of services.

### 4. Expenditure

- i. Developmental expenditure incurred in relation to potential Power Projects up to 31st March, 2003 are being carried forward as Deferred Revenue Expenditure and is written off equally in five years beginning with the financial year 2003-04. Such expenditure inter-alia include payments to consultants, legal expenses, salaries and allowances to employees engaged in the developmental activities, other direct expenses and allocation

of common expenses in proportion to the employee cost and is net of incidental revenue arising from sale of tender documents, processing fee, etc.

- ii. Payments to consultants up to 31st March, 2003, other than those related to potential Power Projects, where the aggregate value of assignment exceeds Rs.10,00,000 and benefit of which is expected to accrue over a number of years, are treated as Deferred Revenue Expenditure to be written off over a period of 5 years .
- iii. Prepaid and prior-period items up to Rs. 5000/- are accounted to natural heads of accounts.
- iv. Deferred revenue expenditure incurred up to 31st March 2003 is written off equally in five years beginning with the year of its incidence.

### 5. Retirement Benefits

- i. Liability towards retirement benefits to employees of the company in respect of gratuity, leave encashment and post retirement medical benefits is accounted for on actuarial valuation basis at the end of the year. Contribution to provident fund is charged as incurred on accrual basis.
- ii. Liability in respect of gratuity, leave encashment and provident fund of employees on deputation with the company are accounted for on the basis of terms and conditions of deputation of the parent organizations.

### 6. Foreign Exchange

Transactions in foreign currencies are recorded at the exchange rate prevailing on the date of the transaction. Liability / receivables on account of foreign currency are converted at the exchange rates prevailing as at the end of the year and gains / losses thereon are taken to the Profit & Loss Account, except in case of liabilities relating to fixed assets, which are adjusted to the cost of acquisition of the asset.

### 7. Investments

- i. Long term investments are carried at cost less provision, if any, for permanent diminution in the value of such investments. Short term investments are carried at lower of cost or fair value.
- ii. Equity stock futures are recognized at the end of the year/period in the books to the extent of initial/Mark to Market margin paid/received. Equity stock futures are carried at cost where they are used as an instrument for hedging and independent open positions of Equity stock futures are being carried at lower of cost or fair value.
- iii. Equity index/stock options are recognized at the end of the year/period in the books to the extent of premium paid. Equity index/stock options are carried at cost where they are used as an instrument for hedging and independent open positions of Equity index/stock options are being carried at lower of cost or fair value.



## BALANCE SHEET AS AT 31ST MARCH, 2006

(Amount in Rs.)

	Schedule	As at 31.03.2006	As at 31.03.2005
<b><u>SOURCES OF FUNDS</u></b>			
<b>Shareholders' Funds</b>			
Share Capital	A	1,500,000,000	1,500,000,000
Reserves and Surplus	B	<u>982,467,490</u>	<u>745,707,958</u>
		2,482,467,490	2,245,707,958
<b>Loan Funds</b>			
Secured Loans		-	-
Unsecured Loans		-	-
<b>Deferred Tax Liabilities</b>		20,215,104	25,629,368
<b>Total</b>		<u>2,502,682,594</u>	<u>2,271,337,326</u>
<b><u>APPLICATION OF FUNDS</u></b>			
<b>Fixed Assets</b>			
Gross Block	C	229,662,050	227,607,314
Less: Depreciation		<u>52,355,313</u>	<u>38,913,336</u>
Net Block		177,306,737	188,693,978
Capital Work-in-Progress (Software)		<u>5,382,902</u>	<u>4,824,005</u>
		182,689,639	193,517,983
<b>Investments</b>	D	1,913,320,101	1,979,788,755
<b>Deferred Tax Assets</b>		3,662,472	1,694,950
<b>Current Assets, Loans and Advances</b>			
Sundry Debtors	E	990,649,219	565,163,195
Cash and Bank Balances		593,620,035	96,478,963
Other Current Assets		5,929,208	3,149,442
Loans & Advances		<u>699,085,591</u>	<u>367,197,694</u>
		2,289,284,053	1,031,989,294
<b>Less: Current Liabilities &amp; Provisions</b>	F		
Current Liabilities		1,252,132,492	535,437,338
Provisions		<u>670,917,223</u>	<u>456,870,499</u>
		1,923,049,715	992,307,837
<b>Net Current Assets</b>		366,234,338	39,681,457
<b>Miscellaneous Expenditure</b> (To the extent not written off or adjusted)	G	36,776,045	56,654,181
<b>Total</b>		<u>2,502,682,594</u>	<u>2,271,337,326</u>
<b>Notes to the Accounts</b>	L		
Schedule A to L and Accounting Policies form integral part of Financial Statements			

(Deepak Amitabh)  
Executive Vice President (Finance)

(S.K.Dube)  
Director (Operations)

(Tantra Narayan Thakur)  
Chairman & Managing Director

As per our Report of even date attached  
For T.R. Chadha & Co.,  
Chartered Accountants

Dated : 28.04.2006  
Place : New Delhi

(Ajesh Tuli)  
Partner  
M.No. 86424

(Rajiv Maheshwari)  
Company Secretary



## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2006

(Amount in Rs.)

	Schedule	For the year ended 31.03.2006	For the year ended 31.03.2005
<b><u>INCOME</u></b>			
<b><u>Sales</u></b>			
Electricity		30,379,386,681	19,925,473,669
Coal (imported)		178,998,883	-
Service Charges		-	3,263,484
Rebate on Purchase of Power		514,437,069	392,050,992
Surcharge on Sale of Power		12,673,885	-
Other Income	H	60,647,537	42,320,648
Profit on Sale of Investments (Net)		57,702,733	1,699,134
Excess Provisions Written Back		1,687,532	7,852,431
		<u>31,205,534,320</u>	<u>20,372,660,358</u>
<b><u>EXPENDITURE</u></b>			
<b><u>Purchases</u></b>			
Electricity		29,742,696,981	19,454,939,001
Coal (imported)		176,284,011	-
Rebate on Sale of Power		518,612,146	400,239,589
Handling & Scheduling Charges		29,177,989	17,511,732
Employee Cost	I	56,511,648	43,708,790
Other Expenses	J	69,917,723	50,101,954
Loss on sale of fixed assets (net)		99,198	93,724
Old Balances Written Off		-	1,377,235
Foreign Currency Fluctuation		52,616	1,623
<b><u>Provisions</u></b>			
-For diminution in value of Investments		604,008	-
-For contingencies		5,200,000	3,200,000
		<u>30,599,156,320</u>	<u>19,971,173,648</u>
<b>Profit/(Loss) before Amortisation, Depreciation &amp; Prior Period Items</b>		<b>606,377,999</b>	<b>401,486,710</b>
<b>Amortization &amp; Write Off-</b>			
Deferred Revenue Expenditure-Strategic Planning		-	81,164
Deferred Revenue Expenditure-Increase in Authorised Capital		2,980,220	2,980,220
Deferred Revenue Expenditure-Developmental Expenditure on Potential Power Projects		16,897,916	17,676,565
Depreciation/Amortisation of Intangible Assets		13,893,826	11,955,858
Prior Period Adjustments (net)	K	2,200,825	717,986
<b>Profit Before Tax</b>		<b>570,405,212</b>	<b>368,074,917</b>
<b>Provision for Taxation</b>			
-Current Tax		170,263,454	128,634,568
-Deferred Tax Expenditure/(Income)-(As per AS-22)		(7,381,786)	(3,810,342)
-Fringe Benefit Tax		1,674,707	-
<b>Profit After Tax</b>		<b>405,848,837</b>	<b>243,250,691</b>
Adjustment of Taxes relating to earlier year		(497,802)	2,907,959
<b>Net Profit for the year</b>		<b>406,346,639</b>	<b>240,342,732</b>
Balance as per Last Account		401,925,120	322,446,661
<b>Balance Available for Appropriations</b>		<b>808,271,759</b>	<b>562,789,393</b>
<b>Less: Appropriations</b>			
-Dividend		150,000,000	120,000,000
-Dividend Tax		21,037,500	16,830,000
-Transfer to General Reserve		300,634,664	24,034,273
<b>Balance carried to Balance Sheet</b>		<b>336,599,595</b>	<b>401,925,120</b>
<b>Notes to the Accounts</b>	L		
<b>Earning Per Share-Basic and Diluted</b>		<b>2.71</b>	<b>1.60</b>

Schedule A to L and Accounting Policies form integral part of Financial Statements

(Deepak Amitabh)  
Executive Vice President (Finance)

(S.K.Dube)  
Director (Operations)

(Tantra Narayan Thakur)  
Chairman & Managing Director

As per our Report of even date attached  
For T.R. Chadha & Co.,  
Chartered Accountants

Dated : 28.04.2006  
Place : New Delhi

(Ajesh Tuli)  
Partner  
M.No. 86424

(Rajiv Maheshwari)  
Company Secretary

## SCHEDULES FORMING PART OF THE ACCOUNTS

(Amount in Rs.)

	As at 31.03.2006	As at 31.03.2005
<b>SCHEDULE 'A'</b>		
<b>SHARE CAPITAL</b>		
<b>AUTHORISED</b>		
750,000,000 (previous year 750,000,000) Equity shares of Rs. 10/- each	7,500,000,000	7,500,000,000
<b>ISSUED, SUBSCRIBED &amp; PAID UP</b>		
150,000,000 (Previous year 150,000,000) Equity Shares of Rs. 10/- each fully paid up	1,500,000,000	1,500,000,000
<b>Total</b>	1,500,000,000	1,500,000,000

### SCHEDULE 'B'

#### RESERVE & SURPLUS

##### Share Premium

Balance Brought Forward	319,748,565	322,095,249
Add/(Less): Public Issue Expenses	1,450,393	(2,346,684)
<b>Sub Total (i)</b>	<b>321,198,958</b>	<b>319,748,565</b>

##### General Reserve

Balance Brought Forward	24,034,273	-
Add: Additions during the year	300,634,664	24,034,273
<b>Sub Total (ii)</b>	<b>324,668,937</b>	<b>24,034,273</b>

Surplus being balance in Profit & Loss Account	336,599,595	401,925,120
<b>Sub Total (iii)</b>	<b>336,599,595</b>	<b>401,925,120</b>
<b>Grand Total (Sub Total (i)+(ii)+(iii))</b>	<b>982,467,490</b>	<b>745,707,958</b>

### SCHEDULE 'C'

#### FIXED ASSETS

DESCRIPTION	GROSS BLOCK				DEPRECIATION/AMORTISATION				NET BLOCK	
	AS AT 01.04.05	ADDITIONS	SALES/ ADJUSTMENTS	AS AT 31.03.06	UPTO 31.03.05	FOR THE YEAR	ADJUSTMENTS	UP TO 31.03.06	AS AT 31.03.06	AS AT 31.03.05
<b>TANGIBLE ASSETS</b>										
Leasehold Land	34,432,481	-	-	34,432,481	-	-	-	-	34,432,481	34,432,481
Buildings	149,165,642	-	-	149,165,642	22,287,921	6,343,886	-	28,631,807	120,533,835	126,877,721
Furniture and Fixture	16,796,179	65,300	(67,140)	16,794,339	6,919,218	1,787,624	(22,203)	8,684,639	8,109,700	9,876,961
Vehicle	533,175	1,148,916	(533,175)	1,148,916	392,534	145,751	(417,673)	120,612	1,028,304	140,641
Office Equipments	21,059,274	1,472,435	(31,600)	22,500,109	9,154,542	3,743,044	(11,973)	12,885,613	9,614,496	11,904,732
<b>INTANGIBLE ASSETS</b>										
Computer Software	5,620,563	-	-	5,620,563	159,121	1,873,521	-	2,032,642	3,587,921	5,461,442
<b>Total</b>	227,607,314	2,686,651	(631,915)	229,662,050	38,913,336	13,893,826	(451,849)	52,355,313	177,306,737	188,693,978
Previous Year	220,043,125	11,969,091	(4,404,902)	227,607,314	27,062,330	11,955,858	(104,852)	38,913,336	188,693,978	-
<b>CAPITAL WORK IN PROGRESS</b>										
Computer Software	4,824,005	558,897	-	5,382,902	-	-	-	-	5,382,902	4,824,005



(Amount in Rs.)

	As at 31.03.2006	As at 31.03.2005
<b>SCHEDULE 'D'</b>		
<b>INVESTMENTS</b>		
<b>Long Term Non Trade Investments - (Unquoted)</b>		
- Reliance Fixed Term Scheme-Annual Plan (80,00,000 units of Rs. 10/- each @ Rs.10.5770/-at cost) (Previous Year 80,00,000 units @ Rs.10/- @ 10.0023, at cost)	80,000,000	80,000,000
- Kotak FMP 6 (75,00,000 units of Rs.10/- each 10.6048, at cost) (Previous year 75,00,000 units of Rs. 10/- each @ 10/-, at cost)	75,000,000	75,000,000
- Deutsche Fixed Term Fund (85,00,000 units of Rs. 10/- each @ Rs.10.5964/- at cost) (Previous year 85,00,000 units of Rs.10/- @ 10.0013, at cost)	85,000,000	85,000,000
- JM Fixed Maturity Plan (1,25,00,000 units of Rs. 10/- each @ Rs.10.6239/- at cost) (Previous year 1,25,00,000 units of Rs. 10/- each @ Rs.10.0111,at cost)	125,000,000	125,000,000
- Prudential ICICI FMP-Yearly Growth (1,00,00,000 units of Rs. 10/- each @ Rs.11.1469/- at cost) (Previous year 94,95,954.72 units of Rs. 10/- each @ Rs.10.5308, at cost)	100,000,000	100,000,000
- SBI Magnum Debt Fund Series-13 Months (85,00,000 units of Rs. 10/- each @ Rs.10.5970/- at cost) (Previous year 85,00,000 units of Rs. 10/- @ 10.0017, at cost)	85,000,000	85,000,000
- Tata Fixed Horizon Series 1-Plan A (1,25,00,000 units of Rs. 10/- each @ Rs.10.6210/- at cost) (Previous year 1,25,00,000 units of Rs. 10/- @ 10.0124, at cost)	125,000,000	125,000,000
- Principal Deposit Fund (75,00,000 units of Rs. 10/- each @ Rs.10.6130/- at cost) (Previous year 75,00,000 units of Rs. 10/- @ 10.0133, at cost)	75,000,000	75,000,000
- Tata Fixed Horizon Series 3 Scheme D (50,00,000 units of Rs. 10/- each @ 10.0460 at cost) (Previous year Nil)	50,000,000	-
- HSBC Fixed Term Series 4 Growth (50,00,000 units of Rs. 10/- each @ 10.0404 at cost) (Previous year Nil)	50,000,000	-
- ABN Amro FTP Series 2 (50,00,000 units of Rs. 10/- each @ 10.0397/- at cost) (Previous year Nil)	50,000,000	-
- GI50SCFMP - 2nd Plan Growth (50,00,000 units of Rs. 10/- each @ 10.0425/- at cost) (Previous year Nil)	50,000,000	-
- Principal PNB Fixed Maturity Plan Series I (60,00,000 units of Rs. 10/- each @ 10.0406/- at cost) (Previous year Nil)	60,000,000	-
- Kotak FMP Series 13 (60,00,000 units of Rs. 10/- each @ 10.0328/-at cost) (Previous year Nil)	60,000,000	-
- Franklin Templeton FTP Series 13 months (60,00,000 units of Rs. 10/- each @ 10.0291/- at cost) (Previous year Nil)	60,000,000	-
- JM FMP Series II yearly plan Growth Option (60,00,000 units of Rs. 10/- each @ 10.0184/- at cost) (Previous year Nil)	60,000,000	-
- Pru ICICI FMP Plan- XXVIII (30,00,000 units of Rs. 10/- each @ 10.0112/- at cost) (Previous year Nil)	30,000,000	-
- Birla FTP - Series H - Growth (30,00,000 units of Rs. 10/- each @ 10.0075/- at cost) (Previous year Nil)	30,000,000	-
- HDFC Multiple Yield Fund-Growth (22,63,447.139 units of Rs. 10/- each @ 11.5899 at cost) (Previous year Nil)	25,000,000	-
- Grindlays Fixed Maturity Plan (Current Year NIL) (Previous year 2,50,00,000 units of Rs. 10 each @ 10.5380, at cost)	-	250,000,000
- Principal Fixed Deposit-Annual Plan (Current Year NIL) (Previous year 2,50,00,000 units of Rs. 10 each @ 10.5288, at cost)	-	250,000,000
- Kotak Fixed Maturity Plan (Current Year NIL) (Previous year 1,00,00,000 units of Rs. 10 each @ 10.5234, at cost)	-	100,000,000
- Reliance Fixed Term Scheme-Annual Plan (Current Year NIL) (Previous year 3,50,00,000 units of Rs. 10 each @ 10.5387, at cost)	-	350,000,000
<b>Sub Total (i)</b>	<b>1,275,000,000</b>	<b>1,700,000,000</b>
<b>Short Term Investments - (Unquoted)</b>		
- Kotak FMP Series 23 (70,00,000 units of Rs.10/- each @ 10.0086/- at cost) (Previous year Nil)	70,000,000	-
- HDFC FMP 3M March 2006 (1) - IP - Dividend (70,00,000 units of Rs.10/- each @ 10.0077/- at cost) (Previous year Nil)	70,000,000	-
- LIC MF FMP Series 6-3 Month Dividend Plan (70,00,000 units of Rs.10/- each @ 10.0046/- at cost) (Previous year Nil)	70,000,000	-
- ING Vysya FMP Series -IX - Dividend Option (50,00,000 units of Rs.10/- each @ 10/- at cost) (Previous year Nil)	50,000,000	-
-DSP Merrill Lynch Liquidity Fund (27747.453 units of Rs.1000.2 at cost) (Previous year Nil)	27,753,001	-
-Franklin Templeton Money Plus Account (1,63,27,168.34 units of Rs. 10/- each @ 10/- at cost) (Previous year 56,77,577.23 units of Rs. 10 each @ 10, at cost)	163,271,683	56,775,772
-Principal Cash Management Fund IP Plan (20,62,184.372 units of Rs.10/- each @10.0007 at cost) (Previous year 47,93,014.60 units of Rs. 10/- each @ 10.0006 at cost)	20,623,287	47,933,022
-Prudential ICICI Blended- Plan A Dividend (26,26,716.074 units of Rs. 10 each @ 10.0306 at cost) (Previous year Nil)	26,269,115	-
-Grindlays Cash Fund Plan C (Current Year Nil) (Previous year units 54,26,250.86 of Rs. 10/- each @10/- at cost)	-	54,262,509
-Principal Cash Mangement Fund Super IP Plan (Current Year Nil) (Previous year 13,37,159.415 units of Rs. 10/- each @ 10.0019 at cost)	-	13,374,135
-Birla Floating Rate Income Fund (Current Year Nil) (Previous year 7,01,711.352 units of Rs. 10/- @ 10.91, at cost)	-	7,443,317
-JM Derivative Fund (Current Year Nil) (Previous year 1,00,00,000 units of Rs. 10/- @ 10.0583, at cost)	-	100,000,000
Portfolio Management Services with Prudential ICICI Asset Management Company Limited, Kotak Securities Limited, HDFC Asset Management Company Limited (Refer Note No. 21) (Previous Year Nil) (Refer Accounting Policy No.7 for valuation of Investments and "@" above denotes NAV as on year end)	140,403,015	-
<b>Sub Total (ii)</b>	<b>638,320,101</b>	<b>279,788,755</b>
<b>Total</b>	<b>1,913,320,101</b>	<b>1,979,788,755</b>

	As at 31.03.2006	As at 31.03.2005
<b>SCHEDULE 'E'</b>		
<b><u>CURRENT ASSETS, LOANS &amp; ADVANCES</u></b>		
<b>i. <u>SUNDRY DEBTORS</u></b>		
<b><u>(Outstanding over six months)</u></b>		
Secured	-	-
Unsecured, considered good	6,672,534	16,012,917
<b><u>(Due for less than six months)</u></b>		
Secured	-	-
Unsecured, considered good	983,976,685	549,150,278
	<u>990,649,219</u>	<u>565,163,195</u>
<b>ii. <u>CASH &amp; BANK BALANCES</u></b>		
Imprest	1,000	1,000
Cheques in Hand	96,959,839	29,429,147
Balance with Scheduled Banks—		
Term Deposits	51,505,069	45,853,270
Current Accounts	445,154,127	21,195,546
	<u>593,620,035</u>	<u>96,478,963</u>
<b>iii. <u>OTHER CURRENT ASSETS</u></b>		
Interest accrued but not due	5,929,208	3,149,442
	<u>5,929,208</u>	<u>3,149,442</u>
<b>iv. <u>LOANS &amp; ADVANCES</u></b>		
Loans—	-	-
(Secured)		
<b>(Unsecured, considered good)</b>		
Employees	3,650,563	3,538,694
Others	-	-
<b>Advances recoverable in cash or kind or for value to be received-</b>		
Employees	98,147	321,400
Cash and Cash Equivalent with Port Folio Managers (Refer Note No. 21)	14,051,442	-
Prepaid taxes	471,915,567	288,956,328
Others	165,776,395	34,320,399
Deposits with Custom, Port Trust & Other Authorities	43,593,497	40,060,873
	<u>699,085,591</u>	<u>367,197,694</u>
<b>Total</b>	<u>2,289,284,053</u>	<u>1,031,989,294</u>



(Amount in Rs.)

	As at 31.03.2006	As at 31.03.2005
<b>SCHEDULE 'F'</b>		
<b>CURRENT LIABILITIES &amp; PROVISIONS</b>		
<b>(i) Current Liabilities</b>		
Sundry Creditors - Trade & others	1,185,269,561	527,180,568
Advances from Customers	60,676,056	6,072,241
Security Deposit Received	82,920	82,920
<u>Other Liabilities</u>		
- Towards Promoters	254,261	1,567,918
- Statutory Liabilities	474,280	69,391
- Others	5,375,414	464,300
Sub-total (i)	<u>1,252,132,492</u>	<u>535,437,338</u>
<b>(ii) Provisions</b>		
- Retirement Benefits	10,514,306	5,982,056
- Proposed Dividend	150,000,000	120,000,000
- Dividend Tax	21,037,500	16,830,000
- Taxation	470,786,604	299,346,245
- Contingencies	7,053,551	3,200,000
- Others	11,525,262	11,512,198
Sub-total (ii)	<u>670,917,223</u>	<u>456,870,499</u>
Total	<u>1,923,049,715</u>	<u>992,307,837</u>

**SCHEDULE 'G'****MISCELLANEOUS EXPENDITURE**

(to the extent not written off or adjusted)

Deferred Revenue Expenditure -		
(i) Developmental Expenditure on potential Power Projects	33,795,825	50,693,741
(ii) Increase in Authorised Capital	2,980,220	5,960,440
	<u>36,776,045</u>	<u>56,654,181</u>

**SCHEDULE 'H'****OTHER INCOME**

Interest-Gross (Tax Deducted at Source Rs.25,11,423/-, Previous Year 16,40,541/-)	14,226,481	8,123,489
Dividend (Tax Deducted at Source Nil, Previous Year Nil)	40,304,875	30,258,469
Rental Income (Tax Deducted at Source Rs.6,81,733/-, Previous Year Rs. 5,82,504/-)	3,037,975	2,785,752
Consultancy Income (Tax Deducted at Source Rs.1,46,750/-, Previous Year Rs. 13,248/-)	3,070,000	936,380
Miscellaneous Income	8,206	216,558
	<u>60,647,537</u>	<u>42,104,090</u>

	For the year ended 31.03.2006	For the year ended 31.3.2005
<b>SCHEDULE 'I'</b>		
<b>EMPLOYEE COST</b>		
Salaries, Allowances & Benefits	44,257,730	34,445,447
Contribution to Provident & Other Funds	2,030,574	1,871,216
Gratuity & Leave Encashment	4,563,069	2,671,511
Staff Welfare Expenses	5,660,275	4,720,616
	<u>56,511,648</u>	<u>43,708,790</u>
<b>SCHEDULE 'J'</b>		
<b>OTHER EXPENSES</b>		
Remuneration & Expenses on Consultants	10,589,935	5,671,005
Advertisement	1,664,795	1,456,500
Communication	4,304,561	5,043,735
Business Development	7,271,659	4,457,551
Travelling and Conveyance Expenses	12,607,515	10,125,356
Printing & Stationery	2,238,559	2,096,700
Fees & Expenses to Directors	380,000	265,000
Repair & Maintenance Expenses	3,549,733	3,057,580
Building (Previous Year 17,34,456/-)	1,230,867	
Others (Previous Year 13,23,124/-)	<u>2,318,866</u>	
Bank Charges	3,356,629	2,423,871
EDP Expenses	428,988	263,529
Books & Periodicals	267,181	134,831
Insurance Expenses	47,436	87,628
Water & Electricity Expenses	3,609,528	2,447,490
Rates, Fees & Taxes	2,950,490	2,323,594
Furnishing Expenses	-	9,300
Security Expenses	482,713	443,742
Property Tax	200,200	600,600
Donations	200,000	500,000
Other General Expenses	2,596,498	1,645,826
Interest Expenses	13,063,653	6,940,466
Auditors Remuneration		
Statutory Audit fees	66,120	66,120
Tax Audit Fees	16,530	16,530
Out of Pocket Expenses	25,000	25,000
	<u>69,917,723</u>	<u>50,101,954</u>
<b>SCHEDULE 'K'</b>		
<b>PRIOR PERIOD ADJUSTMENTS (NET)</b>		
<b>INCOME</b>		
Interest Income	-	266,293
Others	-	386,910
	-	<u>653,203</u>
<b>EXPENDITURE</b>		
Purchase	-	725,954
Remuneration & Expenses on Consultants	-	559,955
Communication Expenses	-	16,320
Business Development Expenses	-	50,000
Reversal of Sales	2,191,409	-
Others	9,416	18,960
	<u>2,200,825</u>	<u>1,371,189</u>
Prior period Adjustments (Net)	<u>2,200,825</u>	<u>717,986</u>

**SCHEDULE-'L'**
**NOTES TO THE ACCOUNTS**

- As per PPAs entered into with the off takers of Chukha and Kurichhu power projects, the interest earned on the Term Deposits made with commercial banks for the payments received from them, is passed back to them. PTC has accounted for the same as income as well as an expense in its books of accounts
- Public issue expense amounting to Rs. 14,50,393/-has been adjusted to the Share Premium Account being the provision no longer required.
- Deferred Tax Liability/Assets have been determined on the basis of Accounting Standard 22 (AS-22) "Accounting for Taxes on Income" and the details thereof are as follow:

Particulars	As at	As at
	31.03.2006 Rs.	31.03.2005 Rs.
<b>Deferred Tax Liability on account of timing differences in:</b>		
Depreciation	99,94,606	1,02,98,621
Deferred Revenue Expenditure	1,02,20,498	1,53,30,747
<b>Sub-Total (a)</b>	<b>2,02,15,104</b>	<b>2,56,29,368</b>
<b>Deferred Tax Assets arising on account of timing differences in:</b>		
Retirement benefits	12,88,247	6,17,830
Provision for Contingencies	23,74,225	10,77,120
<b>Sub-Total (b)</b>	<b>36,62,472</b>	<b>16,94,950</b>
<b>Net Deferred Tax Liability/ (Assets)/ Expense/(Income) (a-b)</b>	<b>1,65,52,632</b>	<b>2,39,34,418</b>

- Where ever the invoices are yet to be received, the billing/liability has been accounted for based on the data available.
- Names of small scale industrial undertakings to which the company owes any sum, which was outstanding for more than 30 days as at the Balance Sheet date - NONE.(Previous Year-NIL)
- Expenditure on Leave Travel Concession to employees is recognized in the year of availment due to uncertainty in accrual.
- The company is in the business of trading of power. The company has also started trading of coal during the year, which has not been reported separately as the same being not significant.
- Details of Deferred Revenue Expenditure as on 1<sup>st</sup> April 2005 (incurred up to 31<sup>st</sup> March 2003), adjustments and amount written off during the year :-

Particulars	Opening	Adjustments	Written off during the year	Closing
	Balance as on 01.04.2005			Balance as on 31.03.2006
Expenses on increase in authorised capital	59,60,440	—	29,80,220	29,80,220
Development of potential power projects	5,06,93,741	—	1,68,97,916	3,37,95,825
			<b>Total</b>	<b>3,67,76,045</b>

- Estimated amount of capital commitments:

	31.03.2006 Rs.	31.03.2005 Rs.
	36,41,015	46,00,312
- Claims not acknowledged as debts:

	31.03.2006 Rs.	31.03.2005 Rs.
	2,11,74,239	1,09,50,947

- Quantitative information in respect of purchase and sale of power/coal:

Power: Particulars	Qty. in MUs		Value (Rs. in crores)	
	31.03.2006	31.03.2005	31.03.2006	31.03.2005
Sale	10,119.02*	8,887.05*	3,037.94	1,992.55
Purchase	10,141.58*	8,890.16*	2,974.27	1,945.49

\* Difference is due to the delivery point of sale being different from that of purchase

Coal: Particulars	Qty. in MT		Value (Rs. in crores)	
	31.03.2006	31.03.2005	31.03.2006	31.03.2005
Sale	61,192.89	—	17.90	—
Purchase	61,192.89	—	17.63	—

- Remuneration to Directors (including Chairman & Managing Director):

Particulars	31.03.2006 Rs.	31.03.2005 Rs.
	Salary, Allowances & Benefits	43,47,334
Contribution to Pension Fund	1,17,107	61,824
Leave Salary Contribution	1,37,937	1,00,602
Contribution to Gratuity Fund	29,284	27,492
Directors' Sitting Fees	3,80,000	2,65,000
<b>Total</b>	<b>50,11,662</b>	<b>51,84,197</b>

In addition to the above remuneration, the whole time Directors have been allowed the use of staff car on payment of Rs. 780 p.m. as contained in the Ministry of Finance (BPE) Circular No. (18)/pc 164 dtd. 29.11.1964 as amended.

- Expenditure in foreign currency (on accrual basis):

Particulars	31.03.2006 Rs.	31.03.2005 Rs.
	Traveling	15,20,651*
Interest	22,59,529	Nil
Others	6,961	6,701

\* Includes Rs. (-) 942 (Previous Year Rs. 1,623) on account of foreign exchange fluctuation.

- Income earned in foreign exchange:

	31.03.2006 Rs.	31.03.2005 Rs.
	NIL	NIL
- Current liabilities, Sundry debtors and Loans and Advances are subject to confirmation.
- In the opinion of the management, the value of current assets, loans and advances on realization in the ordinary course of business, will not be less than the value at which these are stated in the Balance Sheet.
- The company has taken two cars on operating lease for three years and as per AS-19 following disclosure are being made:-
  - Rs. 3,91,020 has been debited to Profit & Loss Account under the heading 'Traveling & Conveyance Expenses' for the year ending 31.03.2006 (Previous Year Rs. 3,98,148)
  - Details of future lease payment

Particulars	31.03.2006 Rs.	31.03.2005 Rs.
	Period up to 1 year	99,535
Period later than 1 year and not later than 5 years	Nil	99,535
Period later than 5 periods	Nil	Nil
- The above lease is valid for three years and will stand renewed automatically on expiry of three years unless otherwise confirmed by any party.
- The company has entered into the following related party transactions. Such parties and transactions have been identified as per Accounting Standard 18 "Related Party Disclosures" issued by the Institute of Chartered Accountants

Name of Related Party	Influence	Nature of Transaction	Amount (Rs.) (For the year ending 31.03.2006)	Amount (Rs.) (For the year ending 31.03.2005)
The Tata Power Company Ltd.	Significant Influence	Director sitting fees to nominee directors	35,000	10,000
National Thermal Power Corporation Ltd.	Significant Influence	Director sitting fees to nominee directors	25,000	30,000
		Salary, Allowance and other related payments	30,47,484	53,26,790
Power Grid Corporation of India Ltd.	Significant Influence	Director sitting fees to nominee directors	22,500	35,000
		Salary, Allowance and other related payments	67,00,539	49,38,617
Power Finance Corporation Ltd.	Significant Influence	Director sitting fees to nominee directors	25,000	25,000
		Salary, Allowance and other related payments	9,96,899	16,57,005
National Hydro Power Corporation Ltd.	Significant Influence	Director sitting fees to nominee directors	35,000	25,000
Damodar Valley Corporation	Significant Influence	Sale of Power	50,38,24,037	44,89,61,185
		Purchase of power	26,53,63,760	1,21,55,23,594
		Interest Payment	33,35,431	21,72,559
		Rebate on Purchase of power	36,45,066	3,51,35,037
		Rebate on sale of power	76,55,583	72,81,862
		Balance	7,78,32,132(Cr.)	9,60,793(Cr.)
			41,30,914(Dr.)	1,40,90,400(Dr.)
IDBI	Significant Influence	Director sitting fees to nominee directors	57,500	30,000
<b>Key Management Personnel</b>				
Sh. T.N. Thakur	Chairman & Managing Director	Directors remuneration	26,00,822	23,04,154
		Assets transferred	26,659	Nil
Sh. S.K. Dube	Director (OPN)	Directors remuneration	20,30,840	20,02,928
*Sh. Mahendra Kumar	Director (BD)	Directors remuneration	Nil	6,12,115
		Assets transferred	Nil	35,187

\*Sh. Mahendra Kumar ceased to Director w.e.f. 31/5/2004.

19. The elements considered for calculation of Earning per Share (Basic and Diluted) are as under:

	Current Year ending 31.03.2006	Previous Year ending 31.03.2005
Net Profit after Tax used as numerator	40,63,46,639	24,03,42,732
Weighted Average Number of equity shares used as denominator	15,00,00,000	15,00,00,000
Earning per Share	2.71	1.60
Face value per share	10	10

20. As the lease is perpetual no amortizations in respect of leasehold land has been provided.

21. Investments have been made under the Discretionary Portfolio Management Agreement entered into between the Company and Prudential ICICI Asset Management Company (AMC) Limited, Kotak Securities Ltd., HDFC AMC Limited (Portfolio Manager) of Rs. 5 crores each. Prudential ICICI AMC Limited also holds Power of Attorney to hold investments in its name for investments made on behalf of company. Investments made by Prudential ICICI Asset Management Company Limited under the Portfolio Management Services are made in a pool account and therefore are not held in the name of the company.

Aggregate value of investment in PMS	Book Value as on 31.03.2006	Market value/ NAV as on 31.03.2006	Book Value as on 31.03.2005	Market value as on 31.03.2005
Quoted investments	10,05,17,955	12,50,75,693	NIL	NIL
Unquoted investments	3,98,85,060	4,13,76,874	NIL	NIL
Total	14,04,03,015	16,64,52,567	NIL	NIL

Category-wise quantitative data about derivative instruments that are outstanding at the Balance Sheet date is as given below:

Category	31.03.2006 Qty.	31.03.2005 Qty.	Purpose
Futures-Sell	3,18,741	Nil	Hedging
Options-Put	240	Nil	Hedging
1. (i) Investments under Portfolio Management Services (PMS) with HDFC AMC Limited (PMS) (2004-05 Nil) comprise (at lower of cost or market value):			
a. Equity Shares (fully paid-up, quoted unless otherwise stated) as at 31st March 2006			
2000 Equity Shares of Rs. 10 each in State Bank of India at a cost of Rs.14,88,774/-, 900 Equity Shares of Rs.10 each in Bharat Heavy Electricals at a cost of Rs. 8,46,581/-, 500 Equity Shares of Rs. 10 each in Motor Industries Co at a cost of Rs. 10,53,305/-, 7000 Equity Shares of Rs. 10 each in Hindustan Oil Exploration Co at a fair market value of Rs. 10,50,350/-, 1000 Equity Shares of Rs. 10 each in Oil and Natural Gas Corporation at a cost of Rs. 9,85,936/-, 585 Equity Shares of Rs. 2 each in Larsen and Toubro at a cost of Rs. 7,31,869/-, 900 Equity Shares of Rs. 10 each in Bharat Electronics at a cost of Rs. 6,81,604/-, 500 Equity Shares of Rs. 10 each in Container Corporation of India at a cost of Rs. 4,87,650/-, 330 Equity Shares of Rs. 10 each in Divis Laboratories at a cost of Rs. 3,71,386/-, 600 Equity Shares of Rs. 10 each in Procter and Gamble India at a cost of Rs. 4,02,513/-, 2500 Equity Shares of Rs. 10/- each in IPCA Laboratories at a fair market value of Rs. 8,77,000/-, 2450 Equity Shares of Rs. 2 each in Hindustan Lever at a cost of Rs. 3,88,614/-, 1722 Equity Shares of Rs. 10/- each in Hindustan Zinc at a cost of Rs. 3,67,686/-, 7500 Equity Shares of Rs. 1 each in Shanthi Gears at a cost of Rs. 4,15,960/-, 7500 Equity Shares of Rs. 1 each in Elgi Equipments at a cost of Rs. 4,00,254/-, 2500 Equity Shares of Rs. 10/- each in HBL Nife Power Systems at a cost of Rs. 6,26,560/-, 2000 Equity Shares of Rs. 10/- each in Marico at a cost of Rs. 5,55,197/-, 5000 Equity Shares of Rs. 1 each in ITC at a cost of Rs. 7,09,122/-, and 4700 Equity Shares of Rs. 1 each in Asahi India Safety Glass at a cost of 3,28,928/-.			
b. Mutual Funds (fully paid-up, un-quoted) as at 31st March 2006			
25,74,011.41 units of Rs. 10/- each in HDFC Cash Management Savings Plus-Growth at a cost of Rs. 3,75,00,000/- and 16,297.98 units of Rs. 10/- each in HDFC Cash Management Savings Growth at a cost of Rs. 2,35,973/-.			

1. (ii) Investments under PMS purchased and sold during the year

a. Equity Shares (fully paid-up, quoted)

**Purchases :** 4700 Equity Shares of Rs. 1 each in Asahi India Safety Glass at a cost of Rs. 3,28,928/-, 1240 Equity Shares of Rs. 10/- each in Bharat Electronics at a cost of Rs. 9,39,354/-, 2500 Equity Shares of Rs. 10/- each in HBL Nife Power Systems Ltd at a cost of Rs. 6,26,560/-, 2000 Equity Shares of Rs. 10/- each in Marico Ltd at a cost of Rs. 5,55,197/-, 600 Equity Shares of Rs. 10/- each in Procter & Gamble India at a cost of Rs. 4,02,514/-, 2500 Equity Shares of Rs. 10/- each in IPCA Laboratories at a cost of Rs. 10,15,183/-, 5000 Equity Shares of Rs. 1 each in ITC at a cost of Rs. 7,09,122/-, 1200 Equity Shares of Rs. 10/- each in Oil & Natural Gas Corpn. at a cost of Rs. 11,70,905/-, 650 Equity Shares of Rs. 2 each in Larsen & Toubro at a cost of Rs. 8,13,188/-, 1000 Equity Shares of Rs. 10/- each in Bharat Heavy Electricals at a cost of Rs. 9,40,646/-, 500 Equity shares of Rs. 10/- each in Container Corporation of India at a cost of Rs. 4,87,650/-, 330 Equity Shares of Rs. 10/- each in Divis Laboratories at a cost of Rs. 3,71,386/-, 7500 Equity Shares of Rs. 1 each in Elgi Equipments at a cost of Rs. 4,00,254/-, 2450 Equity Shares of Rs. 1 each in Hindustan Lever at a cost of Rs. 3,88,614/-, 8530 Equity Shares of Rs. 10/- each in Hindustan Oil Exploration Co. at a cost of Rs. 14,57,183/-, 2050 Equity Shares of Rs. 10/- each in Hindustan Zinc at a cost of Rs. 4,37,722/-, 730 Equity Shares of Rs. 10/- each in Motor Industries Co. at a cost of Rs. 15,37,825/-, 2500 Equity Shares of Rs. 10/- each in Orient Paper & Industries at a cost of Rs. 3,90,164/-, 620 Equity Shares of Rs. 10/- each in Sesa Goa at a cost of Rs. 4,61,697/-, 7500 Equity Shares of Rs. 1 each in Shanthi Gears at a cost of Rs. 4,15,960/-, 2000 Equity Shares of Rs. 10/- each in State Bank of India at a cost of Rs. 14,88,774/-, 6500 Equity Shares of Rs. 10/- each in Syndicate Bank at a cost of Rs. 3,64,428/-.

**Sales:** 2500 Equity Shares of Rs. 10/- each in Orient Paper & Industries at a sale value of Rs. 4,81,416/-, 620 Equity Shares of Rs. 10/- each in Sesa Goa at a sale value of Rs. 6,42,614/-, 340 Equity Shares of Rs. 10/- each in Bharat Electronics at a sale value of Rs. 2,80,733/-, 100 Equity Shares of Rs. 10/- each in Bharat Heavy Electricals at a sale value of Rs. 1,69,430/-, 1530 Equity Shares of Rs. 10/- each in Hindustan Oil Exploration Co. at sale value of Rs. 2,84,111/-, 328 Equity Shares of Rs. 10/- each in Hindustan Zinc at a sale value of Rs. 1,22,946/-, 65 Equity Shares of Rs. 2 each in Larsen & Toubro at a sale value of Rs. 1,35,303/-, 230 Equity Shares of Rs. 10/- each in Motor Industries Co. at a sale value of Rs. 4,94,853/-, 200 Equity Shares of Rs. 10/- each in Oil & Natural Gas Corpn at a sale value of Rs. 2,50,013/-, 6500 Equity Shares of Rs. 10/- each in Syndicate Bank at a sale value of Rs. 4,83,577/-.

b. Mutual Funds (fully paid-up, unquoted)

**Purchases:** 34,02,055.48 units of Rs. 10/- each in HDFC Cash Management Savings Growth at a cost of Rs. 4,76,15,000/-, 25,74,011.41 units of Rs. 10/- each in HDFC Cash Management Savings Plus Growth at a cost of Rs. 3,75,00,000/-.

**Sales:** 33,85,757.50 units of Rs. 10/- each in HDFC Cash Management Savings Growth at a sale value of Rs. 4,74,37,004/-.

2. (i) Investments under Portfolio Management Services (PMS) with Prudential ICICI Portfolio Managers (2004-05 Nil) comprise (at lower of cost or market value):

a. Equity Shares (fully paid-up, quoted unless otherwise stated) as at 31st March 2006

57500 Equity Shares of Rs. 10/- each in Chambal Fertilisers & Chemicals Ltd at a cost of Rs. 22,34,346/-, 67219 Equity Shares of Rs. 10/- each in Nagarjuna Fertilisers & Chemicals at a cost of Rs. 10,18,648/-, 1100 Equity Shares of Rs. 10/- each in New Delhi Television Ltd at a cost of Rs. 2,15,349/-, 52533 Equity Shares of Rs. 10/- each in Orchid Chemicals & Pharmaceuticals Ltd at a cost of Rs. 1,34,99,427/-, 20484 Equity Shares of Rs. 10/- each in Oriental Bank Of Commerce at a fair market value/cost of Rs. 53,75,879/-, 2200 Equity Shares of Rs. 10/- each in Reliance Capital Limited at a cost of Rs. 9,69,788/-, 4044 Equity Shares of Rs. 10/- each in Reliance Industries Ltd at a cost of Rs. 28,31,240/-, 770 Equity Shares of Rs. 10/- each in Tata Tea Ltd at a cost of Rs. 6,98,187/-, 5772 Equity shares of Rs. 10/- each of Alok Industries Limited at fair market value of Rs. 4,25,396/-, 387 Equity shares of Rs. 10/- each of Bharat Heavy Electricals Limited at cost of Rs. 4,48,384/-, 700 Equity shares of Rs. 10/- each of Dolphin Offshore Enterprises (India) Ltd at cost of Rs. 1,68,836/-, 57 Equity shares of Rs. 5 each of Eveready Industries India Ltd at cost of Rs. 5,508/-, 1970 Equity shares of Rs. 10/- each of Finolex Cables Limited at cost of Rs. 5,02,283/-, 3986 Equity shares of Rs. 10/- each of Genus Overseas Electronics Ltd at cost of Rs. 5,03,073/-, 2553 Equity shares of Rs. 1 each of Hindustan Lever Limited at cost of Rs. 5,84,551/-, 1032 Equity shares of Rs. 10/- each of ICICI Bank Ltd at cost of Rs. 5,98,750/-, 189 Equity shares of Rs. 5 each of Infosys Technologies Ltd at cost of Rs. 5,52,167/-, 2 Equity shares of Rs. 10/- each of IPCA Laboratories Ltd at fair market value of Rs. 701.6/-, 4249 Equity shares of Rs. 1 each of ITC Ltd Face Value at cost of Rs. 4,71,018/-, 1533 Equity shares of Rs. 10/- each of KEC International Ltd at cost of Rs. 2,85,949/-, 408 Equity shares of Rs. 2 each of Larsen & Toubro Limited at cost of Rs. 5,15,655/-, 2822 Equity shares of Rs. 10/- each of Mahanagar Telephone Nigam Ltd at cost of Rs. 4,71,898/-, 3158 Equity shares of Rs. 10/- each of Man Industries India Limited at cost of Rs. 5,66,040/-, 735 Equity shares of Rs. 10/- each of Maruti Udyog Ltd at cost of Rs. 5,48,452/-, 1925 Equity shares of Rs. 10/- each of Mleod Russel India Limited at fair market value of Rs. 2,67,094/-, 510

Equity shares of Rs. 10/- each of ONGC Corporation Ltd at fair market value of Rs. 6,68,789/-, 1168 Equity shares of Rs. 10/- each of Punjab National Bank at cost of Rs. 4,97,183/-, 1061 Equity shares of Rs. 2 each of Satyam Computers Ltd at cost of Rs. 6,29,481/-, 1245 Equity shares of Rs. 10/- each of State Bank Of India at cost of Rs. 11,06,534/-, 4176 Equity shares of Rs. 10/- each of Mawana Sugars Ltd at cost of Rs. 4,78,494/-, 1715 Equity shares of Rs. 10/- each of SKF India Limited at cost of Rs. 4,72,004/-, 641 Equity shares of Rs. 10/- each of Tata Motors Ltd at cost of Rs. 3,97,809/-, 1500 Equity shares of Rs. 10/- each of Texmaco Limited at cost of Rs. 6,50,585/-, 1372 Equity shares of Rs. 10/- each of Tata Steel Limited at cost of Rs. 5,58,516/-.

b. Mutual Funds (fully paid-up, un-quoted) as at 31st March 2006

97,722.531 units of Rs. 10/- each in Prudential ICICI Liquid Plan Institutional Plus- Weekly Dividend at a cost of Rs. 11,59,213/- and 29312.17 units of Rs. 10/- each in Prudential ICICI Liquid Plan - Growth Option at a cost of Rs. 5,02,012/-.

2. (ii) Investments under PMS purchased and sold during the year

a. Equity Shares (fully paid-up, quoted)

**Purchases :** 620 Equity Shares of Rs. 10/- each in Alfa Laval Ltd at a cost of Rs. 4,64,789/-, 15272 Equity Shares of Rs. 10/- each in Alok Industries Limited at a cost of Rs. 10,76,475/-, 5500 Equity Shares of Rs. 10/- each in Arvind Mills Ltd at a cost of Rs. 741,232/-, 674 Equity Shares of Rs. 10/- each in Bharat Heavy Electrical Limited at a cost of Rs. 7,80,906/-, 51085 Equity Shares of Rs. 10/- each in Bharti TeleVentures Ltd at a cost of Rs. 1,25,57,644/-, 1750 Equity Shares of Rs. 10/- each in Bombay Dyeing & Mfg Company Limited at a cost of Rs. 6,09,753/-, 59386 Equity Shares of Rs. 10/- each in Chambal Fertilisers & Chemicals Ltd at a cost of Rs. 23,07,633/-, 2125 Equity Shares of Rs. 10/- each in Dolphin Offshore Enterprises(India)Ltd at a cost of Rs. 5,12,539/-, 8000 Equity Shares of Rs. 5 each in Eveready Industries India Ltd at a cost of Rs. 7,73,110/-, 1970 Equity Shares of Rs. 10/- each in Finolex Cables Limited at a cost of Rs. 5,02,283/-, 4394 Equity Shares of Rs. 10/- each in Genus Overseas Electronics Ltd at a cost of Rs. 5,54,567/-, 292 Equity Shares of Rs. 4 each in Godrej Consumer Product Ltd at a cost of Rs. 1,39,211/-, 2553 Equity Shares of Rs. 1 each in Hindustan Lever at a cost of Rs. 5,84,551/-, 1639 Equity Shares of Rs. 10/- each in Hindustan Petroleum Corporation Ltd at a cost of Rs. 5,17,541/-, 1032 Equity Shares of Rs. 10/- each in ICICI Bank Ltd at a cost of Rs. 5,98,750/-, 441000 Equity Shares of Rs. 10/- each in IFCI Ltd at a cost of Rs. 61,86,254/-, 16623 Equity Shares of 10/- each in Indian Petrochemicals Ltd. at a cost of Rs. 37,62,000/-, 189 Equity Shares of Rs. 5 each in Infosys Technologies Ltd at a cost of Rs. 5,52,167/-, 1240 Equity Shares of Rs. 10/- each in IPCA Laboratories Ltd at a cost of Rs. 5,18,842/-, 5565 Equity Shares of Rs. 1 each in ITC Ltd at a cost of Rs. 6,16,901/-, 97392 Equity Shares of Rs. 10/- each in Jaiprakash Hydro-Power Ltd. at a cost of Rs. 32,59,628/-, 8000 Equity Shares of Rs. 10/- each in JBF Industries at a cost of Rs. 6,00,334/-, 4773 Equity Shares of Rs. 10/- each in Jet Airways Ltd at a cost of Rs. 53,47,144/-, 1550 Equity Shares of Rs. 10/- each in Jindal Photo Limited at a cost of Rs. 5,01,937/-, 2800 Equity Shares of Rs. 10/- each in KEC Infrastructures Ltd at a cost of Rs. 1,03,434/-, 2800 Equity Shares of Rs. 10/- each in KEC International Ltd at a cost of Rs. 5,22,282/-, 500 Equity Shares of Rs. 2 each in Larsen & Toubro Limited. at a cost of Rs. 6,31,930/- 14670 Equity Shares of Rs. 10/- each in LG Balkrishnan & Bros Limited at a cost of Rs. 6,08,237/-, 2822 Equity Shares of Rs. 10/- each in Mahanagar Telephone Nigam Ltd at a cost of Rs. 4,71,898/-, 3500 Equity Shares of Rs. 10/- each in Man Industries India Limited at a cost of Rs. 6,27,340/-, 1080 Equity Shares of Rs. 10/- each in Maruti Udyog Ltd at a cost of Rs. 8,05,888/-, 10876 Equity Shares of Rs. 10/- each in Mawana Sugars Ltd. at a cost of Rs. 10,88,194/-, 1925 Equity Shares of Rs. 10/- each in Mleod Russel India Limited at a cost of Rs. 2,71,330/-, 3981 Equity Shares of Rs. 10/- each in Mid-Day Multimedia Ltd at a cost of Rs. 4,00,299/-, 67346 Equity Shares of Rs. 10/- each in Nagarjuna Fertilisers & Chemicals Ltd at a cost of Rs. 10,20,573/-, 2010 Equity Shares of Rs. 10/- each in New Delhi Television Ltd. at a cost of Rs. 3,93,502/-, 1865 Equity Shares of Rs. 10/- each in NIIT Limited at a cost of Rs. 5,75,949/-, 9800 Equity Shares of Rs. 10/- each in NRC Ltd at a cost of Rs. 6,27,396/-, 510 Equity Shares of Rs. 10/- each in ONGC Corporation Ltd at a cost of Rs. 6,71,728/-, 53456 Equity Shares of Rs. 10/- each in Orchid Chemicals & Pharmaceuticals Ltd at a cost of Rs. 1,37,36,611/-, 22250 Equity Shares of Rs. 10/- each in Oriental Bank Of Commerce Ltd at a cost of Rs. 58,56,902/-, 1170 Equity Shares of Rs. 10/- each in Punjab National Bank at a cost of Rs. 4,98,034/-, 5402 Equity Shares of Rs. 10/- each in Reliance Capital Ltd. at a cost of Rs. 23,81,271/-, 36675 Equity Shares of Rs. 10/- each in Reliance Industries Ltd. at a cost of Rs. 2,64,97,260/-, 1061 Equity Shares of Rs. 2 each in Satyam Computers Ltd. at a cost of Rs. 6,29,481/-, 1715 Equity Shares of Rs. 10/- each in SKF India Limited at a cost of Rs. 4,72,004/-, 1245 Equity Shares of Rs. 10/- each in State Bank Of India at a cost of Rs. 11,06,534/-, 9280 Equity Shares of Rs. 10/- each in Tata Iron & Steel Co Ltd at a cost of Rs. 31,93,966/-, 908 Equity Shares of Rs. 10/- each in Tata Motors Ltd at a cost of Rs. 5,63,510/-, 1372 Equity Shares of Rs. 10/- each in Tata Steel Limited at a cost of Rs. 5,58,516/-, 770 Equity Shares of Rs. 10/- each in Tata Tea Ltd at a cost of Rs. 6,98,187/-, 1500 Equity Shares of Rs. 10/- each in Texmaco Limited at a cost of Rs. 6,50,585/-, 1423 Equity Shares of Rs. 10/- each in Videocon International Ltd. at a cost of Rs. 1,16,346/- and 2000 Equity Shares of Rs. 10/- each in Voltas Limited at a cost of Rs. 4,85,847/-.

**Sales:** 620 Equity Shares of Rs. 10/- each in Alfa Laval Ltd at a sale value of Rs. 5,09,088/-, 9500 Equity Shares of Rs. 10/- each in Alok Industries Limited at a sale value of Rs. 6,86,339/-, 5500 Equity Shares of Rs. 10/- each in Arvind Mills Ltd at a sale value of Rs. 7,07,395/-, 287 Equity Shares of Rs. 10/- each in Bharat Heavy Electrical Limited at a sale value of Rs. 5,78,895/-, 51085 Equity Shares of Rs. 10/- each in Bharati TeleVentures Ltd at a sale value of Rs. 1,37,02,267/-, 1750 Equity Shares of Rs. 10/- each in Bombay Dyeing & Mfg Company Limited at a sale value of Rs. 684,845/-, 1886 Equity Shares of Rs. 10/- each in Chambal Fertilisers & Chemicals Ltd at a sale value of Rs. 71,851/-, 1425 Equity Shares of Rs. 10/- each in Hindustan Petroleum Corporation Ltd at a sale value of Rs. 4,05,720/-, 7943 Equity Shares of Rs. 5 each in Eveready Industries India Ltd at a sale value of Rs. 8,44,139/-, 408 Equity Shares of Rs. 10/- each in Genus Overseas Electronics Ltd at a sale value of Rs. 57,079/-, 292 Equity Shares of Rs. 4 each in Godrej Consumer Product Ltd at a sale value of Rs. 1,85,286/-, 1639 Equity Shares of Rs. 10/- each in Hindustan Petroleum Corporation Ltd at a sale value of Rs. 5,07,835/-, 441000 Equity Shares of Rs. 10/- each in IFCI Ltd at a sale value of Rs. 63,27,748/-, 16623 Equity Shares of 10/- each in Indian Petrochemicals Ltd. at a sale value of Rs. 33,46,623/-, 1238 Equity Shares of Rs. 10/- each in IPCA Laboratories Ltd at a sale value of Rs. 5,53,596/-, 1316 Equity Shares of Rs. 1 each in ITC Ltd at a sale value of Rs. 2,27,962/-, 97392 Equity Shares of Rs. 10/- each in Jaiprakash Hydro-Power Ltd. at a sale value of Rs. 28,07,880/-, 8000 Equity Shares of Rs. 10/- each in JBF Industries at a sale value of Rs. 5,04,980/-, 4773 Equity Shares of Rs. 10/- each in Jet Airways Ltd at a sale value of Rs. 46,56,669/-, 1550 Equity Shares of Rs. 10/- each in Jindal Photo Limited at a sale value of Rs. 5,43,062/-, 2800 Equity Shares of Rs. 10/- each in KEC Infrastructures Ltd at a sale value of Rs. 3,39,303/-, 1267 Equity Shares of Rs. 10/- each in KEC International Ltd at a sale value of Rs. 5,51,224/-, 92 Equity Shares of Rs. 2 each in Larsen & Toubro Limited. at a sale value of Rs. 2,12,355/-, 14670 Equity Shares of Rs. 10/- each in LG Balakrishnan & Bros Limited at a sale value of Rs. 5,26,351/-, 342 Equity Shares of Rs. 10/- each in Man Industries India Limited at a sale value of Rs. 82,252/-, 345 Equity Shares of Rs. 10/- each in Maruti Udyog Ltd at a sale value of Rs. 3,20,688/-, 6700 Equity Shares of Rs. 10/- each in Mawana Sugars Ltd. at a sale value of Rs. 7,11,272/-, 3981 Equity Shares of Rs. 10/- each in Mid-Day Multimedia Ltd at a sale value of Rs. 3,79,568/-, 127 Equity Shares of Rs. 10/- each in Nagarjuna Fertilizers & Chemicals Ltd at a sale value of Rs. 1,808/-, 910 Equity Shares of Rs. 10/- each in New Delhi Television Ltd. at a sale value of Rs. 19,0781/-, 1,865 Equity Shares of Rs. 10/- each in NIIT Limited at a sale value of Rs. 511,588/-, 9800 Equity Shares of Rs. 10/- each in NRC Ltd at a sale value of Rs. 4,66,384/-, 923 Equity Shares of Rs. 10/- each in Orchid Chemicals & Pharmaceuticals Ltd at a sale value of Rs. 2,47,210/-, 1766 Equity Shares of Rs. 10/- each in Oriental Bank Of Commerce Ltd at a sale value of Rs. 4,29,306/-, 2 Equity Shares of Rs. 10/- each in Punjab National Bank at a sale value of Rs. 940/-, 3202 Equity Shares of Rs. 10/- each in Reliance Capital Ltd. at a sale value of Rs. 15,32,009/-, 32631 Equity Shares of Rs. 10/- each in Reliance Industries Ltd. at a sale value of Rs. 2,84,22,484/-, 9280 Equity Shares of Rs. 10/- each in Tata Iron & Steel Co Ltd at a sale value of Rs. 34,35,671/-, 267 Equity Shares of Rs. 10/- each in Tata Motors Ltd at a sale value of Rs. 2,46,289/-, 1423 Equity Shares of Rs. 10/- each in Videocon International Ltd. at a sale value of Rs. 1,06,738/- and 2000 Equity Shares of Rs. 10/- each in Voltas Limited at a sale value of Rs. 6,06,397/-.

**b. Mutual Funds (fully paid-up, unquoted)**

**Purchases:** 47,12,769.371 units of Rs. 10/- each from Prudential ICICI Liquid Plan Institutional Plus- Weekly Dividend at cost of Rs. 5,58,89,564/- and 4,46,115.10 units of Rs. 10/- each in Prudential ICICI Liquid Plan - Growth Option at cost of Rs. 75,79,413/-.

**Sales:** 46,15,047 units of Rs. 10/- each from Prudential ICICI Liquid Plan Institutional Plus- Weekly Dividend at a sale value of Rs. 5,47,34,029/- and 4,16,803/- units of Rs. 10/- each in Prudential ICICI Liquid Plan - Growth Option at a sale value of Rs. 70,92,337/-.

**3. (i) Investments under Portfolio Management Services (PMS) with Kotak Securities Ltd. (2004-05 Nil) comprise (at lower of cost or market value):**

**a. Equity Shares (fully paid-up, quoted unless otherwise stated) as at 31st March 2006**

2814 Equity Share of Rs.10/- each in 3I Infotech Ltd. at a cost of Rs.3,34,546/-, 8150 Equity Share of Rs.10/- each in Allahabad Bank at a market value of Rs.6,43,443/-, 2798 Equity Share of Rs.10/- each in Allsec Technologies Limited at a cost of Rs.5,34,061/-, 2654 Equity Share of Rs.10/- each in Amforg Ind at a cost of Rs.4,80,656/-, 3499 Equity Share of Rs.1 each in Ashok Leyland Ltd at a cost of Rs. 1,00,328/-, 985 Equity Share of Rs.2 each in Balaji Telefilms Limited at a cost of Rs.1,24,598/-, 1952 Equity Share of Rs.10/- each in Bata India Ltd. at a cost of Rs.3,95,886/-, 1158 Equity Share of Rs.10/- each in Century Textiles Ltd. at a cost of Rs. 3,34,311/-, 13000 Equity Share of Rs.10/- each in Dena Bank at a cost of Rs.4,52,154/-, 883 Equity Share of Rs.10/- each in E Merck (India) Ltd. at a cost of Rs.3,75,169/-, 7604 Equity Share of Rs.1 each in ELGI Equipments Ltd. at a cost of Rs.4,46,806/-, 4489 Equity Share of Rs.5 each in Eveready Inds. Ind. Ltd. at a cost of Rs.5,08,247/-, 2852 Equity Share of Rs.10/- each in Federal Bank Ltd at a cost of Rs.5,31,260/-, 1584 Equity Share of Rs.10/- each in Finolex Cables Ltd. at a cost of Rs.4,41,117/-, 924 Equity Share of Rs.10/- each in Glaxosmithkline Consumer at a cost of Rs.4,42,948/-, 2630 Equity Share of Rs.10/- each in Great Eastern Shipping Co.Ltd at a cost of

Rs.5,42,846/-, 1286 Equity Share of Rs.10/- each in ICI India Ltd at a cost of Rs.4,01,527/-, 971 Equity Share of Rs.10/- each in Indoco Remedies Ltd. at a cost of Rs.3,03,992/-, 1776 Equity Share of Rs.10/- each in KRBL Ltd. at a cost of Rs.2,31,617/-, 270 Equity Share of Rs.10/- each in Madras Cement Ltd at a cost of Rs.3,91,607/-, 3936 Equity Share of Rs.10/- each in Mawana Sugars Ltd. at a cost of Rs.4,33,790/-, 3974 Equity Share of Rs.10/- each in Natco Pharma Ltd. at a cost of Rs. 4,88,459/-, 30868 Equity Share of Rs. 10/- each in National Organic Chem at a market value of Rs.7,53,179/-, 2100 Equity Share of Rs.4 each in NDTV Ltd. at a cost of Rs.4,92,080/-, 2125 Equity Share of Rs.5 each in Reliance Communication Ventures Ltd at a market value of Rs.6,56,413/-, 100 Equity Share of Rs.10/- each in Siemens Ltd at a cost of Rs.2,12,349/-, 13865 Equity Share of Rs.1 each in Sonata Software at a cost of Rs.4,28,719/-, 27694 Equity Share of Rs.10/- each in Tata Teleserv (Maharashtra) at a market value of Rs.6,57,733/-, 1517 Equity Share of Rs.10/- each in Television Eighteen India Ltd at a cost of Rs.5,73,751/-, 2775 Equity Share of Rs.10/- each in Tulip IT Services Limited at a cost of Rs.5,44,371/-, 839 Equity Share of Rs.10/- each in Ultratech Cemco Ltd at a cost of Rs. 3,53,991/-, 19800 Equity Share of Rs.10/- each in Indian Petrochemicals Corp. Ltd. at a cost of Rs.45,88,477/-, 43200 Equity Share of Rs.10/- each in Industrial Development Bank of India at a cost of Rs.36,87,487/-, 26250 Equity Share of Rs.2 each in Matrix Laboratories Ltd. at a cost of Rs.67,78,490/-, 4500 Equity Share of Rs.10/- each in Punj Lloyd Limited at a cost of Rs.49,80,008/-, 900 Equity Share of Rs.10/- each in Siemens Ltd at a cost of Rs.39,20,416/-, 3000 Equity Share of Rs.10/- each in SRF Ltd at a cost of Rs.8,35,956/-, 3500 Equity Share of Rs.10/- each in State Bank of India at a cost of Rs.30,66,961/-, 7425 Equity Share of Rs.10/- each in Tata Iron & Steel Co. Ltd at a cost of Rs.29,20,048/-, 4400 Equity Share of Rs.10/- each in Tata Tea Ltd at a cost of Rs.40,93,070/-.

**b. Mutual Funds (fully paid-up, un-quoted) as at 31st March 2006:**

34,824.19 units of Rs.10/- each in Kotak Liquid (Institutional) - Growth at a cost of Rs. 4,86,861/-, 71.18 units of Rs.10/- each in Kotak Liquid (Institutional) - Growth at a cost of Rs.1001/-.

**3. (ii) Investments under PMS purchased and sold during the year**

**a. Equity Shares (fully paid-up, quoted):**

**Purchases:** 4000 Equity Share of Rs.10/- each in 3I Infotech Ltd. at a cost of Rs.4,59,288/-; 8150 Equity Share of Rs.10/- each in Allahabad Bank at a cost of Rs.6,69,764/-; 2798 Equity Share of Rs.10/- each in Allsec Technologies Limited at a cost of Rs.5,33,531/-; 2654 Equity Share of Rs.10/- each in Amforg Ind at a cost of Rs.4,80,178/-; 13900 Equity Share of Rs.1 each in Ashok Leyland Ltd at a cost of Rs.3,98,164/-; 2021 Equity Share of Rs.2 each in Balaji Telefilms Limited at a cost of Rs.2,55,394/-; 1952 Equity Share of Rs.10/- each in Bata India Ltd. at a cost of Rs.3,95,493/-; 557 Equity Share of Rs.10/- each in Bharat Electronics Ltd at a cost of Rs.4,18,226/-; 850 Equity Share of Rs.2 each in Bharat Forge Co Ltd at a cost of Rs.2,65,294/-; 3859 Equity Share of Rs.10/- each in Bongaigaon Refinery Ltd. at a cost of Rs.3,29,924/-; 1388 Equity Share of Rs.10/- each in Century Textiles Ltd. at a cost of Rs.4,00,314/-; 13000 Equity Share of Rs.10/- each in Dena Bank at a cost of Rs.4,51,704/-; 714 Equity Share of Rs.10/- each in Dredging Corp Of India Ltd at a cost of Rs.3,65,793/-; 883 Equity Share of Rs.10/- each in E Merck (India) Ltd at a cost of Rs.3,74,796/-; 7604 Equity Share of Rs.1 each in ELGI Equipments Ltd at a cost of Rs. 4,46,362/-; 4489 Equity Share of Rs.5 each in Eveready Inds. Ind. Ltd. at a cost of Rs. 5,07,742/-; 1690 Equity Share of Rs.10/- each in Exide Industries Ltd at a cost of Rs.3,05,774/-; 2852 Equity Share of Rs.10/- each in Federal Bank Ltd at a cost of Rs.5,30,732/-; 1584 Equity Share of Rs.10/- each in Finolex Cables Ltd at a cost of Rs.4,40,679/-; 924 Equity Share of Rs.10/- each in Glaxosmithkline Consumer at a cost of Rs.4,42,508/-; 2630 Equity Share of Rs.10/- each in Great Eastern Shipping Co.Ltd at a cost of Rs.5,42,307/-; 1286 Equity Share of Rs.10/- each in ICI India Ltd at a cost of Rs.4,01,128/-; 971 Equity Share of Rs.10/- each in Indoco Remedies Ltd. at a cost of Rs.3,03,690/-; 3400 Equity Share of Rs.10/- each in Industrial Development Bank Of India at a cost of Rs.3,81,443/-; 2984 Equity Share of Rs.10/- each in KRBL Ltd. at a cost of Rs.3,88,771/-; 270 Equity Share of Rs.10/- each in Madras Cement Ltd at a cost of Rs.3,91,217.90/-; 4070 Equity Share of Rs.10/- each in Mawana Sugars Ltd. at a cost of Rs.4,48,113/-; 3974 Equity Share of Rs.10/- each in Natco Pharma Ltd. at a cost of Rs. 4,87,974/-; 30868 Equity Share of Rs.10/- each in National Organic Chem at a cost of Rs. 8,62,833/-; 5945 Equity Share of Rs.2 each in Nava Bharat Ferro Alloys at a cost of Rs.4,25,697/-; 2100 Equity Share of Rs.4 each in NDTV Ltd. at a cost of Rs.4,91,591/-; 28 Equity Share of Rs.10/- each in P&G Hygiene & Health Care at a cost of Rs.18,300/-; 2125 Equity Share of Rs. 5 each in Reliance Communication Ventures Ltd at a cost of Rs.6,74,771/-; 480 Equity Share of Rs. 10/- each in Shree Cement Ltd at a cost of Rs. 1,69,750/-; 225 Equity Share of Rs. 10/- each in Siemens Ltd at a cost of Rs. 4,77,311/-; 13865 Equity Share of Rs. 1 each in Sonata Software at a cost of Rs. 4,28,293/-; 697 Equity Share of Rs. 5 each in Sterlite Industries Ltd at a cost of Rs.4,44,346/-; 4931 Equity Share of Rs.10/- each in Syndicate Bank at a cost of Rs.2,85,050/-; 1510 Equity Share of Rs.2 each in Taj Gvk Hotels & Resorts at a cost of Rs.2,11,079/-; 27694 Equity Share of Rs.10/- each in Tata Teleserv (Maharashtra) Ltd. at a cost of Rs.7,95,625/-; 1517 Equity Share of Rs.10/- each in Television Eighteen India Ltd at a cost of Rs. 5,73,181/-; 2775 Equity Share of Rs.10/- each in Tulip IT Services Limited at a cost of Rs. 5,43,830/-; 1050 Equity Share of Rs.10/- each in Ultratech Cemco Ltd at a cost of Rs. 4,42,576/-; 60200 Equity Share of Rs.10/- each in Arvind Mills Ltd. at a cost of Rs.76,35,128/-,

26000 Equity Share of Rs.10/- each in Bharati Tele-Ventures Ltd. at a cost of Rs. 74,24,588/-, 3300 Equity Share of Rs.2 each in Gujarat Ambuja Cement Ltd. at a cost of Rs. 28,33,710/-, 33495 Equity Share of Rs. 1 each in Hindalco Industries Ltd. at a cost of Rs. 42,20,370/-, 28600 Equity Share of Rs. 10/- each in Hindustan Petroleum Corp. Ltd. at a cost of Rs. 87,30,572/-, 61600 Equity Share of Rs. 10/- each in Indian Petrochemicals Corp. Ltd. at a cost of Rs. 1,19,02,262/-, 43200 Equity Share of Rs.10/- each in Industrial Development Bank of India at a cost of Rs. 36,83,808/-, 3500 Equity Share of Rs.5 each in Infosys Technologies Ltd. at a cost of Rs. 79,05,135/-, 82600 Equity Share of Rs.10/- each in Infrastructure Dev. Fin. Co. Ltd. at a cost of Rs. 58,26,545/-, 38400 Equity Share of Rs.10/- each in Mahanagar Telephone Nigam Ltd at a cost of Rs.54,84,288/-, 26250 Equity Share of Rs.2 each in Matrix Laboratories Ltd. at a cost of Rs. 67,71,725/-, 7700 Equity Share of Rs.4 each in NDTV at a cost of Rs. 15,33,697/-, 22750 Equity Share of Rs.10/- each in NTPC Ltd. at a cost of Rs. 23,42,795/-, 20400 Equity Share of Rs.10/- each in Oriental Bank of Commerce at a cost of Rs.54,34,560/-, 6500 Equity Share of Rs.2 each in Patni Computer System Ltd. at a cost of Rs. 28,23,752/-, 47600 Equity Share of Rs.5 each in Polaris Software Lab Ltd. at a cost of Rs.58,40,989/-, 4500 Equity Share of Rs.10/- each in Punj Lloyd Limited at a cost of Rs. 49,75,038/-, 19200 Equity Share of Rs.5 each in Ranbaxy Lab Ltd. at a cost of Rs. 66,16,882/-, 20900 Equity Share of Rs.10/- each in Reliance Capital Ltd. at a cost of Rs. 71,82,285/-, 6600 Equity Share of Rs.10/- each in Reliance Industries Ltd at a cost of Rs.46,21,650/-, 12800 Equity Share of Rs.10/- each in Shipping Corporation of India Ltd at a cost of Rs.21,06,112/-, 900 Equity Share of Rs.10/- each in Siemens Ltd at a cost of Rs.39,16,503/-, 31500 Equity Share of Rs.10/- each in SRF Ltd at a cost of Rs.94,21,164/-, 3500 Equity Share of Rs.10/- each in State Bank of India at a cost of Rs.30,63,900/-, 400 Equity Share of Rs.10/- each in Suzlon Energy Ltd. at a cost of Rs.3,59,728/-, 32400 Equity Share of Rs.10/- each in Tata Chemicals Ltd. at a cost of Rs.62,98,331/-, 7425 Equity Share of Rs.10/- each in Tata Iron & Steel Co. Ltd at a cost of Rs.29,17,134/-, 4400 Equity Share of Rs.10/- each in Tata Tea Ltd at a cost of Rs.40,88,986/-, 28000 Equity Share of Rs.10/- each in Titan Industries Ltd. at a cost of Rs.1,79,66,477/-, 67500 Equity Share of Rs.10/- each in Videocon International Ltd. at a cost of Rs.59,89,440/-

**Sales:** 1186 Equity Share of Rs.10/- each in 3I Infotech Ltd. at a sale value of Rs.2,27,929/-, 10401 Equity Share of Rs.1 each in Ashok Leyland Ltd at a sale value of Rs.4,24,950/-, 1036 Equity Share of Rs.2 each in Balaji Telefilms Limited. at a sale value of Rs.1,83,476/-, 557 Equity Share of Rs.10/- each in Bharat Electronics Ltd at a sale value of Rs.6,39,659/-, 850 Equity Share of Rs.2 each in Bharat Forge Co Ltd at a sale value of Rs.3,20,806/-, 3859 Equity Share of Rs.10/- each in Bongaigaon Refinery Ltd. at a sale value of Rs.3,08,980/-, 230 Equity Share of Rs.10/- each in Century Textiles Ltd. at a sale value of Rs. 96,309/-, 714 Equity Share of Rs.10/- each in Dredging Corp Of India Ltd at a sale value of Rs. 4,00,210/-, 1690 Equity Share of Rs.10/- each in Exide Industries Ltd at a sale value of Rs. 4,09,092/-, 3400 Equity Share of Rs.10/- each in Industrial Development Bank Of India at a sale value of Rs. 2,83,477/-, 1208 Equity Share of Rs.10/- each in KRBL Ltd. at a sale value of Rs. 2,26,231/-, 134 Equity Share of Rs.10/- each in Mawana Sugars Ltd. at a sale value of Rs. 17,991/-, 5945 Equity Share of Rs.2 each in Nava Bharat Ferro Alloys at a sale value of Rs. 2,79,557/-, 28 Equity Share of Rs.10/- each in P&G Hygiene & Health Care at a sale value of Rs.23,669/-, 480 Equity Share of Rs.10/- each in Shree Cement Ltd at a sale value of Rs. 4,16,736/-, 125 Equity Share of Rs.10/- each in Siemens Ltd at a sale value of Rs. 6,51,455/-, 697 Equity Share of Rs. 5 each in Sterlite Industries Ltd at a sale value of Rs. 9,00,879/-, 4931 Equity Share of Rs.10/- each in Syndicate Bank at a sale value of Rs. 4,15,597/-, 1510 Equity Share of Rs.2 each in Taj Gvk Hotels & Resorts at a sale value of Rs. 3,05,668/-, 211 Equity Share of Rs.10/- each in Ultratech Cemco Ltd at a sale value of

Rs. 1,20,371/-, 60200 Equity Share of Rs.10/- each in Arvind Mills Ltd. at a sale value of Rs. 78,92,634/-, 26000 Equity Share of Rs.10/- each in Bharati Tele-Ventures Ltd. at a sale value of Rs.77,08,558/-, 3300 Equity Share of Rs.2 each in Gujarat Ambuja Cement Ltd. at a sale value of Rs. 29,14,560/-, 33495 Equity Share of Rs.1 each in Hindalco Industries Ltd. at a sale value of Rs. 48,09,116/-, 28600 Equity Share of Rs. 10/- each in Hindustan Petroleum Corp. Ltd. at a sale value of Rs. 84,63,255/-, 41800 Equity Share of Rs. 10/- each in Indian Petrochemicals Corp. Ltd. at a sale value of Rs. 91,71,182/-, 3500 Equity Share of Rs.5 each in Infosys Technologies Ltd. at a sale value of Rs. 79,68,520/-, 82600 Equity Share of Rs.10/- each in Infrastructure Dev. Fin. Co. Ltd. at a sale value of Rs. 52,85,117/-, 38400 Equity Share of Rs.10/- each in Mahanagar Telephone Nigam Ltd at a sale value of Rs. 53,01,888/-, 7700 Equity Share of Rs.4 each in NDTV at a sale value of Rs.17,82,396/-, 22750 Equity Share of Rs.10/- each in NTPC Ltd. at a sale value of Rs.24,31,748/-, 20400 Equity Share of Rs.10/- each in Oriental Bank of Commerce at a sale value of Rs.47,43,444/-, 6500 Equity Share of Rs.2 each in Patni Computer Systems Ltd. at a sale value of Rs.29,57,425/-, 47600 Equity Share of Rs.5 each in Polaris Software Lab Ltd. at a sale value of Rs.49,27,802/-, 19200 Equity Share of Rs.5 each in Ranbaxy Lab Ltd. at a sale value of Rs.70,56,130/-, 20900 Equity Share of Rs. 10/- each in Reliance Capital Ltd. at a sale value of Rs.1,02,48,524/-, 6600 Equity Share of Rs. 10/- each in Reliance Industries Ltd at a sale value of Rs.48,58,854/-, 12800 Equity Share of Rs. 10/- each in Shipping Corporation of India Ltd at a sale value of Rs.20,14,208/-, 28500 Equity Share of Rs. 10/- each in SRF Ltd at a sale value of Rs. 90,84,529/-, 400 Equity Share of Rs. 10/- each in Suzlon Energy Ltd. at a sale value of Rs. 3,72,652/-, 32400 Equity Share of Rs. 10/- each in Tata Chemicals Ltd. at a sale value of Rs. 57,88,436/-, 28000 Equity Share of Rs. 10/- each in Titan Industries Ltd. at a sale value of Rs. 1,56,94,204/-, 67500 Equity Share of Rs. 10/- each in Videocon International Ltd. at a sale value of Rs. 54,55,296/-.

**b. Mutual Funds (fully paid-up, unquoted):**

**Purchases:** 11,48,000.25 units of Rs.10/- each in Kotak Liquid (Institutional) – Growth at a cost of Rs.1,55,84,670/-, 64,18,298.83 units of Rs.10/- each in Kotak Liquid (Institutional) – Growth at a cost of Rs.8,76,10,524/-.

**Sales:** 11,13,176.06 units of Rs.10/- each in Kotak Liquid (Institutional) – Growth at a sale value of Rs. 1,51,80,949/-, 64,18,227.66 units of Rs.10/- each in Kotak Liquid (Institutional) – Growth at a sale value of Rs.8,77,86,805/-.

**22. The detail of provision for contingencies is as under:-**

Opening Balance as on 01.04.2005	Additions	Adjustments	Closing Balance as on 31.03.2006
32,00,000	52,00,000	13,46,449	70,53,551

23. The Company during the year has set up a "Employee" Group Gratuity-cum-Life Insurance scheme with an insurance company. Annual contribution (Rs. 8,49,959/-) and insurance amount (Rs.47,521/-) of the scheme is charged to Profit & Loss Account.
24. CIF value of imports Rs. 17,32,37,503/- (Previous Year NIL)
25. Figures of the previous year/year have been regrouped/reclassified wherever considered necessary to conform to current year classification.
26. Schedules A to L and accounting policies form an integral part of accounts.

(Deepak Amitabh)  
Executive Vice President (Finance)

(S.K.Dube)  
Director (Operations)

(Tantra Narayan Thakur)  
Chairman & Managing Director

For T.R. Chadha & Co.,  
Chartered Accountant

(Ajesh Tuli)  
Partner  
M.No. 86424

Dated : 28.04.2006  
Place : New Delhi

(Rajiv Maheshwari)  
Company Secretary



## CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2006

(Amount in Rs.)

	For the year ended 31.03.2006	For the year ended 31.03.2005
<b>CASH FLOW FROM OPERATING ACTIVITIES</b>		
Net Profit Before Tax	570,405,212	368,074,917
<b>Adjustment for:</b>		
Depreciation	13,893,826	11,955,858
Amortised Expenditure	19,878,136	20,737,949
Loss on sale of fixed assets	99,198	93,724
Excess Provision written back	(1,687,532)	(7,852,431)
Foreign Exchange Fluctuation	(52,616)	1,623
Other Income	(57,577,537)	(41,167,710)
Profit on Sale of Investment	(57,702,733)	(1,699,134)
Provision for Contingencies	3,853,551	3,200,000
Old Balances Written Off	-	1,377,235
Interest-Others	13,063,653	6,940,466
<b>Operating Profit before Working Capital Changes</b>	<b><u>504,173,158</u></b>	<b><u>361,662,497</u></b>
<b>Adjustment for:</b>		
Sundry Debtors	(425,486,023)	199,837,377
Loans & Advances	(148,928,658)	(54,109,830)
Other Current Assets	(2,779,766)	127,119
Current Liabilities	716,747,770	(769,769,746)
Provisions	6,232,846	(30,782,842)
Miscellaneous Expenditure	-	(3,893,252)
<b>Cash Generated from Operating Activities</b>	<b><u>649,959,327</u></b>	<b><u>(296,928,677)</u></b>
Direct Taxes Paid (Net)	(182,959,239)	(130,360,181)
<b>Net Cash from Operating Activities</b>	<b>(A) <u>467,000,088</u></b>	<b><u>(427,288,858)</u></b>
<b>CASH FLOW FROM INVESTING ACTIVITIES</b>		
Other Income	57,577,537	41,167,710
Purchase of fixed assets	(3,245,548)	(12,092,757)
Sale of fixed assets	80,868	35,187
Sale/(Purchase) of investments	66,468,654	(638,880,815)
Profit on Sale of Investment	57,702,733	1,699,134
Interest-Others	(13,063,653)	(6,940,466)
<b>Net Cash used in Investing Activities</b>	<b>(B) <u>165,520,591</u></b>	<b><u>(615,012,007)</u></b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>		
Public Issue Expenses	1,450,393	(2,346,684)
Dividend Paid (Including Dividend Tax)	(136,830,000)	(135,375,000)
<b>Cash flow from Financing Activities</b>	<b>(C) <u>(135,379,607)</u></b>	<b><u>(137,721,684)</u></b>
<b>Net increase/use in cash and cash equivalent</b>	<b>(A+B+C) 497,141,072</b>	<b>(1,180,022,549)</b>
Cash and Cash equivalent (Opening Balance)	96,478,963	1,276,501,512
Cash and Cash equivalent (Closing Balance)	593,620,035	96,478,963

(Deepak Amitabh)  
Executive Vice President (Finance)

(S.K.Dube)  
Director (Operations)

(Tantra Narayan Thakur)  
Chairman & Managing Director

As per our Report of even date attached  
For T.R. Chadha & Co.,  
Chartered Accountants

Dated : 28.04.2006  
Place : New Delhi

(Ajesh Tuli)  
Partner  
M.No. 86424

(Rajiv Maheshwari)  
Company Secretary

## BALANCE SHEET ABSTRACT AND COMPANY'S GENERAL BUSINESS PROFILE

<b>I</b>	<b>Registration Details</b>	
	Registration Number 99328	State Code 55
	Balance Sheet Date 31 <sup>st</sup> March, 2006	
<b>II</b>	<b>Capital raised during the year (Amount – Rs. in thousands)</b>	
	Public Issue	Rights Issue
	Nil	Nil
	Bonus Issue	Private Placement
	Nil	Nil
<b>III</b>	<b>Position of Mobilisation and Deployment of Funds (Amount – Rs. in thousands)</b>	
	Total Liabilities	Total Assets
	25,02,682	25,02,682
	<b>Sources of Funds</b>	
	Paid-up Capital	Reserves and Surplus
	15,00,000	9,82,467
	Secured Liabilities	Unsecured Loans
	Nil	Nil
	Deferred Tax Liability	
	20,215	
	<b>Application of Funds</b>	
	Net Fixed Assets	Investments
	*1,82,690	19,13,320
	*Capital work in progress of 5,382	
	Net Current Assets	Misc. Expenditure
	3,66,234	36,776
	Accumulated Losses	Deferred Tax Assets
	Nil	3,662
<b>IV</b>	<b>Performance of Company (Amount – Rs. in thousands)</b>	
	Turnover*	Total Expenditure
	3,12,05,534	3,06,35,129
	* including 'Other Income'	
	Profit/(Loss) before Tax	Profit/(Loss) after Tax
	5,70,405	4,06,347
	Earnings per share in	Dividend Rate %
	Rs. 2.71	10%
<b>V</b>	<b>Generic Names of Three Principal Products/ Services of the Company (as per monetary terms)</b>	
	Product/Service Description	Item Code Number
	1. Trading of power	Not Applicable

(Deepak Amitabh)  
Executive Vice President (Finance)

(S.K.Dube)  
Director (Operations)

(Tantra Narayan Thakur)  
Chairman & Managing Director

As per our Report of even date attached  
For T.R. Chadha & Co.,  
Chartered Accountants

Dated : 28.04.2006  
Place : New Delhi

(Ajesh Tuli)  
Partner  
M.No. 86424

(Rajiv Maheshwari)  
Company Secretary

# Book Post



## **PTC INDIA LIMITED**

(Formerly known as Power Trading Corporation of India Ltd.)

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15 Bhikaji Cama Place, New Delhi-110066  
Tel.: 011-41659127, 41659128, 41659500  
Fax : 011-41659126