

CMD's Speech for 21st AGM

Dear shareholders of PTC India Limited

It is my privilege to welcome you all to the 21st Annual General Meeting of your Company.

On behalf of my colleagues on the Board and the management team, I express my sincere gratitude to all of you for your trust and continuing support. Your trust is the fuel which ignites our self-belief and keeps us moving ahead in the unusual times that we are all going through. Even as we transit and prepare for a few 'new normals' in the world around us, our morale remains high when we remember that your trust is unchanging.

With Crisis comes Opportunity

We are coping with a crisis. I am sure every one of you would have heard these words many times over during the past six months. More importantly, a crisis must not be allowed to go waste. For every crisis comes with an inherent opportunity, and it is up to us to catch it. In our case, that opportunity presented itself in the form of many defining moments. These are moments when we revisit our understanding of the business environment and the industry we operate in. We have, therefore, set ourselves the task of driving the changes that will define our vision for the Company, based on the renewed understanding .

The most important aspect of the understanding gained through the crisis is that the electricity industry is essentially an ecosystem business. As the financial year ended in March, and we saw a lockdown due to the pandemic, we witnessed a dip in demand. Industrial and commercial establishments shut down. The importance of domestic demand became apparent to all; aided by the nine minutes on that day in April, when households across the nation switched off lights in response to the Hon'ble Prime Minister's clarion call. Another learning came to light; that every segment and every participant in the business is equally important. No individual or entity can hope to attain sustainable progress if others in the system are in distress.

The learnings from this time, which became the foundations for our renewed understanding, helped us contribute to the thinking that has led to significant policy interventions. The liquidity package for Distribution Companies (Discoms) is one such outcome. While measures taken earlier during the year aimed at tightening the payment security requirements on Discoms, the liquidity package is a result of the renewed understanding of sustainability of the industry. All stakeholders appreciate the interconnected nature of the business. And policy measures being announced now have the sole objective of integration. The integration of power markets is a desired outcome of atleast two of the policy changes now underway i.e. the Draft Power Market Regulation, 2020 and the Draft Electricity (Amendment) Act, 2020.

Your Company is a relatively small entity at the center of these changes. However, it is well positioned to make significant contributions in the integration efforts.

Therefore, you see Company's presence in all segments of the markets, and its persistent efforts to develop the markets. The outcome of market development is inclusion; so that every potential participant is able to gain from the benefits that the market offers.

Back to the `Core`

During the year we have taken some significant decisions regarding your Company's business model. Businesses that are no longer strategic in nature have been identified and some tough calls taken. Therefore, as you are aware, your Company has initiated processes for sale of its stake in the two subsidiaries. As we make further progress in these processes, you will all be informed about key developments in a timely manner.

At the same time, we are focusing on broadening the footprint of your Company in its core business. Matching of a potential surplus generation capacity with a potential consumption basket is at the core of our business. The opportunity presented by such demand-supply matches across geographical and temporal dimensions is intrinsic to development of the power market. And during the year, we have taken several steps to sharpen our focus; with the intention of including as many participants as possible. Inclusion is the mantra that leads to a sharing of benefits, and a `win-win` situation for both buyers and sellers. Ministry of Power (MoP)'s Pilot Scheme Phase-II, for resolution of 2500 MW stressed asset capacity, wherein your Company is the Aggregator, is one of them. Our initiative in creating a third power exchange in partnership with two leading business organisations is another. The latter will open up new possibilities for clients to hedge their volume and price risks. It is, therefore, a very important initiative for our envisaged future. It would enrich the possibilities for trade in the conventional as well as structured products, and fulfill the objective of inclusion. Inclusion, I repeat, is the foundation of adding value in the ecosystem business that we are a part of.

We firmly believe in our role as value creators with a responsibility towards you. Therefore, even when most business organisations chose to be conservative in dividend payouts, we have taken the dividend decision this year, keeping in mind our articulated dividend policy and the best interest of your Company. Let me assure you that focus on the core and efficient capital allocation will be the two pillars of our efforts to create value for you in the coming years.

The Interconnected Organisation

Your Company is mindful that connectedness has two dimensions; an external dimension and an internal dimension. Outreach and regular communication with our customers, suppliers and other stakeholders has been part of our DNA. The internal dimension i.e. connectedness of teams and people has never been more important than in the current period.

Just as the pandemic and the consequent crisis has been unprecedented, so has been your Company's response to it. No amount of planning and preparation for this black swan event would have been enough. Yet, your company continued its operations on a 24x7 basis, with minimum disruptions. Our dedicated Operations

team managed work and rest spaces at site equally well, as other teams supported them from remote locations. Our sustained investment and belief in the use of technology helped us prepare for remote working with near-zero response time. Your Company's workforce has demonstrated a strong work ethic yet again, and the organization has evolved to its interconnected avatar in this period. Going forward, we will leverage the benefits of the 'Work-From-Home' mode to the maximum. It is also my duty to inform you that, as an organization which believes in the potential of its people, there have been no retrenchments / job losses. Importantly, a high morale has cemented teamwork, and employees have willingly sacrificed any salary increases during this crisis period. As a people centric organization, we will continue to take care of their welfare and growth in the coming years.

Operational Performance and Outlook

The company's accounts for the year ended 31st March 2020 along with Directors' Report and the Auditors' Report have already been circulated. With your permission, I would like to take them as read.

During the Financial Year 2019-20 (FY20), the power industry saw a 3.9% growth in installed capacity, which reached 356 GW at the end of the year. Energy generation at 1,283 Bus clocked a 1.3% growth. The energy deficit reduced to 0.5% as compared to 0.6% last year. The peak deficit reduced to 0.7% from 0.8% last year. It was specially challenging as the power market contracted in terms of volume of energy traded by 5.5% to 137.2 BUs in FY20.

During the same period, your Company posted a 6.14% growth in its trading volumes at 66.33 Billion Units (BUs), while navigating a challenging business environment. Despite facing numerous macro-economic headwinds, our business volumes grew on the strength of our balanced portfolio and sharper focus on developing the Over-the-Counter (OTC) segment of the market. During the year, the entire 1900 MW capacity under MOP's Pilot Scheme Phase-I PPA/PSAs were operationalized, with PTC in the role of 'Aggregator'.

Cross border transactions with Nepal, Bhutan and Bangladesh contributed 10.41% (i.e. 6.90 BUs) of the total traded volumes. Your company maintained its leadership position with a market share of 46.52%. A milestone in your company's journey towards enhancement of power trade with neighbouring countries was achieved with the signing of Power Purchase Agreement for Mangdechhu Hydro Electric Project in Bhutan with Druk Green Power Corporation. Power Sale Agreements with beneficiaries in eastern region have also been signed. Power flows from Mangdechhu HEP have since started, for the benefit of these states' utilities.

An important development during the year, the Central Electricity Regulatory Commission (CERC)'s revised Trading Regulations (covering licensing and trading margin aspects) were issued. The Regulations tighten some of the governance and capability related requirements for electricity traders. Your Company welcomes this action, as it is intended to lead to orderly market development.

In the current year, with the ongoing impact of Covid-19, the power sector remains impacted; however the impact is likely to be relatively less than other infrastructure industry. A demand contraction of around 11% in the last 5 months may not be the scenario during the rest of the year, as economic activity picks up.

Your Company's services in the market for trading of electricity have been delivering value to India's power industry for 21 years now. Evolving expectations and needs of the participants will mean further innovation in solutions that cover generation, transmission and distribution.

Financial Performance

Let me share some of the highlights of financial performance of your company during the year. This year, on a stand-alone basis, total Income from operations grew by 21% to ₹ 16,488.30 crores as against ₹13,627.29 crores in FY19. Your company clocked an all time high trading volume of 66,332 MUs which is 6.14% higher than the previous year's trading volume of 62,491 MUs. The profit after tax at ₹ 320.11 crores grew by 22.03% as compared to the previous financial year. EPS increased to ₹ 10.81 as compared to ₹ 8.86 in FY19.

Your Board of Directors have adopted a revised dividend policy and have recommended dividend @55% i.e. Rs 5.5 per Equity Share of Rs 10 for the financial year 2019-20 .

New Vistas

Retail and Value-Added Services:

PTC Retail unit, which facilitates power supply to the industrial and commercial consumers, has seen considerable growth during the year. With value added services, fueled by data analytics, our clientele has grown to reach 700 during the year. Our traded volumes on power exchanges were 22.62 BUs during FY20; an increase of 5.85%. In addition, your company expanded its footprint in the advisory services to market participants through power portfolio management, technical advisory services, energy audits, network maintenance and regulatory compliance & advisory. During the year, your Company was privileged to serve many large corporate / institutional customers like MES Delhi, Synthite Industries, Coimbatore City Municipal Corporation, Asian paints, Managlore Refinery etc.

Your company was awarded the mandate for Energy Portfolio Management by Bihar State Power Holding Company for 3 years. The service offerings from your company include Demand Forecasting, Sales Planning and Power Scheduling. Previously, your Company successfully implemented the mandates given by REMCL on Power Portfolio Management for Indian Railways, Delhi Metro Rail Corporation (DMRC)'s Renewable Energy Portfolio. Several State Power Utilities have given mandates to your Company for trading on Power Exchanges. These include the utilities for Uttarakhand, Chhattisgarh, J&K, Himachal Pradesh, Punjab, Haryana, Chandigarh, Uttarakhand, NDMC, Bihar and Jharkhand.

Your company is rendering technical and advisory support to large government institutions, SEZ and maritime ports in Madhya Pradesh, Gujarat, West Bengal and Maharashtra for their power distribution functions including power portfolio management, metering and billing, network operation and maintenance and regulatory support.

The Renewable Energy Space:

During the year, supply of 1000 MW wind power on long-term basis has been made operational. Further, supply of more than 500 MW of solar and small hydro power has been contracted on short-term basis and power has been made operational in the current year; FY-21. Major Utilities in PTC's client list for sale/purchase of Renewable power include Power Company of Karnataka Limited, Distribution utilities of Delhi (BRPL, TPDDL and NDMC), Haryana and Himachal Pradesh.

Performance of Subsidiaries

PTC India Financial Services Limited (PFS) recorded a revenue of ₹ 1,369.71 Crores during FY20 which is up by 2.5% as compared to the previous year. Interest income for FY20 has increased to ₹ 1,324.25 Crores as against previous year's ₹ 1,285.17 Crores. The Profit Before Tax is ₹ 172.04 Crores and Profit After Tax for FY20 is ₹ 110.00 Crores. Earnings per share for FY20 stood at ₹ 1.71 per share. Headwinds in the NBFC space including liquidity issues and asset quality concerns created a challenging macro environment for the banking and financial services industry. PFS weathered the headwinds well and demonstrated the soundness of its business processes.

PTC Energy Limited (PEL) has a renewable energy portfolio of 288.8 MW consisting of wind power projects; 50 MW capacity in Madhya Pradesh, 50 MW in Karnataka and 188.8 MW in Andhra Pradesh. PEL has entered into firm long term power sale agreements for all of its projects with respective State Discoms. PEL recorded revenue of ₹ 304.63 Crores and Profit After Tax of ₹ 9.39 Crores during FY 20.

Corporate Social Responsibility

As a responsible corporate citizen, your company is committed to ensure its contribution to welfare of the communities that are a part of our ecosystem. Your company along with Group Companies PFS and PEL has formed a Trust - "PTC Foundation" which is jointly undertaking various CSR initiatives. The focus areas of activities include Health, Women Empowerment, Education, Rural Development and Environment.

In the pandemic period, your Company through its CSR initiatives reached out to states of Uttar Pradesh, Rajasthan, Tamil Nadu, Bihar and Haryana and provided PPE Kits and items of sanitation (Gloves, Masks etc). Further, all the ongoing

projects have been provided with adequate resources to keep their interventions reaching to intended beneficiaries.

Continuous efforts are being made towards betterment of the under privileged sections of society through innovative and outcome based CSR programmes.

Corporate Governance

Doing the right thing; every time, all the time. This is the mantra that is imbibed by your Company's workforce. Transparency, with a desire to do business ethically has been the compass used by our people in navigating the seas of our business environment. The PTCian is adept at making ethical choices, which are well beyond mere compliance of law and statute.

Appreciation

I wish to end with a note of gratitude to our valued customers, both domestic and international, for their continued support. Your company would not have reached its current position without the encouragement & support received from all our shareholders and members of the Board. We also wish to express our gratitude to the Ministry of Power, Ministry of New and Renewable Energy and Ministry of External Affairs, Government of India, our promoters viz. NTPC, POWERGRID, PFC and NHPC, Financial Institutions and banks for their sustained support to the Company and its initiatives. Last but not the least, I express my gratitude to the employees of your Company. But for the tenacity and self-belief of team PTC, the journey would not have been possible.

Let me conclude by quoting Jack Welch;

"An organization's ability to learn, and translate that learning into action rapidly, is the ultimate competitive advantage."

We will try our best to follow this mantra to keep on building our competitive advantage, while creating markets for inclusion.

I once again thank you for being part of the journey of learning and leading, and for being with us this afternoon.

(Deepak Amitabh)

Date: 22nd September, 2020

Place: New Delhi