

CMD's Speech for the 22nd Annual General Meeting (AGM)

Dear Shareholders,

It is my privilege to welcome you to the 22nd Annual General Meeting of your Company. On behalf of the Board of Directors and the management team, I express my sincere gratitude to all of you for your continued trust and support. It is your unwavering belief that has enabled your Company to continue pursuing its mission and to consolidate its leadership position every year. This year, which was witness to the worst global pandemic of the century, also brought into sharp focus the expectations and responses of various stakeholders. Especially in the context of this period of crisis, I reiterate my gratitude to each one of you in supporting the Company.

The Company's accounts for the year ended 31st March 2021 along with Directors' Report and the Auditors' Report have already been circulated. With your permission, I would like to take them as read.

Macro Outlook

2020-21 will be etched in the history of humanity as the year of the pandemic. It is a crisis that has affected and continues to affect both lives and livelihood on an unprecedented scale.

Despite the headwinds in the external environment, PTC achieved the highest ever trading volume of 80,042 Million Units (MUs) during FY 2020-21 against the previous year's volume of 66,332 MUs. In a pandemic impacted year, we have registered a growth of 20.67%. This performance is a testimony to the robustness of your Company's business model and our ability to navigate an uncertain environment. Remember, no rulebook was available to guide our conduct; we charted our own course.

Your Company plays a significant role in India's power market by offering over the counter (OTC) solutions for the needs of various market participants. Going forward, the challenge and the opportunity will be to offer innovative solutions in an evolving market. The market is slated to undergo transformation with the very short-term (spot) markets assuming some prominence as a mode for procurement of power. Similarly, diverse contracts for procurement of renewable energy and trading of electricity derivatives are expected to be launched. The deployment of Battery Energy Storage Systems (BESS), Green Hydrogen projects and the associated value chain, adoption of Electric Vehicles are all expected to modify the structure and dynamics of the Indian power market. In the future, technology will become even more integral to the delivery of solutions for the power market. And aspects like predicting/ forecasting demand and supply scenarios will become critical for any provider of energy solutions.

Going forward, your Company will consolidate its core trading business and expand its value added service offerings. We will continue to focus on the trading & advisory services related business opportunity. The opportunity has

many facets, resolution of stressed assets, the renewable energy space and operations and maintenance (O&M) services for SEZs/ Industrial Zones/ distribution utilities. Your Company is also looking to expand its technology initiatives and develop solutions for the evolving energy market. Your Company is also engaged in setting up the third power exchange in the country through Pranurja Solutions Limited in which PTC holds a 22.62% equity stake. To cater to the changing dynamics of the sector, expectations of customers and growth aspirations ,your Company will keep on developing solutions and augmenting its services through offerings.

Strategy and rational capital allocation guide our business decisions . As custodians of shareholder capital, we are always aware of our fiduciary responsibility. This approach is a prime reason for the record dividend of 7.5 INR (2 INR per share of interim paid out and 5.5 INR per share final recommended) per share for FY 2020-21 that the Board of Directors have recommended for the approval of the Shareholders. Additionally, we remain committed to unlocking the value in our subsidiary companies in a form and manner that is in the best interest of the Shareholders. It is the same reliance on a rational capital allocation policy that led us to acquire a small but attractive services business of IL&FS-IEDC and to participate as a sponsor in setting up the third power exchange in the country.We will continue to sharpen our capital allocation framework in the coming years and continue to be guided by it for all our business decisions.

Industry Outlook

The aggregate installed power capacity in India stood at 382.73 GW as on 30th April 2021. The total energy generation stood at 1381.827 BUs. There was a de-growth in generated energy of 2.49% (-ve) over the previous year due to adverse impact on demand consequent to the pandemic. The energy deficit reduced to 0.4% as compared to 0.5% the previous year and the peak power deficit reduced to 0.4% from 0.7% in FY2019-20.

With the policy support from the Government of India and market interventions, the installed renewable energy capacity aggregated to 95.013 GW as on 30th April 2021.

In FY2019-20, a market based intervention for resolution of stressed assets was initiated by the Ministry of Power with signing of agreements for 1900 MW between state utilities (Discoms), PTC as the aggregator and generating companies which became successful bidders. Subsequently, the Ministry of Power launched Phase-II of the pilot scheme for stressed assets' resolution with procurement of 2500 MW power on a medium-term basis with PTC as the aggregator. Despite the delays caused due to the pandemic, your Company expects to operationalise the flow of power under this scheme in the ongoing financial year. Opportunities like these demonstrate the value that your Company creates by improving efficiency through market mechanisms.

Volumes on the power exchanges spiked during the year as the unprecedented situation brought on by the pandemic shifted the procurement strategy of many

market participants to the shortest end of the market. Real time Markets, wherein buyers and sellers have freedom & flexibility to buy and sell power as per changing demand & supply with an hour's notice, have assumed a significant proportion in this short-term market. Similarly, Green Term-Ahead Markets (GTAM) is a new segment launched for trading of renewable energy. Your Company is a significant market participant in all these segments demonstrating its responsiveness to a continually evolving market design.

FY 2020-21 witnessed many bold policy initiatives & measures (some are in the draft stage and under discussion) to make the sector robust and financially sustainable as well as provide uninterrupted and superior quality electricity to all consumers.

The draft Electricity Amendment Bill was introduced on 17th April 2020 incorporating reform measures. The emphasis is on improving the distribution sector. Constructs like Distribution Sub-licensee, reduction of Cross Subsidy as per Tariff Policy, Direct Benefit Transfer of Government Subsidies to consumers, requirement of Payment Security for scheduling and despatch of power, timely approval of tariff, framing of National Renewable Energy Policy, enforcement of Renewable Purchase Obligation and incorporation of Electricity Contract Enforcement Authority for dispute resolution have all been envisaged as a part of the draft Electricity Amendment Bill.

Similarly, Electricity (Rights of Consumers) Rules 2020 and enabling the state utilities (Discoms) to exit or continue post the tenor of their contracted power purchase agreements (PPAs) were measures directed towards improvements in the service standards of the sector and providing flexibility respectively.

Subsequent to the end of the FY 2020-21, a few draft measures and policy papers envisaging fundamental changes in market design changes (like market based economic dispatch (MBED) and secondary and tertiary ancillary services) have been introduced for discussion.

As a key stakeholder, we actively engage in providing feedback on such proposals. Your Company has continually demonstrated its market responsiveness in every new segment that has emerged and we are confident of being a significant participant in any new segment that will/is likely to emerge.

Operational Performance

FY 2020-21 was a landmark year for PTC as we achieved the highest trading volume of 80,042 MUs, a ~ 21% growth over the previous year's volumes. PTC achieved short-term trading volumes of 40,070 MUs with a growth of ~37% and long & medium-term trading volumes of 39,963 MUs with a growth of around 8% over the previous year's volumes. PTC retained its leadership position in terms of the overall trading volumes in the Indian power trading market.

In the business mix, the short-term and long and medium-term trading volumes each contributed around 50% of the total traded volumes. PTC's volume traded

on power exchanges during FY 2020-21 reached 34,536 MUs ,an increase of around 53% over the previous year.

The trading margin in our core electricity trading business has been under pressure due to increased competitiveness and because of the preference for short-term procurement on power exchanges by market participants in the pandemic affected year. However, by creating a business portfolio in segments with short-term, long-term and cross-border trades, PTC was able to improve the margin. We believe that this portfolio-oriented approach enables PTC to navigate any market volatility caused by special situations and by consumer preferences.

Cross-border trades are of a strategic importance to your Company. Cross-border trade with Bhutan was to the extent of 8754 MUs for FY 2020-21, an increase of 47% over the previous year. Also, trade with Nepal for FY 2020-21 stood at a volume of 170.53 MUs.

In the previous year, PTC was designated by Government of India as the Nodal Agency for import of power from 720 MW Mangdechhu Hydroelectric Project located in Bhutan and had signed the PPA with Druk Green Power Corporation Limited (DGPC) on 15th August, 2019. Subsequently, the Power Sale Agreements were signed between PTC and the Beneficiary states viz Assam, Bihar, Odisha and West Bengal on 30th August 2019. The entire project capacity was commissioned in August, 2019 and the full output from 720 MW has been supplied during the year (FY 2020-21). Similarly, PTC has supplied a total of 947 MUs in FY 2020-21 to Bangladesh Power Development Board (BPDB) under a long-term contract for 200 MW capacity.

Therefore, PTC has established a strategic, trading relationship with three strategic neighbouring countries and we hope to strengthen these relationships going forward.

New Business Avenues:

PTC Retail, set up to facilitate power supply to the industrial and commercial consumers, has seen considerable growth during the year. With value-added services, fuelled by data analytics, our clientele is growing and has crossed the number of 700, at the end of year. PTC acquired marquee corporate and institutional customers like Nuclear Power Corporation, Military Engineering Services, Larsen & Toubro, DCM Textiles, Reliance Jio, Saint Gobain and Hindustan Unilever.

Your Company has maintained its leadership position in the new segments of RTM and G-TAM introduced in the exchange traded markets during the year.

The state utilities have continued to repose their faith in PTC's service offering of energy portfolio management (EPM). This year, your Company has been awarded an Energy Portfolio Management (EPM) assignment by the Madhya Pradesh Power Management Company for 3 years. The service offerings from

your Company will include Demand Forecasting, Sales Planning and Power Scheduling. Further, your Company has been awarded a contract by Delhi Metro Rail Corporation (DMRC) for facilitating the scheduling and operation for their power portfolio. Also, your Company has been awarded utility contracts for trading of power on power exchanges for Uttarakhand, Chhattisgarh, Haryana, Bihar, Dadra and Nagar Haveli, Punjab, Jharkhand and Jammu & Kashmir. We are excited about developing this business segment. This business is technology fueled and requires deep domain expertise.

On corporate service offerings, your Company has been nominated for facilitating wheeling of power for the ITC group for their facilities in the states of West Bengal, Maharashtra, Bihar. Further, your Company continues to support various Zonal Railways (Northern, North Western, North Central, Eastern Central, West Central and South Western Railways) for trading of power on the power exchanges. PTC was awarded the contract for providing assistance in meeting renewable energy compliances by SAIL for its facility in the state of Odisha.

With increased focus on performance improvement in power distribution and ongoing reforms, your Company is providing a bouquet of services. The power distribution management business includes power portfolio optimization (power trading and scheduling), commercial optimization (metering and billing), network operations and maintenance, and regulatory support.

Your Company continues to position itself as a credible service organization in the energy efficiency business. During the year, PTC has received orders from Energy Efficiency Services Limited (EESL) for providing supervision services under the Street Lighting National Program for three more states viz Bihar, Maharashtra and Jammu & Kashmir for a period of 7 years.

Trading in the Renewable Energy Space:

Major utilities were added to PTC's growing clientele for sale/ purchase of renewable power to cater the growing market demand for clean energy sources. Your Company has supported various corporates in reducing their carbon footprints. Renewable Energy PPAs / PSAs were executed with clients in states like Gujarat, Delhi, Odisha, etc. helping these clients in their de-carbonization initiatives.

Operational Performance of PTC Subsidiaries

PTC India Financial Services Limited (PFS), an infrastructure finance company (IFC), recorded a total income of 1,139.45 INR Crores during FY 2020-21 which is down by 16.81% as compared to last year's revenue. Interest income for the FY 2020-21 has decreased to 1,105.25 INR Crores as against previous year's figure of 1,324.26 INR Crores. The profit before tax and profit after tax for FY 2020-21 stood at 93.42 INR Crores and 25.60 INR Crores respectively. Earnings per share for FY 2020-21 stood at 0.40 INR per share.

PTC Energy Limited (PEL) which is a wholly owned subsidiary (WOS) has a renewable energy portfolio of 288.8 MW. This consists of 50 MW wind power projects in Madhya Pradesh, 50 MW wind power projects in Karnataka and 188.8 MW wind power projects in Andhra Pradesh. PEL has recorded revenue from operations of 267.43 INR Crores during FY 2020-21 as compared to previous year's revenue of 304.63 INR Crores. The profit/(loss) before tax and profit/(loss) after tax for FY 2020-21 stood at (11.55) INR Crores and (9.36) INR Crores respectively.

Despite significant headwinds in the macro environment for our subsidiary companies, they negotiated the challenges well.

Financial Performance of the Company

On a stand-alone basis, total revenue (including other income) grew to 16,992.03 INR Crores in FY 2020-21 as against 16,448.30 INR Crores in FY 2019-20. The Profit After Tax at 410.25 INR Crores grew by 28.16% as compared to the previous financial year of 320.11 INR Crores. Earning per share (EPS) increased to 13.86 INR as compared to 10.81 INR in FY 2019-20.

On a consolidated basis, total revenue grew by 1.38% to 18373.66 INR Crores as against 18,123.57 INR Crores in FY 2019-20. Profit After Tax stood at 457.62 INR Crores as against 406.06 INR Crores in FY 2019-20 and EPS increased to 15.16 INR as compared to 12.42 INR in FY 2019-20.

Your Board of Directors have recommended a final dividend @55% i.e. 5.5 INR per Equity Share of 10 INR per share for the financial year 2020-21. Alongwith the interim dividend of 2 INR per share that was paid out, the total dividend for the financial year 2020-21 works out to 7.5 INR per share, again a first for your Company.

The journey to an Environmental, Social and Governance (ESG) based approach to creating value

As a responsible corporate citizen with pan India trading operations, your Company is committed to ensure its contribution to welfare of the communities at various locations in the country. Your Company along with Group Companies PFS and PEL is jointly undertaking various CSR initiatives through a Trust – "PTC Foundation". . The focus areas of activities include Health, Women Empowerment, Education, Distributed Solar Energy Generation, Rural Development and Environment.

The ongoing projects in empowering the rural poor through self-help groups, livelihoods and education, change in childhood cancer scenario of underprivileged and marginalized children through Cankids Hospital Support Unit (CHSU) and financing higher studies of girl achievers from rural areas continued during the year. Six other projects were started for which the CSR corpus was spent during the FY 2020-21. These include funding sanitation work, facilitating essential medical assistive equipment to medical professionals

and frontline workers through state government for combating Covid-19 pandemic, installation of aggregate solar photovoltaic facility of 115 kWp at multiple location, and facilitating rural development programs for farmers through the panchayats.

Your Company firmly believes in creating long-term sustainable value. This reflects integrating value creation with operating environment conforming to the ESG space. This focus goes beyond mandatory reporting requirements of sustainability instituted by regulators . It is an organizational resolve to tread on a path to create value for all stakeholders. We believe that adhering to ESG standards will be a necessary condition for conducting business in the future and will also result in the emergence of new business models. Going forward, your Company will integrate ESG into its business strategy . While we will continue to be an innovative energy solutions provider , our business strategy will also be evaluated on the metrics of ESG standards that we adopt. We have started this initiative recently and we will keep communicating its progress in future interactions.

Appreciation

I wish to end with an appreciation of our valued customers, both domestic and international, for their continued support. They are the raison 'd etre of our business. Your Company would not have reached its current position without the support received from all our esteemed 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, Centre and state regulators, our promoters viz. NTPC, POWERGRID, PFC & NHPC, Financial Institutions and banks, credit rating agencies etc. for their sustained support to the Company and its initiatives. As a knowledge organization , I acknowledge the role of every employee whose contribution creates stakeholder value. This year's performance in the challenging year of the pandemic was laudable. Last but not the least , I want to express my deepest gratitude to all the doctors, healthcare professionals and other frontline workers across the country for the extraordinary fortitude and commitment displayed in serving humanity during this once in a century situation.

I am optimistic about your Company's future and I will conclude by quoting some words from Mother Teresa that inspire your Company;

"Yesterday is gone. Tomorrow has not yet come. We have only Today. Let us begin."

I once again express my sincere gratitude to all of you for being with us this afternoon.

(Deepak Amitabh)

Date: 24th September, 2021

Place: New Delhi