

## **CMD's Speech for the 25<sup>th</sup> Annual General Meeting (AGM)**

Dear Shareholders,

It is my privilege to welcome you to the 25th 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. Your unwavering belief on the company has enabled your Company to continue its journey towards stated mission & objectives of the company and to consolidate its position every successive year.

National peak demand surged to 243.27 GW in 2023-24 and is almost 13% higher than the peak energy demand of 2022-23. The demand in terms of energy has grown by 7.4% to 1626.13 BUs. The growth traction has come from all key sectors (Core industries, Commercial Sector, Residential & Agriculture).

The growing energy demand amidst changing weather phenomenon is one biggest challenge of tomorrow in the two-variable matrix of affordability & availability. Your company has been making an effort towards providing agile solutions for customers (generators & consumers) in an ever-increasing share of renewable energy scenario through technology enabled solutions.

The Company's accounts for the year ended 31st March 2024 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**

PTC achieved a trading volume of 74.84 Billion Units (BUs) during FY 2023-24, compared to the previous year's volume of 70.61 BUs. During this FY 24, your company adopted a balanced approach, focusing on business opportunities to maintain healthy operating margins. These strategic choices have contributed in reduction of negative & low margin volumes.

As we celebrate another successful year of our company's operations, it's worth emphasizing the positive outcomes we've achieved. Our Short-Term bilateral trade experienced a remarkable volume increase of around 13% from the previous fiscal year, accompanied by a 6% rise in operating margins. Furthermore, we achieved a 4.3% per-unit increase in core margin compared to the preceding fiscal year. PTC Financial Services Limited (PFS) and PTC Energy Limited (PEL) (our subsidiaries) demonstrated a remarkable turnaround, contributing to the profitability of the group.

### **Industry Outlook**

India has displayed remarkable resilience in its growth. It has consistently ranked as the fastest-growing major economy globally, driven by strong investment growth. The conditions within the country are favorable for private investments, and India's financial sector remains stable, with well-capitalized banks.

A well-functioning and thriving electricity sector plays a crucial role in advancing a nation's economic development and the overall welfare of its citizens. In India, the power industry is characterized by a diverse array of energy sources, encompassing traditional options like coal, lignite, natural gas, oil, and nuclear power, alongside nonconventional sources like wind, solar, hydro, and agricultural & household waste. For India's population, exceeding 1.43 billion people, effectively balancing the interests of various stakeholders while upholding the availability and reliability of electricity represents a multifaceted undertaking within this sector.

In the previous fiscal year (2023-24), the Indian power sector delivered an impressive performance, showcasing compelling statistics that highlight its robustness. Notably, the country's electricity generation soared to a remarkable 1739.01 BUs. Moreover, the power supply deficit dwindled to a mere 0.3%, marking the lowest figure observed in the past five years. This firmly establishes India as the third-largest global producer and consumer of electricity. These

statistics unquestionably indicate positive developments within the Indian power sector.

In conjunction with these accomplishments, the government has implemented strategic measures to address challenges and enhance future growth and reliability. The CERC GNA Regulations prioritize connectivity over new transmission infrastructure and the LPS Rules 2022 offer the option of settling outstanding dues through interest-free EMIs. Additionally, the CERC's notification on the Indian Electricity Grid Code Regulations 2023 strengthens grid operations to align with evolving power sector needs.

Looking ahead to FY 2024-25, the electricity generation target, inclusive of renewable energy sources, is set at 1900 billion units (BU), reflecting a growth rate of approximately 9.3% over the previous year. As of August 31, 2024, the total installed capacity has reached 450.76 GW, with solar contributing around 89.43 GW and wind capacity at 47.19GW. The expansion in installed capacity has played a pivotal role in meeting the surging demand for electricity, as evidenced by peak demand exceeding expectations, reaching 250 GW 31<sup>st</sup> May 2024.

### **Operational Performance (All figures rounded to the nearest decimal)**

PTC achieved a trading volume of 74.84 billion units (BUs) in FY24. Short-term trading volume for the same fiscal year amounted to 42.49 Bus. Long and medium-term trading volumes reached 32.35 BUs in FY24. Your Company maintained its leadership position in the overall Indian power trading market.

In terms of the business mix, short-term trading contributed to 56.8% of the total traded volume, while long and medium-term trading accounted for 43.2% of the annual traded volume. PTC's volume traded on power exchanges during FY24 amounted to 37.35 billion units (BUs).

The transaction margin, on a volume-weighted basis, improved significantly to 3.37 paise/unit compared to 3.23 paise/unit in the previous fiscal year. This

improvement was primarily attributed to the reduction of low-margin power exchange volumes in FY23-24.

Cross-border trades held strategic importance for PTC, with trade with Bhutan reaching 6,243.81 MUs in FY24. PTC continues to facilitate Bhutan's power trade transactions on an Indian Power Exchange and has supplied 1339.7 MUs to Bhutan in FY 2023-24 during dry months as against 318.8 MUs in the previous year. PTC has conducted Bhutan's first sell transaction on an Indian Power Exchange and has sold 40.27 MUs from a generating station in Bhutan in the current year. PTC has a long term power purchase agreement for 118 MW Nikachu Hydroelectric Project in Bhutan. The project was commissioned, and power supply has commenced to State Utility of Assam in the current financial year. PTC has supplied 1,578 MUs to Bangladesh Power Development Board (BPDB) in the current financial year under the Long-term contract for 200 MW capacity.

PTC Retail, set up to facilitate power supply to the industrial and commercial consumers on the power exchanges, has seen considerable growth this year. With the value-added services, fuelled by data analytics, our clientele is growing and has crossed a number of 873 clients out of which 295 are presently active in Power, REC and ESCerts Segments. During the year 23-24, the company traded 14.6 lakh RECs on bilateral basis, which is equivalent to almost 1.46 BUs of energy. PTC has a diversified and strong client base comprising of prominent entities like Central Government owned Administrative and Operative Authority (s), Public Sector entities who are leaders in oil refining, transportation, nuclear power generation and leading multinational companies engaged in the manufacture and sale of Fast moving consumer goods (FMCG), Pharmaceuticals, cement manufacturers, Shrimp farming industry, polymer chemistry tech company, steel and alloy manufacturer, sugar mills, textile industry, and other such entities Your Company has maintained its leadership position in the exchange products of DAM, TAM, RTM, G-DAM and G-TAM.

The state utilities have continued to repose their faith in PTC's service offering of energy portfolio management (EPM). Your Company also started its offering

Energy Portfolio Management (EPM) services to state utilities like Electricity Department Puducherry and to other deemed distribution licensees across the country. The EPM service offerings include Demand Forecasting, Sales Planning and Power Scheduling, etc. Also, your Company has been awarded/renewed utility contracts for trading of power on Power Exchanges for state utilities of Mizoram, Punjab, UT Chandigarh, Chhattisgarh, Haryana, Bihar, Dadra and Nagar Haveli, Tripura, Puducherry, Jharkhand and Jammu & Kashmir. PTC has also facilitated the cross border power trading of Druk Green Power Corporation for procurement and sale of power.

In addition to these activities, PTC's involvement extended to supporting steel manufacturing utilities, renewable energy developers, multinational knowledge process outsourcing entities, and other organizations in achieving their energy-related goals. Renewable energy PPAs/PSAs were executed in states like Gujarat, Delhi, Odisha, and Tamil Nadu to help clients reduce their carbon footprints.

With a focus on power distribution performance improvement and reforms, PTC offered services in power portfolio optimization, commercial optimization, network operations, and regulatory support to large government institutions in several states. PTC also engaged in activities to optimize energy costs for maritime ports, Special Economic Zones, and select industrial areas.

Furthermore, Your Company actively explored opportunities in various emerging areas of the power sector, including Smart Cities, Energy Efficiency Programs, Green Hydrogen, and Renewable Energy Programs, while providing advisory services for the development of transmission and distribution infrastructure and supporting clients in regulatory matters and procurement of renewable energy.

**Operational Performance of PTC Subsidiaries (All figures rounded to the nearest decimal)**

PTC India Financial Services Limited (PFS), an infrastructure finance company (IFC), reported a total income of INR 776.28 Crores in FY24. The interest income for FY24 amounted to INR 750.57 Crores. The pre-tax profit and post-tax profit for FY24 were INR 215.97 Crores and INR 160.74 Crores, respectively. Earnings per share for FY24 were INR 2.50 per share.

PTC Energy Limited (PEL), a wholly owned subsidiary of PTC, owns & manages a renewable energy portfolio with a capacity of 288.8 MW. This portfolio includes 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. These projects utilize advanced wind turbine technologies from reputed original equipment manufacturers (OEMs). PEL has established long-term power sale agreements with state utilities (Discoms) for all its projects. In FY24, PEL generated revenue from operations of INR 322.48 Crores, an increase from the previous year's revenue of INR 296.77 Crores. The pre-tax profit and post-tax profit for FY24 were INR 56.16 Crores and INR 41.79 Crores respectively.

The definitive agreement for the sale of PEL to ONGC Green Limited has been signed on 12 Sep 2024 and we expect to complete the same in the coming 2-3 months.

### **Associate company of PTC India**

PTC is a sponsor of Hindustan Power Exchange, which has been set up with the best-in-class technology and seeks to offer a credible alternative in the power exchange segment of the Indian Power Market. It has also ventured into new segments like AS-RTM (Ancillary Services - Real-Time Market) and HP-TAM (High Price - Term-Ahead Market). Since its launch in July 2022, it had already added more than 600 active members and introduced trading in all segments. In the FY 2023-24, HPX has facilitated trades of around 11 billion units. The business traction is increasing in momentum, and HPX has captured a third of the Term-Ahead Market in the initial four months of FY 24. With more structural reforms underway, we expect HPX to multiply the value for all its stakeholders.

**Financial Performance of the Company** *(All figures rounded to the nearest decimal)*

Your Company recorded trading volumes of 74.84 BUs during FY24. The Profit After Tax stood at INR 368.98 Crores. EPS was at INR 12.47. On a stand-alone basis, total revenue (including other income) was at INR 16,079.0 Crores in FY24.

On a consolidated basis, total revenue stood at 16,805.36 INR Crores in FY24. Profit After Tax (after minority interest) stood at 476.88 INR Crores and EPS stood at INR 16.11.

As a conscientious corporate entity engaged in nationwide trade, your company is dedicated to ensuring its positive impact on the well-being of communities in diverse regions across the country. Collaboratively with group entities PFS and PEL, your company participates in several corporate social responsibility (CSR) endeavors through the PTC Foundation Trust. These initiatives encompass a range of focus areas, including healthcare, empowerment of women, education, distributed solar energy generation, rural development, and environmental conservation.

**New Initiatives:**

Your Company Innovation and Data Analytics Lab is on course in its intended objective to collate, analyze, process and provide actionable business inputs. We firmly believe that the application of data analytics and data sciences empowers us to make well-informed decisions grounded in data-driven insights. This enables Your Company to discern patterns, detect trends, and uncover opportunities that may elude manual analysis. The utilization of data analytics holds the potential to enhance decision-making precision and enhance the accuracy of future trend and market behavior predictions.

In the contemporary business landscape, driven by data, companies that harness the capabilities of data analytics and data sciences gain a significant competitive edge. By continuously analyzing real-time data, Your Company is poised to swiftly adapt to market shifts and enhance trading decisions. This strategic approach positions PTC to maintain a competitive advantage and remain at the forefront of an ever-evolving market.

In line with this vision, Your Company is also placing a strong emphasis on strengthening its internal processes through digital transformation and technology-led solutions. By integrating advanced technologies such as artificial intelligence, automation, and cloud computing, we aim to streamline operations, enhance efficiency, and reduce operational costs. This transformation not only allows us to operate with greater agility but also equips us with the tools to make quick, data-backed decisions in an increasingly dynamic environment. As we continue this journey, our focus remains on fostering a culture of innovation, ensuring that Your Company remains resilient, adaptable, and well-positioned to capitalize on emerging opportunities

**Appreciation:**

I would like to conclude by expressing our deep appreciation for our valued customers, both at home and abroad, for their unwavering support. Your Company's current standing owes much to the support received from our esteemed shareholders and board members. Furthermore, we extend our heartfelt gratitude to various governmental bodies including the Ministry of Power, Ministry of New and Renewable Energy, Ministry of External Affairs, Ministry of Corporate Affairs, RBI, SEBI, as well as the Government of India. We are also grateful to our promoters, namely NTPC, POWERGRID, PFC, and NHPC, financial institutions, banks, credit rating agencies, and others, for their steadfast support of the Company and its initiatives.

We recognize and value the contributions of each employee, as they play a pivotal role in creating value for our stakeholders. The performance in FY 24



has been achieved on the devotion, workmanship and resilience of our employees.

Your company's capacity to transform and position itself as a frontrunner for the last 25 years is testament of delivering comprehensive energy solutions for the present and evolving future energy markets.

To encapsulate this sentiment, I'd like to offer a quote by Steward Brand:

**“Once a technology rolls over you, if you are not part of the steamroller, you are part of the road”**

I once again express my sincere gratitude to all of you for being with us for the Annual General Meeting.

(Dr. Manoj Kumar Jhavar)

Date: 26<sup>th</sup> September 2024

Place: New Delhi