



DALAL & BROACHA
STOCK BROKING PVT. LTD.

Analyst: Abhilasha Satale (022-6714 1435)

Management Meet @ Dalal&Broacha

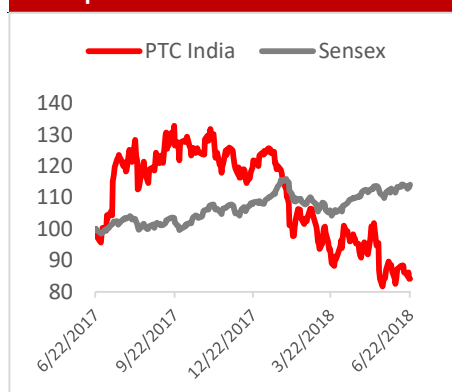
Not Rated

Current Price	74
Target Price	Not Rated
Upside	NA
52 Week Range	77/130

Key Share Data

Market Cap (Rs.bn)	23.56
Market Cap (US\$ mn)	346.47
No of o/s shares (mn)	296
Face Value	10
Monthly Avg.	
Vol(BSE+NSE) Nos ('000)	2253
BSE Code	532524
NSE Code	PTC
Bloomberg	PTC:IN

Price performance



% Shareholding	Mar-18	Dec-17
Promoters	16.22	16.22
Public	61.08	61.08
Others	22.70	22.70
Total	100	100

Consolidated Financials (In INR Mn)

Rs. Mns	Net Sales	% growth	EBITDA	OPM (%)	PAT	% Growth	EPS	PE (x)	ROE(%)
FY14	120990	33%	8790	7%	3608	82%	11	7	15
FY15	139012	15%	10075	7%	2563	-29%	8	10	13
FY16	134474	-3%	12654	9%	3225	26%	11	7	12
FY17	153105	14%	15928	10%	4147	29%	14	6	14
FY18	192635	26%	16655	9%	4040	-3%	14	6	14

We met management of PTC India Ltd. Following are key takeaways:

Long term volumes contribute 41% to PTC India's volume while medium term and short term volumes contribute 6% and 58% respectively. Company aspires to increase long term power volume to 50%.

PPAs in pipeline to improve long term volumes: PTC has signed long term contract for 400MW hydro power project at Kharchem. Also it has signed PPA for Teesta Urja for 200MW hydro power project. Tariff for Teesta Urja is Rs4.8p.u. This PPA is likely to add 2bn units.

The company is also in talks with Discom to sign PPA for 1050MW SECI wind power project. PPAs are likely to get signed by March-October 18 for this project. Power distribution will be to five discom viz. UP, Aasam, Orissa, Bihar, Jharkhand. This is likely to add 2bn units to long term volumes by FY20E. PTC has target to achieve 50% power through long term. However looking at current scenario where Discoms are hesitant to sign long term PPAs due to ample availability of power it appears quiet challenging.

Short term volumes to increase: short term volumes are likely to grow at 10-15% as discoms are more prone to buy short term power at bargain rates. Among short term exchange volumes are expected to increase faster. PTC's volume on IEX increased at CAGR of 23% over FY13-17. Short term volume for PTC on exchanges is expected to increase at 12-15% CAGR.

Margin likely to be stable: PTC earns higher margin of 5paise in long term contact while in short term it earns 3-4paise margin. As revenue mix is likely to remain stable PTC is likely to maintain overall margin of 5paise.

Other investment-unlocking potentials: PTC India holds 65percent in PTC India Financials. It is NBFC with debt of \$1.84bn as on March 17 and cumulative debt sanction of \$3.05bn. PTC holds 100percent in PTC Energy which has 289MW operational wind power assets. The company has invested Rs6.5bn in its wind power developer subsidiary (PTC Energy), ~Rs7.6bn in its listed subsidiary PTC India Financial Services (PFS), and Rs2.2bn in the 1,200MW Teesta hydroelectric power plant, which could be monetised if needed.

Valuation: PTC India's volumes are likely to increase by 15-17% over FY17-20E driven by recently signed PPAs and short term volume growth. Margin is likely to remain at current level of Rs0.04-0.05/unit. PTC India's business is expected to be stable with high RoCEs (>20%) compared to the last cycle; however, overall RoE of the Company is likely to remain below 12% (due to Investments and Cash). At current price the company has dividend yield of 4%. It is trading at 6x FY18 earnings and 0.5xP/BV which is at steep discount to its peers.



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