

## Core earnings resilient, treasury income propel PAT

We retain Buy with a revised TP of Rs95. Despite zero tolling volumes & margins and ~average 32% volume contribution from IEX/PXIL contracts (vs 26% in Q2FY16 and 35% in Q1FY17), core earnings were resilient. The company attributes this to higher margin on long-term volumes (+64% YoY +5% QoQ). PTC India recorded high net rebate and surcharge income of Rs0.3bn. While on expected lines, the erstwhile tolling business has been discontinued, the increased share of long-term volumes and growth in short-term market will support earnings. The working capital cycle has eased leading to higher cash flow generation. We believe that risk-reward remains favourable. Retain Buy.

- **Earnings snapshot:** PTC earned recurring net rebate of Rs0.08bn vs Rs0.14bn in Q1FY17. But, the company posted a net surcharge income of Rs0.24bn vs Rs0.07bn in Q1FY17. On neutralising the impact of net rebate, core EBITDA was at Rs577mn. Core EBITDA/unit is derived at Rs0.037 (-5% QoQ), which is resilient. The company has filed for arbitration with its erstwhile tolling partners on disputes related to trading margins and profit margin share, but is confident of a favourable outcome. We had anticipated it and built-in near zero contribution from tolling over the forecast period.
- **Exposure to financial risks – concerns persist:** As per FY16 Annual report, the company has reflected Rs1.9bn (82% of RPAT in FY16) as disputed claims with SEBs, which are challenged in the HC or the SC and pending the outcome, has not accounted for it. Also, APTEL in Jan'15 upheld Punjab SERC order and disallowed PTC's claim to recover water charges of Rs494mn on the ground that PSA was unsigned and legally not tenable. Also, PTC has similar cases with other SEBs currently under litigation, exposing it to business and financial risks.
- **Outlook:** The sustained core earnings is on the back of PPA/PSA volumes of Lanco Amarkantak project, Bangladesh project, Maruti Clean Energy project, Jaypee Nigrie project, etc. The recently evolved e-bidding platform is guided to be a neutral event. In our view, this development does pose some risks to its short-term trading portfolio (at ~24% share in overall volumes – excluding IEX/PXIL trades), but the adverse impact seems very insignificant noting the steeply low margin earned on short-term transactions. Also, over next two years, the share of long-term volumes would increase, thus lending strong visibility in earnings. Additionally, we are enthused with the Management's capability to recover (on cash basis) surcharge income. Although business model yields an overall RoE of 8-9%, core RoE at 11% vs CoE of 13.2%, the risk-reward is favourable at current stock valuations.
- **Valuations and key risks:** We retain Buy, with a revised TP of Rs95 (based on Mar'18E), which has been derived from (1) average of value on fair multiple assigned to EPS and book value on Mar'18E, (2) investments in PFS valued internally as we align with peer valuation and (3) other investments at 0.34x BV. Key upside risks are (1) higher trading volumes and margins and (2) higher share in profits from long-term PPAs.

Y/E Mar – Stand. (Rsmn)	Q2FY17	Q2FY16	YoY (%)	Q1FY17	QoQ (%)	Q2FY17E	Var (%)
EBITDA	658	564	16.8	655	0.4	649	1.5
Net rebate	81	93	(12.0)	143	(43.0)	120	(32.2)
EBITDA from erstwhile tolling	-	9	NA	39	NA	-	NA
Core EBITDA	577	462	24.8	473	21.8	529	9.1
RPAT	1,129	1,007	12.2	563	100.5	572	97.5
APAT	1,066	766	39.2	465	129.4	572	86.4
<b>Operating Metrics</b>							
Total Units traded (MU)	15,561	12,546	24.0	12,221	27.3	15,358	1.3
- Erstwhile tolling volumes (MU)	-	60	NA	130	NA	-	NA
Core EBITDA/unit (Rs/kWh)	0.04	0.04	0.2	0.04	(5.3)	0.03	7.7
EBITDA/unit (Rs/kWh)	0.04	0.04	(5.8)	0.05	(21.1)	0.04	0.1
APAT/unit (Rs/kWh)	0.07	0.06	12.2	0.04	80.1	0.04	84.0

Source: Company, Centrum Research

Target Price		Rs95	Key Data	
CMP*		Rs70	Bloomberg Code	PTCIN IN
Upside		35.3%	Curr Shares O/S (mn)	296.0
Previous Target		Rs92	Diluted Shares O/S(mn)	296.0
Previous Rating		BUY	Mkt Cap (Rsbn/USDmn)	20.8/309
Price Performance (%)*			52 Wk H / L (Rs)	87.9/56.1
	1M	6M	1Yr	5 Year H / L (Rs)
PTCIN IN	(7.1)	9.7	11.9	104.9/33.2
NIFTY	(4.7)	5.7	6.0	Daily Vol. (3M NSE Avg.)
				1314334

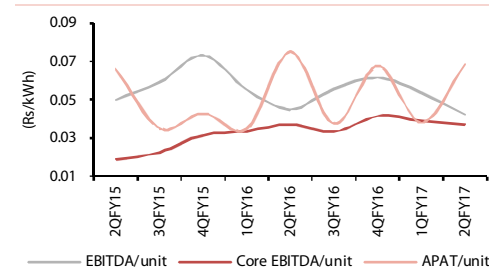
\*as on 11 November 2016; Source: Bloomberg, Centrum Research

### Shareholding pattern (%)

	Sep-16	Jun-16	Mar-16	Dec-15
Promoter	16.2	16.2	16.2	16.2
FII's	31.5	30.2	27.9	28.4
Dom. Inst.	29.3	28.6	29.5	28.3
Public & Others	23.0	25.0	26.4	27.1

Source: BSE, \*as on 11 November 2016

### Trend in margins/unit



Source: Company, Centrum Research Estimates

### Earning Revision

Particulars (Rsbn)	FY17E			FY18E		
	New	Old	Chg (%)	New	Old	Chg (%)
Revenue	152.2	152.2	0.0	175.0	175.0	0.0
EBITDA	2.5	2.5	0.0	2.9	2.9	(0.0)
PAT	2.7	2.3	16.4	2.7	2.6	4.1

Source: Centrum Research Estimates

### Centrum vs. Bloomberg Consensus\*

Particulars (Rsbn)	FY17E			FY18E		
	Centrum	BBG	Var (%)	Centrum	BBG	Var (%)
Sales	152.2	150.9	0.9	175.0	173.6	0.8
EBITDA	2.5	2.5	-	2.9	2.9	-
PAT	2.7	2.4	12.5	2.7	2.8	(3.6)

Bloomberg Consensus*				Centrum Target Price (Rs)	Variance (%)
BUY	SELL	HOLD	Target Price (Rs)		
10	0	2	94	95	1.1

\*as on 11 November 2016; Source: Bloomberg, Centrum Research Estimates

Sachin Mehta, sachin.mehta@centrum.co.in; 91 22 4215 9854

Y/E Mar (Rsmn)	Revenue	YoY (%)	EBITDA	EBITDA (%)	APAT	YoY (%)	Adj.DEPSRs.	RoE (%)	RoCE (%)	P/B (x)	Adj. P/E (x)
FY14	1,12,898	27.5	1,899	1.7	1,237	(2.6)	4.2	5.1	6.8	0.8	16.8
FY15	1,30,203	15.3	2,127	1.7	2,353	90.2	7.9	9.1	8.8	0.8	8.8
FY16	1,26,896	(2.5)	2,282	1.8	2,711	15.2	9.2	10.0	9.6	0.7	7.7
FY17E	1,52,199	19.9	2,529	1.7	2,675	(1.4)	9.0	9.3	9.3	0.7	7.8
FY18E	1,75,016	15.0	2,943	1.7	2,699	0.9	9.1	8.8	8.8	0.7	7.7

Source: Company, Centrum Research Estimates

In the interest of timeliness, this document is not edited.

**Centrum Equity Research is available on Bloomberg, Thomson Reuters and FactSet**

## Valuation and view

We have arrived at the revised TP of Rs95 using SOTP valuation based on Mar'18E. The core business has been valued as the average of fair price derived under P/E(x) and P/B(x) methodology. Investment value in PTC Financial Services (PFS) is valued as per internal estimates and aligned with industry peer valuation. Investment in other subsidiaries/JV projects has been assigned a P/B(x), with volumes from these SPVs being factored in core trading operations at the standalone level.

In our Q1FY17 update note, we had indicated that our estimate on other income is likely to increase and the same has now been reflected. The finance cost has been higher owing to conversion of certain long term PPA into financial lease, but has been neutralised with a corresponding increase in other income as well under IND-AS implemented from Q1FY17. The net debtor (trade receivable less trade payable) cycle has improved significantly to 23days as at Sep-16 vs 35days as at Mar-16. Also, the cash and bank balances as at Sep-16 stood at Rs3.1bn vs Rs1.6bn as at Mar-16, which is healthy despite infusing Rs2.8bn during the quarter (0.9bn during Q1FY17) into its subsidiary PTC Energy for wind asset capacity addition.

We revise our target price owing to revised treasury income factored-in over the forecast period while retaining the working capital cycle assumptions.

### Exhibit 1: SoTP Valuation

Methodology	Fair multiple assigned to Mar18E	Fair price (Rs)	Valuation Base
P/E (x)	6.9	61.9	WaCC = CoE at 13.2%, Beta at 1.2, EPS considered post adjustment of dividend received from PFS as it is valued separately
P/B(x) to BV excluding investment	0.59	38.8	WaCC = CoE at 13.2%, Beta at 1.2
Average of the fair price	-	50.4	Average of price under fair P/E(x) and P/B(x)
Add: Investments in PFS	-	35.0	Valued as per internal estimates and aligned with industry peer valuation
Add: Other Investments	0.34	9.4	Trading volumes of these SPVs factored in at standalone level
<b>Fair price (rounded-off)</b>	<b>-</b>	<b>95</b>	

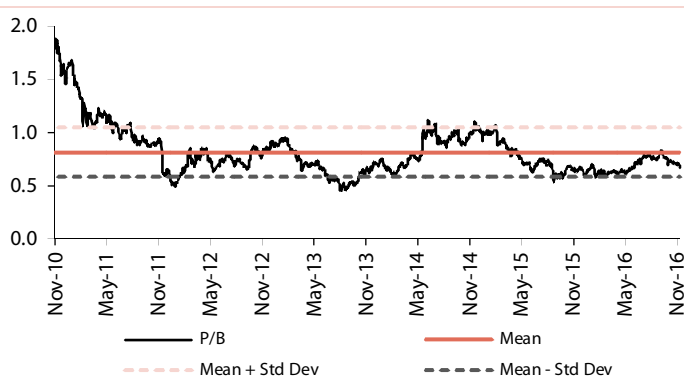
Source: Company, Bloomberg, Centrum Research Estimates

### Exhibit 2: Sensitivity Analysis for FY17E

Sensitivity to key variables	Increase	% impact on EBITDA	% impact on EPS
Increase in LTT (excluding CBT)@margin of Rs0.06	5%	1.9	1.3
Increase in STT (excluding IEX/PXIL trade)@margin of Rs0.04	5%	0.6	0.4

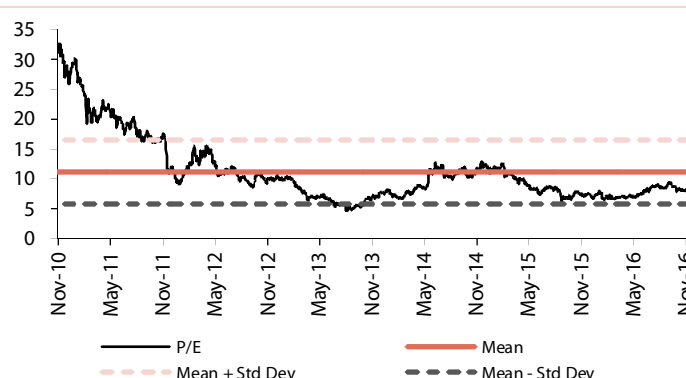
Source: Company, Centrum Research Estimates

### Exhibit 3: 1 year forward P/B chart



Source: Bloomberg, Company, Centrum Research Estimates

### Exhibit 4: 1 year forward P/E chart



Source: Bloomberg, Company, Centrum Research Estimates

### Exhibit 5: Comparative Valuations

Company	Mkt Cap (Rsbn)	CAGR FY16-FY18E (%)			EBITDA Margin (%)			PE (x)			P/B (x)			RoE (%)			Div Yield (%)		
		Rev.	EBITDA	PAT	FY16	FY17E	FY18E	FY16	FY17E	FY18E	FY16	FY17E	FY18E	FY16	FY17E	FY18E	FY16	FY17E	FY18E
PTC India	20.8	17.4	13.6	6.6	1.8	1.7	1.7	7.7	7.8	7.7	0.7	0.7	0.7	10.0	9.3	8.8	3.6	3.6	3.6
NTPC	1,250.8	7.8	14.6	12.1	25.0	26.2	28.2	12.2	13.4	11.9	1.4	1.3	1.2	11.8	10.0	10.5	2.2	2.3	2.3
Tata Power	211.8	(5.9)*	(4.2)*	30.3*	22.2	21.2	22.9	18.4	14.1	10.8	1.4	1.4	1.3	7.9	9.8	12.2	1.7	1.7	1.7

Source: Company, Centrum Research Estimates \* Not Comparable under IND-AS

## Quarterly financials, Operating metrics and Key performance indicators

### Exhibit 6: Quarterly Financials

Particulars (Rsmn)	Q3FY15	Q4FY15	Q1FY16	Q2FY16	Q3FY16	Q4FY16	Q1FY17	Q2FY17
<b>Net Sales</b>	<b>28,190</b>	<b>23,189</b>	<b>32,932</b>	<b>34,799</b>	<b>29,351</b>	<b>29,814</b>	<b>35,766</b>	<b>39,748</b>
Other operating income	-	-	-	-	-	-	-	-
Purchase cost	27,597	22,605	32,244	34,114	28,638	29,095	34,977	38,950
Total operating expenses	27,730	22,726	32,364	34,236	28,805	29,209	35,110	39,089
<b>EBITDA</b>	<b>459</b>	<b>463</b>	<b>568</b>	<b>564</b>	<b>545</b>	<b>605</b>	<b>655</b>	<b>658</b>
Depreciation	11	11	9	9	9	9	8	8
Interest	3	3	1	3	3	12	307	466
Other Income	136	394	143	741	121	584	474	1,265
PBT	582	842	702	1,293	654	1,169	815	1,449
Tax	191	278	223	286	201	396	252	320
<b>RPAT</b>	<b>66</b>	<b>564</b>	<b>479</b>	<b>1,007</b>	<b>453</b>	<b>397</b>	<b>563</b>	<b>1,129</b>
<b>YoY Growth (%)</b>								
Net Sales	7.9	(17.0)	(10.7)	(17.0)	4.1	28.6	8.6	14.2
EBITDA	7.7	3.5	(0.5)	(11.1)	18.7	30.7	15.3	16.8
RPAT	(54.8)	(18.8)	9.5	4.9	15.9	36.8	17.5	12.2
<b>Margins (%)</b>								
EBITDA	1.6	2.0	1.7	1.6	1.9	2.0	1.8	1.7
PAT	1.4	2.4	1.5	2.9	1.5	2.6	1.6	2.8
<b>Key operational parameters</b>								
Units sold (MU)	7,773	6,331	10,265	12,546	9,761	9,800	12,221	15,561
- Of which units sold under erstwhile tolling	512	507	250	60	173	170	130	-
Gross trading margin (Rs/kWh)	0.06	0.08	0.06	0.05	0.06	0.07	0.06	0.05
EBITDA/unit (Rs/kWh)	0.06	0.07	0.06	0.04	0.06	0.06	0.05	0.04
Margin on Tolling projects (Rs/kWh)	0.3	0.2	0.2	0.2	0.6	0.3	0.3	NA
Net rebate and surcharge (Rs/kWh)	0.02	0.03	0.02	0.01	0.01	0.02	0.01	0.01
Net trading margin (Rs/kWh)	0.03	0.04	0.04	0.04	0.04	0.05	0.05	0.05

Source: Company, Centrum Research Estimate

### Exhibit 7: Key Performance Indicators

Assumptions	FY14	FY15	FY16	FY17E	FY18E
Units sold (BU)	35.1	37.1	42.3	48.4	58.2
EBITDA/unit (Rs/kWh)	0.05	0.06	0.05	0.05	0.05
APAT/unit (Rs/kWh)	0.04	0.06	0.06	0.06	0.05

Source: Company, Centrum Research Estimate

## Financials (Standalone)

### Exhibit 8: Income Statement

Y/E March (Rsmn)	FY14	FY15	FY16	FY17E	FY18E
<b>Revenues</b>	<b>1,12,898</b>	<b>1,30,203</b>	<b>1,26,896</b>	<b>1,52,199</b>	<b>1,75,016</b>
Purchase/CoGS	1,08,662	1,26,954	1,23,562	1,48,422	1,70,640
% of revenues	96.2	97.5	97.4	97.5	97.5
Operating expenses	2,183	922	800	963	1,108
% of revenues	1.9	0.7	0.6	0.6	0.6
Employee Costs	155	199	253	285	326
% of revenues	0.1	0.2	0.2	0.2	0.2
<b>EBITDA</b>	<b>1,899</b>	<b>2,127</b>	<b>2,282</b>	<b>2,529</b>	<b>2,943</b>
EBITDA Margin (%)	1.7	1.7	1.8	1.7	1.7
Depreciation & Amortisation	42	42	35	35	35
<b>EBIT</b>	<b>1,857</b>	<b>2,086</b>	<b>2,247</b>	<b>2,494</b>	<b>2,908</b>
Interest expenses	27	10	19	-	-
Other Income	537	1,259	1,589	1,244	862
<b>PBT (excluding exceptional item)</b>	<b>2,367</b>	<b>3,335</b>	<b>3,817</b>	<b>3,738</b>	<b>3,770</b>
Provision for tax	1,130	982	1,106	1,063	1,070
Effective tax rate (%)	47.7	29.5	29.0	28.4	28.4
<b>Net Profit</b>	<b>1,237</b>	<b>2,353</b>	<b>2,711</b>	<b>2,675</b>	<b>2,699</b>
Min. int./ share from asso.	-	-	-	-	-
<b>Rep. PAT</b>	<b>2,512</b>	<b>2,031</b>	<b>2,336</b>	<b>2,675</b>	<b>2,699</b>
Exceptional item	1,276	(322)	(375)	-	-
<b>Adj. PAT after expc.</b>	<b>1,237</b>	<b>2,353</b>	<b>2,711</b>	<b>2,675</b>	<b>2,699</b>

Source: Company, Centrum Research Estimates

### Exhibit 9: Key Ratios

Y/E March	FY14	FY15	FY16	FY17E	FY18E
<b>Growth Metrics (%)</b>					
Revenue	27.5	15.3	(2.5)	19.9	15.0
EBITDA	10.8	12.0	7.3	10.8	16.3
Rep. Profit	97.8	(19.2)	15.0	14.5	0.9
<b>Profitability Metrics (%)</b>					
EBITDA Margin	1.7	1.7	1.8	1.7	1.7
PBIT Margin	1.7	1.6	1.8	1.7	1.7
PBT Margin	3.3	2.3	2.7	2.5	2.2
PAT Margin	1.1	1.8	2.2	1.8	1.6
<b>Return Ratio (%)</b>					
ROE	5.1	9.1	10.0	9.3	8.8
ROCE(inc. Investments)	6.8	8.8	9.6	9.3	8.8
ROIC- Adjusted	5.7	6.3	5.7	7.3	7.7
<b>Turnover Ratio (days)</b>					
Inventory period	-	-	-	-	-
Debtors period	69.0	71.2	93.7	87.6	87.6
Creditors period	35.9	45.9	58.3	58.4	58.4
Net working capital	32.0	24.7	35.9	27.4	27.7
<b>Solvency Ratio (x)</b>					
Debt-equity	-	-	-	-	-
Net debt-equity	(0.2)	(0.3)	(0.2)	(0.3)	(0.3)
Current Ratio	2.3	1.7	1.6	1.7	1.6
Interest coverage	87.2	348.4	201.9	NM	NM
<b>Dividend</b>					
Dividend per share	2.0	2.2	2.5	2.5	2.5
Dividend payout ratio (%)	47.9	27.7	27.3	27.7	27.4
Dividend yield (%)	2.8	3.1	3.6	3.6	3.6
<b>Per share (Rs)</b>					
Basic EPS - Adjusted	4.2	7.9	9.2	9.0	9.1
Fully diluted EPS - Adjusted	4.2	7.9	9.2	9.0	9.1
Fully diluted EPS - Reported	8.5	6.9	7.9	9.0	9.1
CEPS	4.5	8.1	9.3	9.2	9.2
Book value	84.7	89.1	94.3	100.1	106.1
<b>Valuation (x)</b>					
P/E (Adj.)	16.8	8.8	7.7	7.8	7.7
P/BV	0.8	0.8	0.7	0.7	0.7
EV/EBITDA	7.8	5.8	6.3	4.6	4.0
EV/Sales	0.1	0.1	0.1	0.1	0.1
Mcaps/Sales	0.2	0.2	0.2	0.1	0.1

Source: Company, Centrum Research Estimates

### Exhibit 10: Balance Sheet

Y/E March (Rsmn)	FY14	FY15	FY16	FY17E	FY18E
Equity Share Capital	2,960	2,960	2,960	2,960	2,960
Reserves	22,124	23,426	24,939	26,676	28,431
<b>Shareholders' fund</b>	<b>25,084</b>	<b>26,386</b>	<b>27,899</b>	<b>29,636</b>	<b>31,391</b>
<b>Debt</b>	-	-	-	-	-
Deferred Tax/non-current Liability	-	-	-	-	-
<b>Total Capital Employed</b>	<b>25,084</b>	<b>26,386</b>	<b>27,899</b>	<b>29,636</b>	<b>31,391</b>
Gross fixed assets	655	670	673	703	733
Accumulated depreciation	(356)	(397)	(427)	(462)	(497)
CWIP	1	-	-	-	-
<b>Net Fixed Assets</b>	<b>300</b>	<b>272</b>	<b>246</b>	<b>241</b>	<b>236</b>
Investments	9,597	14,541	13,611	12,681	12,681
Inventories	-	-	-	-	-
Sundry Debtors	20,857	25,151	32,258	36,117	41,545
Cash & bank balances	5,447	2,796	1,615	5,420	5,353
Loans and advances	826	946	1,796	752	866
Other current assets	57	5	1	45	52
<b>Total current assets</b>	<b>27,186</b>	<b>28,898</b>	<b>35,669</b>	<b>42,334</b>	<b>47,815</b>
Creditors	10,857	16,207	20,062	24,078	27,696
Other current liabilities and provision	1,208	1,183	1,634	1,543	1,645
<b>Net current assets</b>	<b>15,122</b>	<b>11,508</b>	<b>13,973</b>	<b>16,713</b>	<b>18,474</b>
Deferred Tax Asset/Others	63	64	69	-	-
<b>Total Assets</b>	<b>25,084</b>	<b>26,386</b>	<b>27,899</b>	<b>29,636</b>	<b>31,391</b>

Source: Company, Centrum Research Estimates

### Exhibit 11: Cash Flow

Y/E March (Rsmn)	FY14	FY15	FY16	FY17E	FY18E
<b>PBT</b>	<b>3,642</b>	<b>3,013</b>	<b>3,442</b>	<b>3,738</b>	<b>3,770</b>
Total tax paid	(1,151)	(983)	(1,110)	(994)	(1,070)
Depreciation	42	42	35	35	35
Chg in debtors	564	(4,294)	(7,107)	(3,859)	(5,428)
Chg in inventory	183	-	-	-	-
Chg in loans & advances	(369)	(120)	(850)	1,044	(113)
Change in other current assets	(53)	52	4	(45)	(7)
Chg in creditors	(153)	5,350	3,855	4,016	3,619
Chg in other current liabilities	115	(147)	167	96	90
Change in other non-current liabilities	6	2	12	37	11
Net chg in working capital	294	843	(3,918)	1,288	(1,827)
<b>CF from op. activities (a)</b>	<b>2,827</b>	<b>2,914</b>	<b>(1,552)</b>	<b>4,066</b>	<b>907</b>
Capital expenditure	(9)	(13)	(3)	(30)	(30)
Chg in investments	(353)	(4,943)	930	930	-
<b>CF from invest. activities (b)</b>	<b>(361)</b>	<b>(4,957)</b>	<b>926</b>	<b>900</b>	<b>(30)</b>
Debt raised/(repaid)	-	-	-	-	-
Dividend (incl. tax)	(531)	(642)	(549)	(1,089)	(866)
Others	(23)	34	(6)	(71)	(78)
<b>CF from fin. activities (c)</b>	<b>(554)</b>	<b>(608)</b>	<b>(555)</b>	<b>(1,160)</b>	<b>(944)</b>
Net chg in cash (a+b+c)	1,912	(2,650)	(1,181)	3,806	(67)

Source: Company, Centrum Research Estimates

## Appendix A

### Disclaimer

Centrum Broking Limited ("Centrum") is a full-service, Stock Broking Company and a member of The Stock Exchange, Mumbai (BSE) and National Stock Exchange of India Ltd. (NSE). Our holding company, Centrum Capital Ltd, is an investment banker and an underwriter of securities. As a group Centrum has Investment Banking, Advisory and other business relationships with a significant percentage of the companies covered by our Research Group. Our research professionals provide important inputs into the Group's Investment Banking and other business selection processes.

Recipients of this report should assume that our Group is seeking or may seek or will seek Investment Banking, advisory, project finance or other businesses and may receive commission, brokerage, fees or other compensation from the company or companies that are the subject of this material/report. Our Company and Group companies and their officers, directors and employees, including the analysts and others involved in the preparation or issuance of this material and their dependants, may on the date of this report or from, time to time have "long" or "short" positions in, act as principal in, and buy or sell the securities or derivatives thereof of companies mentioned herein. Centrum or its affiliates do not own 1% or more in the equity of this company. Our sales people, dealers, traders and other professionals may provide oral or written market commentary or trading strategies to our clients that reflect opinions that are contrary to the opinions expressed herein, and our proprietary trading and investing businesses may make investment decisions that are inconsistent with the recommendations expressed herein. We may have earlier issued or may issue in future reports on the companies covered herein with recommendations/ information inconsistent or different those made in this report. In reviewing this document, you should be aware that any or all of the foregoing, among other things, may give rise to or potential conflicts of interest. We and our Group may rely on information barriers, such as "Chinese Walls" to control the flow of information contained in one or more areas within us, or other areas, units, groups or affiliates of Centrum. Centrum or its affiliates do not make a market in the security of the company for which this report or any report was written. Further, Centrum or its affiliates did not make a market in the subject company's securities at the time that the research report was published.

This report is for information purposes only and this document/material should not be construed as an offer to sell or the solicitation of an offer to buy, purchase or subscribe to any securities, and neither this document nor anything contained herein shall form the basis of or be relied upon in connection with any contract or commitment whatsoever. This document does not solicit any action based on the material contained herein. It is for the general information of the clients of Centrum. Though disseminated to clients simultaneously, not all clients may receive this report at the same time. Centrum will not treat recipients as clients by virtue of their receiving this report. It does not constitute a personal recommendation or take into account the particular investment objectives, financial situations, or needs of individual clients. Similarly, this document does not have regard to the specific investment objectives, financial situation/circumstances and the particular needs of any specific person who may receive this document. The securities discussed in this report may not be suitable for all investors. The securities described herein may not be eligible for sale in all jurisdictions or to all categories of investors. The countries in which the companies mentioned in this report are organized may have restrictions on investments, voting rights or dealings in securities by nationals of other countries. The appropriateness of a particular investment or strategy will depend on an investor's individual circumstances and objectives. Persons who may receive this document should consider and independently evaluate whether it is suitable for his/ her/their particular circumstances and, if necessary, seek professional/financial advice. Any such person shall be responsible for conducting his/her/their own investigation and analysis of the information contained or referred to in this document and of evaluating the merits and risks involved in the securities forming the subject matter of this document.

The projections and forecasts described in this report were based upon a number of estimates and assumptions and are inherently subject to significant uncertainties and contingencies. Projections and forecasts are necessarily speculative in nature, and it can be expected that one or more of the estimates on which the projections and forecasts were based will not materialize or will vary significantly from actual results, and such variances will likely increase over time. All projections and forecasts described in this report have been prepared solely by the authors of this report independently of the Company. These projections and forecasts were not prepared with a view toward compliance with published guidelines or generally accented accounting principles. No independent accountants have expressed an opinion or any other form of assurance on these projections or forecasts. You should not regard the inclusion of the projections and forecasts described herein as a representation or warranty by or on behalf of the Company, Centrum, the authors of this report or any other person that these projections or forecasts or their underlying assumptions will be achieved. For these reasons, you should only consider the projections and forecasts described in this report after carefully evaluating all of the information in this report, including the assumptions underlying such projections and forecasts.

The price and value of the investments referred to in this document/material and the income from them may go down as well as up, and investors may realize losses on any investments. Past performance is not a guide for future performance. Future returns are not guaranteed and a loss of original capital may occur. Actual results may differ materially from those set forth in projections. Forward-looking statements are not predictions and may be subject to change without notice. Centrum does not provide tax advice to its clients, and all investors are strongly advised to consult regarding any potential investment. Centrum and its affiliates accept no liabilities for any loss or damage of any kind arising out of the use of this report. Foreign currencies denominated securities are subject to fluctuations in exchange rates that could have an adverse effect on the value or price of or income derived from the investment. In addition, investors in securities such as ADRs, the value of which are influenced by foreign currencies effectively assume currency risk. Certain transactions including those involving futures, options, and other derivatives as well as non-investment-grade securities give rise to substantial risk and are not suitable for all investors. Please ensure that you have read and understood the current risk disclosure documents before entering into any derivative transactions.

This report/document has been prepared by Centrum, based upon information available to the public and sources, believed to be reliable. No representation or warranty, express or implied is made that it is accurate or complete. Centrum has reviewed the report and, in so far as it includes current or historical information, it is believed to be reliable, although its accuracy and completeness cannot be guaranteed. The opinions expressed in this document/material are subject to change without notice and have no obligation to tell you when opinions or information in this report change.

This report or recommendations or information contained herein do/does not constitute or purport to constitute investment advice in publicly accessible media and should not be reproduced, transmitted or published by the recipient. The report is for the use and consumption of the recipient only. This publication may not be distributed to the public used by the public media without the express written consent of Centrum. This report or any portion hereof may not be printed, sold or distributed without the written consent of Centrum.

The distribution of this document in other jurisdictions may be restricted by law, and persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. Neither Centrum nor its directors, employees, agents or representatives shall be liable for any damages whether direct or indirect, incidental, special or consequential including lost revenue or lost profits that may arise from or in connection with the use of the information.

This document does not constitute an offer or invitation to subscribe for or purchase or deal in any securities and neither this document nor anything contained herein shall form the basis of any contract or commitment whatsoever. This document is strictly confidential and is being furnished to you solely for your information, may not be distributed to the press or other media and may not be reproduced or redistributed to any other person. The distribution of this report in other jurisdictions may be restricted by law and persons into whose possession this report comes should inform themselves about, and observe any such restrictions. By accepting this report, you agree to be bound by the foregoing limitations. No representation is made that this report is accurate or complete.

The opinions and projections expressed herein are entirely those of the author and are given as part of the normal research activity of Centrum Broking and are given as of this date and are subject to change without notice. Any opinion estimate or projection herein constitutes a view as of the date of this report and there can be no assurance that future results or events will be consistent with any such opinions, estimate or projection.

This document has not been prepared by or in conjunction with or on behalf of or at the instigation of, or by arrangement with the company or any of its directors or any other person. Information in this document must not be relied upon as having been authorized or approved by the company or its directors or any other person. Any opinions and projections contained herein are entirely those of the authors. None of the company or its directors or any other person accepts any liability whatsoever for any loss arising from any use of this document or its contents or otherwise arising in connection therewith.

Centrum and its affiliates have not managed or co-managed a public offering for the subject company in the preceding twelve months. Centrum and affiliates have not received compensation from the companies mentioned in the report during the period preceding twelve months from the date of this report for service in respect of public offerings, corporate finance, debt restructuring, investment banking or other advisory services in a merger/acquisition or some other sort of specific transaction.

As per the declarations given by them, Mr. Sachin Mehta, research analyst and and/or any of his family members do not serve as an officer, director or any way connected to the company/companies mentioned in this report. Further, as declared by him, he has not received any compensation from the above companies in the preceding twelve months. He does not hold any shares by him or through his relatives or in case if holds the shares then will not to do any transactions in the said scrip for 30 days from the date of release such report. Our entire research professionals are our employees and are paid a salary. They do not have any other material conflict of interest of the research analyst or member of which the research analyst knows of has reason to know at the time of publication of the research report or at the time of the public appearance.

While we would endeavour to update the information herein on a reasonable basis, Centrum, its associated companies, their directors and employees are under no obligation to update or keep the information current. Also, there may be regulatory, compliance or other reasons that may prevent Centrum from doing so.

Non-rated securities indicate that rating on a particular security has been suspended temporarily and such suspension is in compliance with applicable regulations and/or Centrum policies, in circumstances where Centrum is acting in an advisory capacity to this company, or any certain other circumstances.

This report is not directed to, or intended for distribution to or use by, any person or entity who is a citizen or resident of or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would subject Centrum Broking Limited or its group companies to any registration or licensing requirement within such jurisdiction. Specifically, this document does not constitute an offer to or solicitation to any U.S. person for the purchase or sale of any financial instrument or as an official confirmation of any transaction to any U.S. person unless otherwise stated, this message should not be construed as official confirmation of any transaction. No part of this document may be distributed in Canada or used by private customers in United Kingdom.

The information contained herein is not intended for publication or distribution or circulation in any manner whatsoever and any unauthorized reading, dissemination, distribution or copying of this communication is prohibited unless otherwise expressly authorized. Please ensure that you have read "Risk Disclosure Document for Capital Market and Derivatives Segments" as prescribed by Securities and Exchange Board of India before investing in Indian Securities Market.

### PTC India price chart



Source: Bloomberg, Centrum Research



## Disclosure of Interest Statement

1	Business activities of Centrum Broking Limited (CBL)	Centrum Broking Limited (hereinafter referred to as "CBL") is a registered member of NSE (Cash, F&O and Currency Derivatives Segments), MCX-SX (Currency Derivatives Segment) and BSE (Cash segment), Depository Participant of CDSL and a SEBI registered Portfolio Manager.
2	Details of Disciplinary History of CBL	CBL has not been debarred/ suspended by SEBI or any other regulatory authority from accessing /dealing in securities market.
3	Registration status of CBL:	CBL is registered with SEBI as a Research Analyst (SEBI Registration No. INH000001469)

		PTC India	NTPC	Tata Power
4	Whether Research analyst's or relatives' have any financial interest in the subject company and nature of such financial interest	No	No	No
5	Whether Research analyst or relatives have actual / beneficial ownership of 1% or more in securities of the subject company at the end of the month immediately preceding the date of publication of the document.	No	No	No
6	Whether the research analyst or his relatives has any other material conflict of interest	No	No	No
7	Whether research analyst has received any compensation from the subject company in the past 12 months and nature of products / services for which such compensation is received	No	No	No
8	Whether the Research Analyst has received any compensation or any other benefits from the subject company or third party in connection with the research report	No	No	No
9	Whether Research Analysts has served as an officer, director or employee of the subject company	No	No	No
10	Whether the Research Analyst has been engaged in market making activity of the subject company.	No	No	No

## Rating Criteria

Rating	Market cap < Rs20bn	Market cap > Rs20bn but < 100bn	Market cap > Rs100bn
Buy	Upside > 20%	Upside > 15%	Upside > 10%
Hold	Upside between -20% to +20%	Upside between -15% to +15%	Upside between -10% to +10%
Sell	Downside > 20%	Downside > 15%	Downside > 10%

## Member (NSE and BSE)

## Regn No.:

CAPITAL MARKET SEBI REGN. NO.: BSE: INB011454239  
 CAPITAL MARKET SEBI REGN. NO.: NSE: INB231454233  
 DERIVATIVES SEBI REGN. NO.: NSE: INF231454233  
 (TRADING & CLEARING MEMBER)  
 CURRENCY DERIVATIVES: MCX-SX INE261454230  
 CURRENCY DERIVATIVES: NSE (TM & SCM) – NSE 231454233

## Depository Participant (DP)

CDSL DP ID: 120 – 12200  
 SEBI REGD NO.: CDSL : IN-DP-CDSL-661-2012

## PORTFOLIO MANAGER

SEBI REGN NO.: INP000004383

Website: [www.centrum.co.in](http://www.centrum.co.in)

Investor Grievance Email ID: [investor.grievances@centrum.co.in](mailto:investor.grievances@centrum.co.in)

## Compliance Officer Details:

Kavita Ravichandran

(022) 4215 9842; Email ID: [Compliance@centrum.co.in](mailto:Compliance@centrum.co.in)

## Centrum Broking Ltd. (CIN :U67120MH1994PLC078125)

Registered Office Address	Corporate Office & Correspondence Address
Bombay Mutual Building , 2nd Floor, Dr. D. N. Road, Fort, Mumbai - 400 001	Centrum House 6th Floor, CST Road, Near VidyaNagari Marg, Kalina, Santacruz (E), Mumbai 400 098. Tel: (022) 4215 9000