

PTC India Fin Services Ltd.

We had recommended a BUY on PFS at Rs32 with 2-year price target of Rs65 in our Midcap Strategy Report (Double your stake, quadruple your money) dated [June 30, 2014](#). The stock hit the target in today's trading session thereby delivering a stunning return of 103% in less than six months of recommendation. In our recent report on the company dated [December 15, 2014](#), we have extended the 2-year target to Rs80. Our conviction in PFS has been bolstered by the Government's policy thrust in power sector particularly in the renewable space and encouraging interactions with the management in recent months. We believe that company can deliver sustainable RoA of 3.3-3.5% and RoE of 17-18% while operating on a comfortable leverage. Current valuation of 1.8x FY17E P/ABV is attractive in this context and represents material room for incremental re-rating.

Previous Reco Price:	Rs32
Previous Target (2-yr):	Rs65
Return Achieved:	103.1%
New Target (2-yr):	Rs80
Expected Return:	23.1%

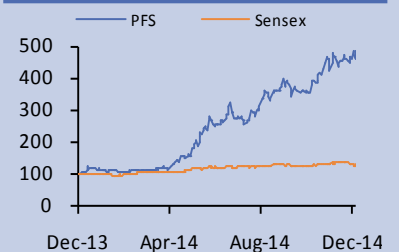
Sector:	Financials
Sector view:	Positive
Sensex:	27,371
52 Week h/l (Rs):	65/12
Market cap (Rscr) :	3,544
6m Avg vol ('000Nos):	6,231
Bloomberg code:	PTCIF
BSE code:	533344
NSE code:	PFS
FV (Re):	10

Price as on December 19, 2014

Company rating grid

	Low	→	High		
	1	2	3	4	5
Earnings Growth					5
RoA Progression					5
B/S Strength				4	
Valuation appeal					
Risk			1		
	Low				High

Share price trend



Share holding pattern

(%)	Mar-14	Jun-14	Sep-14
Promoter	60.0	60.0	60.0
Insti	11.2	8.1	21.1
Others	28.8	31.9	18.9

India Strategy

Midcaps

June 2014

PTC India Fin Services Ltd.

Set for a rapid growth

PTC India Financial Services Ltd (PFS) is a niche play on revival in power capex. Under the new reform-oriented government, the policy environment for power sector witnessed rapid growth and likely impact on course to trend down, though loan environment. and 19% resp extremely att

Loan book in
Notwithstanding its growth its loan base. Apart from funding energy thermal power projects (80% comprise 35% PFS has robust outstanding periodically re worth Rs20-2 activity. So the current outst would start b government a clearances an segment cont PFS is also loo

Financial sum
Y/e 31 Mar (Rs m)
Total operating Yoy growth (%)
Operating profit Exceptional Item Net profit yoy growth (%)
EPS (Rs)
Adj. BVPS (Rs)
P/E (x)
P/Adj. BV (x)
ROE (%)
ROA (%)
CAR (%)

Rating: BUY
Target (2-year): Rs65
CMP: Rs32
Upside: 103.1%

PTC India Fin Services Ltd.

Valuation re-rating to continue

With enhanced confidence in the business, we upgrade our 2-year price target on PFS to Rs80 from Rs65 representing a significant 43% upside from the current price. Since our initiation report at Rs32 released on July 1, 2014, the stock has already delivered 75% return. Government's policy thrust on power sector particularly in the renewable space and encouraging interactions with the management has strengthened our conviction in PFS. In our view, company's loan assets would grow 3x over FY14-17 underpinning a 51% CAGR in pre-exceptional PBT. We believe that PFS can deliver sustainable RoA of 3.3-3.5% and RoE of 17-18% while operating on a comfortable leverage. Current valuation of 1.6x FY17E P/ABV is attractive in this context and represents material room for incremental re-rating.

Management encouraged by Government's policy initiatives and thrust on renewable energy
Fast growing power demand and need to achieve energy security has underpinned new government's policy thrust on developing the country's renewable energy resources. While the Ministry of New and Renewable Energy (MNRE) is aiming for a capacity addition of 30 GW during the 12th Plan period (2012-2017) from various renewable energy sources, the government has set a mammoth target of adding 100 GW over the coming five years. The latter would imply investment of US\$100bn and therefore represents debt financing opportunity of US\$70bn. The associated investment requirement in the value chain would represent additional funding scope. Government also wants to expand the National Solar Mission and enhance the capacity addition target of 22 GW by 2022.

India's current installed power generation capacity is about 250 GW, of which about 13% (32.4 GW) is based on renewable energy sources. This renewable energy capacity, however, contributes only 6-7% to the electricity generated in the country. The government intends to increase the share of the renewable energy in electricity generation to 12% by 2020.

Rating: BUY
Target (2-year): Rs80
CMP: Rs56
Upside: 42.9%

Financial summary

Y/e 31 Mar (Rs m)	FY14	FY15E	FY16E	FY17E
Total operating income	2,430	4,142	5,896	8,206
Yoy growth (%)	35.1	70.4	42.4	39.2
Operating profit (pre-provisions)	2,192	3,857	5,483	7,627
Exceptional Item	822	436	0	0
Net profit	2,077	2,644	3,327	4,693
yoy growth (%)	99.4	27.3	25.8	41.1
EPS (Rs)	3.7	4.7	5.9	8.4
Adj. BVPS (Rs)	24.0	25.7	29.5	35.6
P/E (x)	15.2	11.9	9.5	6.7
P/Adj. BV (x)	2.3	2.2	1.9	1.6
ROE (%)	16.1	18.2	19.6	23.2
ROA (%)	5.0	3.9	3.4	3.5
CAR (%)	25.2	19.6	17.2	16.1

Source: Company, India Infoline Research

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December 15, 2014

Company Report

Double your stake

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December 19, 2014

'Best Broker of the Year' – by Zee Business for contribution to broking

Nirmal Jain, Chairman, IIFL, received the award for The Best Broker of the Year (for contribution to broking in India) at India's Best Market Analyst Awards 2014 organised by the Zee Business in Mumbai. The award was presented by the guest of Honour Amit Shah, president of the Bharatiya Janata Party and Piyush Goel, Minister of state with independent charge for power, coal new and renewable energy.

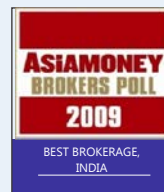
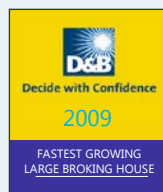
'Best Equity Broker of the Year' – Bloomberg UTV, 2011

IIFL was awarded the 'Best Equity Broker of the Year' at the recently held Bloomberg UTV Financial Leadership Award, 2011. The award presented by the Hon'ble Finance Minister of India, Shri Pranab Mukherjee. The Bloomberg UTV Financial Leadership Awards acknowledge the extraordinary contribution of India's financial leaders and visionaries from January 2010 to January 2011.

'Best Broker in India' – Finance Asia, 2011

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Other awards



Recommendation parameters for fundamental reports:

Buy – Absolute return of over +15%

Accumulate – Absolute return between 0% to +15%

Reduce – Absolute return between 0% to -10%

Sell – Absolute return below -10%

Call Failure - In case of a Buy report, if the stock falls 20% below the recommended price on a closing basis, unless otherwise specified by the analyst; or, in case of a Sell report, if the stock rises 20% above the recommended price on a closing basis, unless otherwise specified by the analyst

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