

Higher surcharge income boosts earnings

13 February 2025

PTC India's (PTCIN IN) revenue remained flat at INR 32bn, but higher surcharge income drove an 86% YoY rise in EBITDA and a 76% YoY increase in standalone PAT to INR 1.1bn. Total electricity volumes grew 29% YoY to 19,245MU, with trading margins at INR 0.0075, INR 0.0215, and INR 0.077 per unit for short-, medium-, and long-term segments. Receivables improved, with Bangladesh-related dues reducing to INR 6,930mn. PTC Energy's divestment is expected by 28 February 2025, and no further investments are planned in Sikkim Urja. **We upgrade PTCIN to Buy with TP pared to INR 191.**

Topline flat, PAT up on higher surcharge income: Standalone revenue from operations increased 1% YoY to INR 32bn. Revenue from the power segment rose 1.2% YoY to INR 33bn but revenue from the financing business declined 23% YoY to INR 1.5bn. PTCIN earned a surcharge income of INR 1,052mn in Q3FY25 versus a surcharge income of INR 355.3mn in Q3FY24. Standalone EBITDA rose 86% YoY to INR 1.5bn. Standalone PAT increased 76% YoY to INR 1.1bn. Consolidated PAT rose 58% YoY to INR 1,764mn. PAT from discontinued operations of PTC Energy was at -INR 19.4mn versus -INR 198.7mn. Consolidated PAT after considering discounted operations rose 87% YoY to INR 1,811mn.

'Electricity sold' rose 29% YoY in Q3FY25: PTCIN's total electricity volumes increased 29% YoY to 19,245MU. Short term, medium term and long term constituted 63%, 4% and 33% of the volume mix. Short-term volume sold increased 39% YoY to 12,117MU in Q3FY25. Long- and medium-term volume sold rose 15% YoY to 7,128MU in Q3FY25. Trading margin in the short term was at INR 0.0075 per unit in Q3FY25. Medium-term trading margin was at INR 0.0215 per unit in Q3FY25 and long-term trading margin stood at INR 0.077 per unit.

Improving receivables position: Revenue from HPX stood at INR 63.3mn in Q3FY25. PAT stood at INR 14mn in Q3FY25. Core operating margin rose 23% YoY to INR 608.9mn in Q3FY25. Gross consulting revenue declined 18% YoY to INR 122.5mn. Net surcharge increased 377% YoY to INR 793.6mn. Net rebate rose 5% YoY to INR 296.2mn. Divestment in PTC Energy is anticipated to be completed by 28 February 2025. Receivables from Bangladesh have reduced from INR 8,590mn to INR 6,930mn. PTCIN does not intend to invest further in restoring Sikkim Urja.

Upgrade to Buy with TP pared to INR 191: We value the standalone operations at INR 115 per share on 7x FY27E P/E. We ascribe a value of INR 35 per share to PTCIN's investment in PFS, INR 25 per share to its investment in PTC Energy, INR 9 per share to its investment in HPX and INR 7 per share for cash and other investments.

We revise PTCIN to Buy from Reduce with TP pared to INR 191 from INR 207 earlier. Our ratings upgrade is led by a correction in the stock price but we have cut our TP due to delayed divestment of PTC Energy and lower value from PTC Financial Services.

Key Financials

YE March	FY23	FY24	FY25E	FY26E	FY27E
Revenue (INR mn)	148,874	160,068	168,818	173,373	193,266
YoY (%)	(4.8)	7.5	5.5	2.7	11.5
EBITDA (INR mn)	5,767	4,485	5,669	5,938	6,647
EBITDA margin (%)	3.9	2.8	3.4	3.4	3.4
Adj PAT (INR mn)	3,876	3,696	4,231	4,321	4,852
YoY (%)	(8.8)	(4.6)	14.5	2.1	12.3
Fully DEPS (INR)	13.1	12.5	14.3	14.5	16.3
RoE (%)	9.4	8.9	9.5	9.1	9.5
RoCE (%)	11.0	8.8	9.2	8.8	9.2
P/E (x)	10.0	11.0	9.7	9.5	8.5
EV/EBITDA (x)	5.0	8.4	6.5	6.0	5.3

Note: Pricing as on 13 February 2025; Source: Company, Elara Securities Estimate

Rating: **Buy**

Target Price: **INR 191**

Upside: **38%**

CMP: **INR 138**

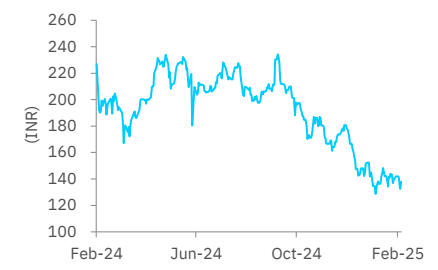
As on 13 February 2025

Key data

Bloomberg	PTCIN IN
Reuters Code	PTCINS
Shares outstanding (mn)	296
Market cap (INR bn/USD mn)	41/470
Enterprise Value (INR bn/USD mn)	69/790
Avg daily volume 3M (INR mn/USD mn)	266/3
52 week high/low	247/128
Free float (%)	84

Note: as on 13 February 2025; Source: Bloomberg

Price chart



Source: Bloomberg

Shareholding (%)	Q4	Q1	Q2	Q3
	FY24	FY25	FY25	FY25
Promoter	16.2	16.2	16.2	16.2
% Pledged	-	-	-	-
FII	29.4	33.1	33.3	28.7
DII	9.4	9.4	9.5	9.4
Others	45.0	41.3	41.0	45.7

Source: BSE

Price performance (%)	3M	6M	12M
Nifty	(2.2)	(4.6)	5.9
PTC India	(19.3)	(34.0)	(27.4)
NSE Mid-cap	(5.4)	(10.5)	6.4
NSE Small-cap	(8.5)	(12.2)	2.1

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Financials (YE March)

Income Statement (INR mn)	FY23	FY24	FY25E	FY26E	FY27E
Net Revenues (LHS)	148,874	160,068	168,818	173,373	193,266
EBITDA	5,767	4,485	5,669	5,938	6,647
Add:- Non operating Income	221	723	156	157	158
OPBIDTA	5,988	5,208	5,825	6,095	6,805
Less :- Depreciation & Amortization	39	35	35	35	35
EBIT	5,950	5,172	5,790	6,060	6,770
Less:- Interest Expenses	289	128	295	298	301
PBT	5,661	5,045	5,495	5,762	6,469
Less :- Taxes	1,117	1,144	1,264	1,440	1,617
Adjusted PAT (LHS)	3,876	3,696	4,231	4,321	4,852
Add/Less: - Extra-ordinaries	500	205	-	-	-
Reported PAT	3,876	3,696	4,231	4,321	4,852
Balance Sheet (INR mn)	FY23	FY24	FY25E	FY26E	FY27E
Share Capital	2,960	2,960	2,960	2,960	2,960
Reserves	38,363	38,519	41,457	44,481	48,031
Borrowings	2,003	4,003	4,003	4,003	4,003
Other liabilities	272	211	211	211	211
Total Liabilities	43,598	45,694	48,631	51,655	55,205
Gross Block	331	346	361	376	391
Less:- Accumulated Depreciation	188	223	258	294	329
Net Block	143	123	103	82	62
Investments	16,425	8,663	9,095	9,551	10,029
Net Working Capital	26,193	36,088	38,613	41,201	44,294
Other Assets	837	819	819	819	819
Total Assets	43,598	45,694	48,631	51,655	55,205
Cash Flow Statement (INR mn)	FY23	FY24	FY25E	FY26E	FY27E
Cash profit adjusted for non-cash items	4,555	4,889	5,825	6,095	6,805
Add/Less : Working Capital Changes	10,086	(8,427)	(1,442)	(1,150)	(2,852)
Operating Cash Flow	14,641	(3,538)	4,383	4,945	3,953
Free Cash Flow	14,641	(3,538)	4,383	4,945	3,953
Financing Cash Flow	(12,315)	(440)	(1,588)	(1,596)	(1,603)
Investing Cash Flow	(242)	2,255	(448)	(470)	(493)
Net change in Cash	2,084	(1,722)	2,347	2,879	1,858
Ratio Analysis	FY23	FY24	FY25E	FY26E	FY27E
Income Statement Ratios (%)					
Revenue Growth	(4.8)	7.5	5.5	2.7	11.5
EBITDA Growth	(4.9)	(22.2)	26.4	4.7	11.9
PAT Growth (RHS)	(8.8)	(4.6)	14.5	2.1	12.3
EBITDA Margin (RHS)	3.9	2.8	3.4	3.4	3.4
Net Margin	2.6	2.3	2.5	2.5	2.5
Return & Liquidity Ratios					
ROE (%)	9.4	8.9	9.5	9.1	9.5
ROCE (%)	11.0	8.8	9.2	8.8	9.2
Per Share data & Valuation Ratios					
Diluted EPS (INR/Share)	13.1	12.5	14.3	14.5	16.3
EPS Growth (%)	(8.8)	(4.6)	14.1	1.8	11.9
DPS (INR/Share)	4.0	4.0	4.0	4.0	4.0
P/E Ratio (x)	10.0	11.0	9.7	9.5	8.5
EV/EBITDA (x)	5.0	8.4	6.5	6.0	5.3
EV/Sales (x)	0.2	0.2	0.2	0.2	0.2
Price/Book (x)	0.9	1.0	0.9	0.9	0.8
Dividend Yield (%)	3.1	2.9	2.9	2.9	2.9

Expect revenue CAGR of 6% in FY24-27E

Note: Pricing as on 13 February 2025; Source: Company, Elara Securities Estimate

Quarterly financials

YE March (INR mn)	Q3FY25	Q3 FY24	YoY (%)	Q2FY25	QoQ (%)	Q3FY25E	Variance (%)
Revenue from operation	32,640	32,248	1.2	49,656	(34.3)	33,860	(3.6)
Total expenses	31,177	31,462	(0.9)	48,063	(35.1)	32,982	(5.5)
Purchases	30,560	30,964	(1.3)	45,996	(33.6)	31,625	(3.4)
Employee benefit expenses	169	171	(1.0)	171	(1.2)	171	(1.2)
Other expenses	175	123	41.7	195	(10.1)	169	3.3
EBITDA	1,464	786	86.3	1,593	(8.1)	878	66.6
Depreciation	7	8	(15.0)	7	3.0	7	3.0
EBIT	1,457	778	87.3	1,586	(8.2)	872	67.1
Interest	24	16	50.3	81	(70.8)	81	(70.8)
Other income	48	88	(45.5)	60	(20.3)	50	(4.2)
Pre-exceptional profit	1,481	850	74.3	1,566	(5.4)	841	76.1
PBT	1,481	850	74.3	1,566	(5.4)	841	76.1
Provision for tax (including deferred tax)	375	221	69.9	401	(6.3)	202	85.9
Reported PAT	1,106	629	75.8	1,165	(5.1)	639	73.0

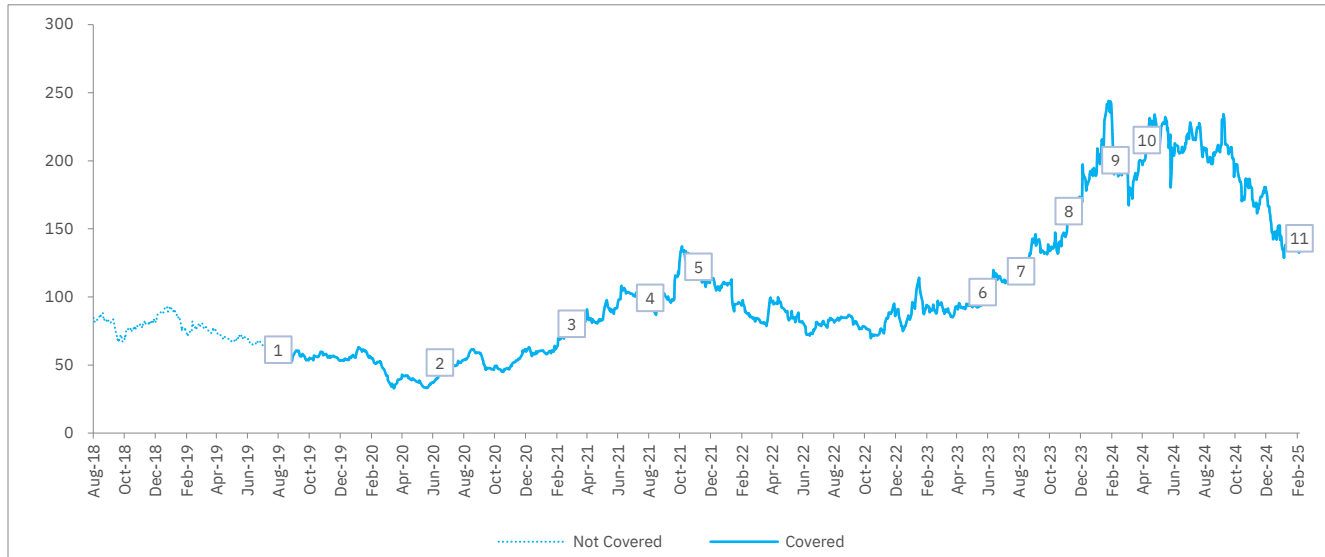
Source: Company, Elara Securities Estimate

Exhibit 1: Valuation summary

Business	Metric	Value (INR mn)	Valuation multiple	Multiple (x)	Equity value (INR mn)
Trading business	PAT	4,852	P/E	7	33,963
PTC India Financial	Mcap	10,328			10,328
PTC Energy	Mcap	7,430			7,430
Other investments		2,200			2,200
HPX					2,525
Shares (mn)					296
TP (INR)					191

Source: Elara Securities Estimate

Coverage History



	Date	Rating	Target Price	Closing Price
6	30-May-2023	Buy	INR 128	INR 98
7	14-Aug-2023	Buy	INR 152	INR 120
8	16-Nov-2023	Accumulate	INR 174	INR 158
9	16-Feb-2024	Reduce	INR 187	INR 195
10	18-Apr-2024	Reduce	INR 207	INR 210
11	13-Feb-2025	Buy	INR 191	INR 138

Guide to Research Rating

BUY	Absolute Return >+20%
ACCUMULATE	Absolute Return +5% to +20%
REDUCE	Absolute Return -5% to +5%
SELL	Absolute Return < -5%

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