

Analysts:

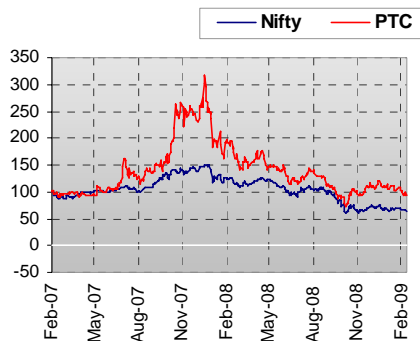
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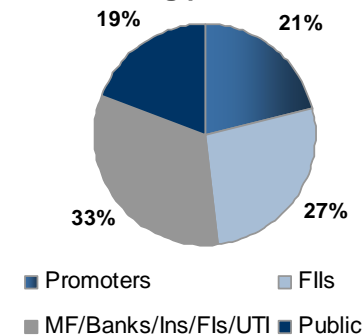
Key Data:

BSE Code	532524
NSE Code	PTC
Reuters Code	PTCLBO
Bloomberg Code	PTCIN@IN
Sector	Power
CMP	INR 56.90
52 week high/low	INR 118.3/43.1
No. of shares	227.4m
Market Cap	INR 12,939m
TTM PE	13.67x
P/B	0.99x

Two-year Indexed stock performance:



Shareholding pattern (31/12/08):



Price performance:

	1m	6m	1yr
PTC India	(15%)	9%	(48%)
Nifty	(3%)	(7%)	(46%)

Source-NSE, ValueNotes Research

PTC: Unlocking the Energy value chain

3 March, 2009

Summary

PTC India Ltd. (earlier known as Power Trading Corporation) is on its way to become India's first integrated power trader. It has transformed itself from a pure power trader, into a solution provider by foraying into power tolling, investments in power projects, and advisory.

Power trading in India is more a function of the huge power deficit the country faces, than its geographical vastness. Considering the country's future economic growth, the demand for power will head north.

Scope of power trading in India will expand due to:

- The clustering of power plants around fuel reserves in the country, creating a geographical rift between power generators and consumers;
- Cultural diversity in India means that multi-day power hungry festivals are celebrated in different states/regions of the nation at different times. This creates periods of inter-region deficit/surplus;
- Power sector reforms encouraging PPP (Public-Private-Partnership)

PTC raised INR 120bn through the QIP route in Jan'08, resulting in a 50% equity dilution. We see this move motivated by (1) PTC's expectation of trading volumes moving steeply north**, (2) for funding its strategic investments in power plants.

We are however optimistic about PTC's trading business, with Central Electricity Authority (CEA) projecting 8.8% energy shortage and 18.1% peak shortage in FY2009. We opine this stock to be a Value Pick with a "Buy" recommendation.

Key financials	FY2008	FY2009E	FY2010E	FY2011E
Total Income (in INR m)	39,523	60,807	76,877	98,670
% increase	4%	54%	26%	28%
Profits After Tax (in INR m)	478	844	1,030	1,402
EBITDA margin	1.5%	1.8%	1.7%	1.9%
EPS (in INR)	2.88	5.08	6.20	8.43
ROE	3.2%	5.4%	6.3%	8.0%
PE	20.9x	11.8x	9.7x	7.1x
P/S	0.3x	0.2x	0.2x	0.1x
EV/Sales	0.3x	0.2x	0.1x	0.1x
EV/EBITDA	19.4x	10.2x	7.7x	5.0x

Source-NSE, ValueNotes Research

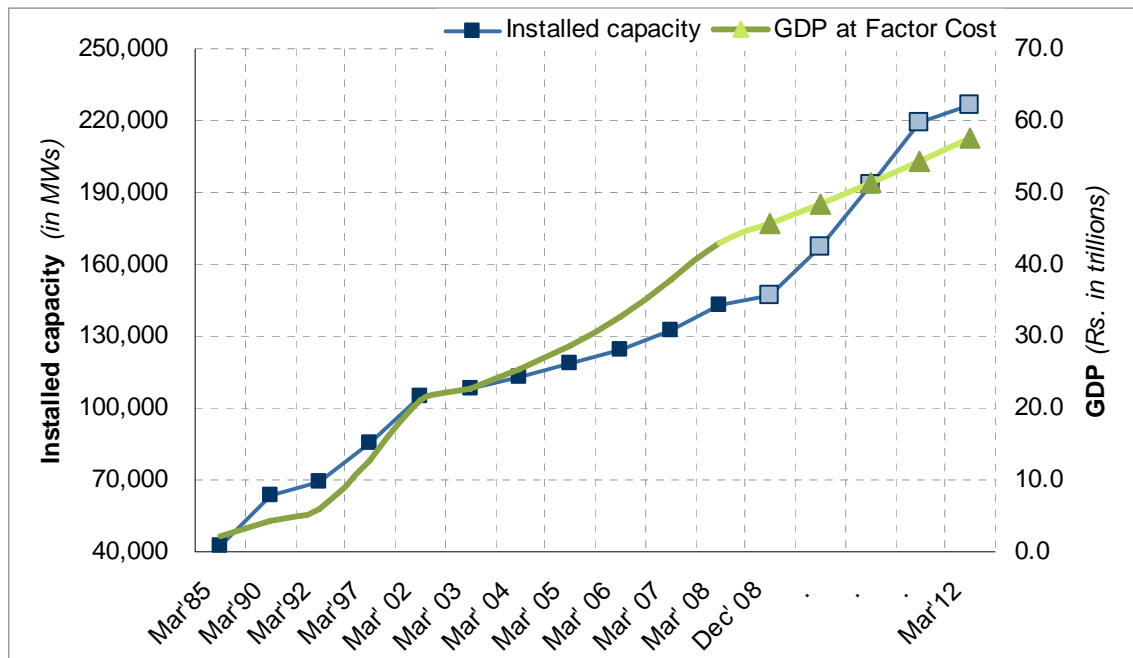
**PTC maintains funds equivalent to one-month's purchase value for short term contracts and five months' purchase value for long term contracts to meet any possible mismatch between revenue realizations and payment obligations.

Industry Attractiveness:

Co-relation of Power demand with economic growth

India is moving on the road of economic development with pace. Power is essential for economic growth. The government expects GDP to grow at ~7% even in these troubled times of an economic slowdown. However, independent agencies and industry experts have given a conservative estimate of about 6%.

We believe that there is a direct co-relation between growth in installed capacity and GDP growth. We extrapolated the past GDP and installed capacity to see what installed capacity will be required in future to support the expected GDP growth.



Source- Central Electric Authority (CEA), Reserve Bank of India (RBI), ValueNotes Research

The extrapolation shows the run-rate at which installed capacity will have to grow annually to support the GDP growth. In recent years, India's GDP has grown at an average rate of 8% making the country power hungry. Infrastructure growth in India has not been uniform. Therefore, developing regions (with poor infrastructure) will have higher demand for power in the coming years compared to their developed counterparts.

Overall deficit

There is an overall deficit in power supply at the regional level (refer table below) as well as state level (refer Appendix II). This makes it necessary for State Electricity Boards (SEBs) to buy power from Independent Power Producers (IPPs). We believe that the demand-supply gap for power is widening, thereby enhancing the scope for power trading. With over 50,000 villages still without electricity, the demand for power will increase significantly. Further, the Government has been missing its targets for capacity expansion in the past. Going forward, it is likely that the Government will underachieve on the planned capacity additions (as per the XI five-year plan, thus amplifying the demand-supply gap.

Table showing power supply deficit by region (in MW)

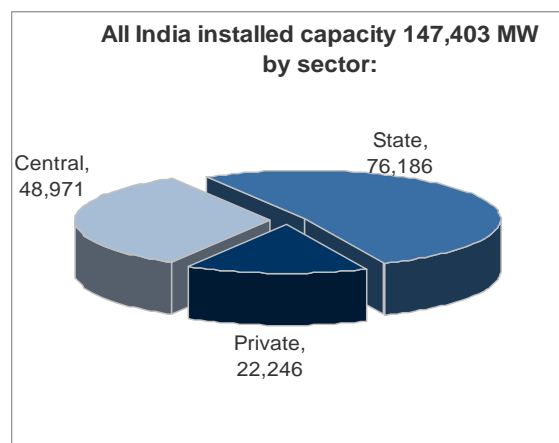
By Region	Apr'08-Nov'08 (Normal)				Apr'08-Nov'08 (Peak)			
	Requirement	Availability	Deficit	%	Peak Demand	Peak Met	Deficit	%
Northern	152,664	136,783	(15,881)	(10.4)	33,034	29,504	(3,530)	(10.7)
Western	166,276	140,103	(26,173)	(15.7)	37,240	29,603	(7,637)	(20.5)
Southern	134,499	124,309	(10,190)	(7.6)	27,184	25,035	(2,149)	(7.9)
Eastern	54,869	52,265	(2,604)	(4.7)	12,901	11,664	(1,237)	(9.6)
North Eastern	6,578	5,617	(961)	(14.6)	1,820	1,358	(462)	(25.4)
All India	514,886	459,077	(55,809)	(10.8)	109,809	94,634	(15,175)	(13.8)

Source – Central Electric Authority (CEA), ValueNotes Research

Existing installed capacity + Addition < Expected demand

India's existing installed capacity for Power generation was at 147,403 MW as of Dec'08.

The doors for private sector power generation were opened up only recently. With unification of electricity regulations into one single Act, called the Electricity Act, 2003, the mist around the regulatory environment is partially cleared. Private players have also gained interest as the Government, which is in need for capital, has started promoting PPP in mega power projects.



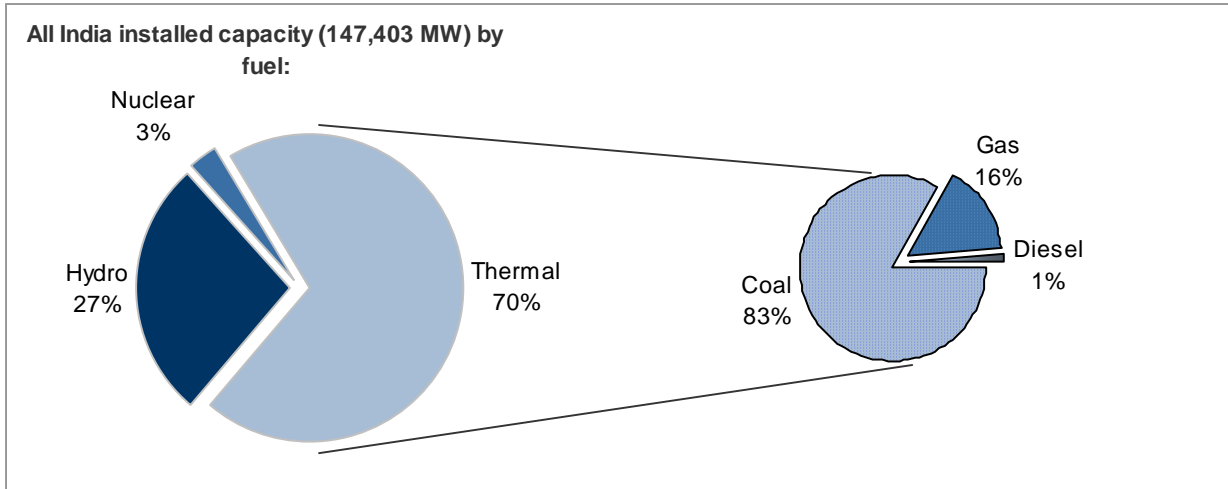
Source – Company, ValueNotes Research

All India installed capacity as on 31 December 2008 (in MW)

	Thermal			Total	Nuclear	Hydro (Renewable)	RES ** (MNRE)	Grand Total
	Coal	Gas	Diesel	Thermal				
Northern	18,868	3,531	13	22,412	1,180	13,425	1,766	38,783
Western	25,403	6,600	17	32,021	1,840	7,449	4,024	45,333
Southern	16,683	3,647	939	21,268	1,100	10,724	7,048	40,140
Eastern	16,446	190	17	16,654	0	3,934	227	20,815
North eastern	60	766	143	969	0	1,116	171	2,256
Islands	0	0	70	70	0	0	6	76
All India	77,459	14,734	1,200	93,393	4,120	36,648	13,242	147,403

Source – CEA, ValueNotes Research; ** - Renewable Energy Resource as on 30 September 2008, given by Ministry of New and Renewable Energy

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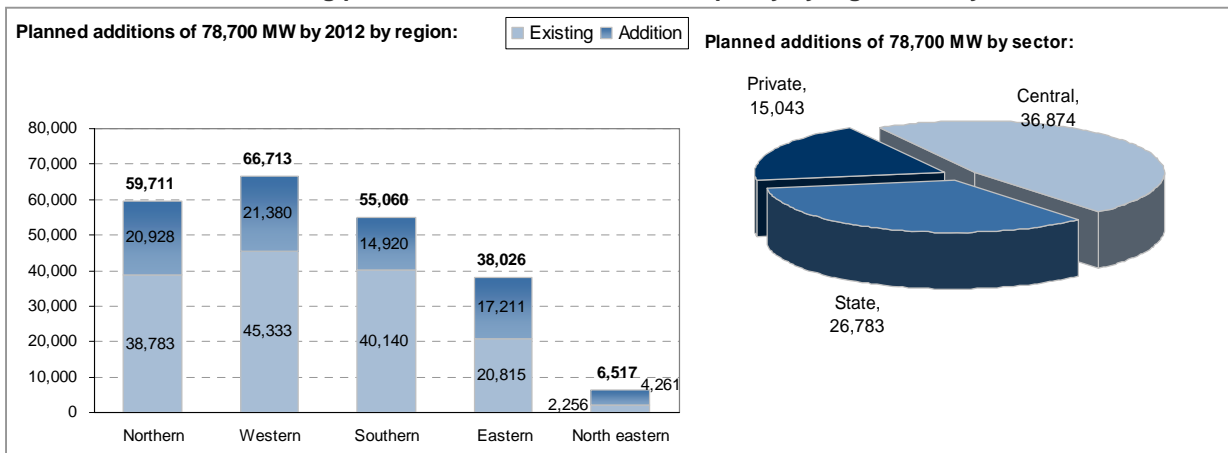
Source: CEA, ValueNotes Research

The capacity addition target as per the XIth plan is 78,700 MWs, Total capacity is planned to touch 226,103 MWs by 2012 (as per the Planning Commission).

	Thermal			Total	Nuclear	Hydro (Renewable)	Grand Total
	Coal	Gas	Diesel	Thermal			
Northern	9,825	1,455	1,720	13,000	440	7,488	20,928
Western	16,550	325	3,335	20,210	0	1,170	21,380
Southern	9,385	500	1,001	10,886	2,940	1,094	14,920
Eastern	14,060	0	0	14,060	0	3,151	17,211
North eastern	750	0	787	1,537	0	2,724	4,261
All India	50,570	2,280	6,843	59,693	3,380	15,627	78,700

Source – CEA, ValueNotes Research

Chart showing planned additions in installed capacity by region and by sector:



Source – CEA, ValueNotes Research

Demand forecast

	Energy	Peak Load (MW)
	2011-12	2011-12
Northern	222,668	48,137
Western	223,085	47,102
Southern	211,732	40,867
Eastern	87,521	19,088
Total	755,847	152,746

Source - The Seventeenth Electric Power Survey, ValueNotes Research

According to the Seventeenth Power Survey, the country's annual energy consumption is expected to cross 755,847 Gwh (giga watt hours) by 2011-12, against 362,799 Gwh in 2003-04. The survey's projections are based on the assumption that the economy will grow at 8-10% over the next five years. The consumption and demand have been calculated assuming the Government is able to meet its objectives and deliver power to all by 2011-12.

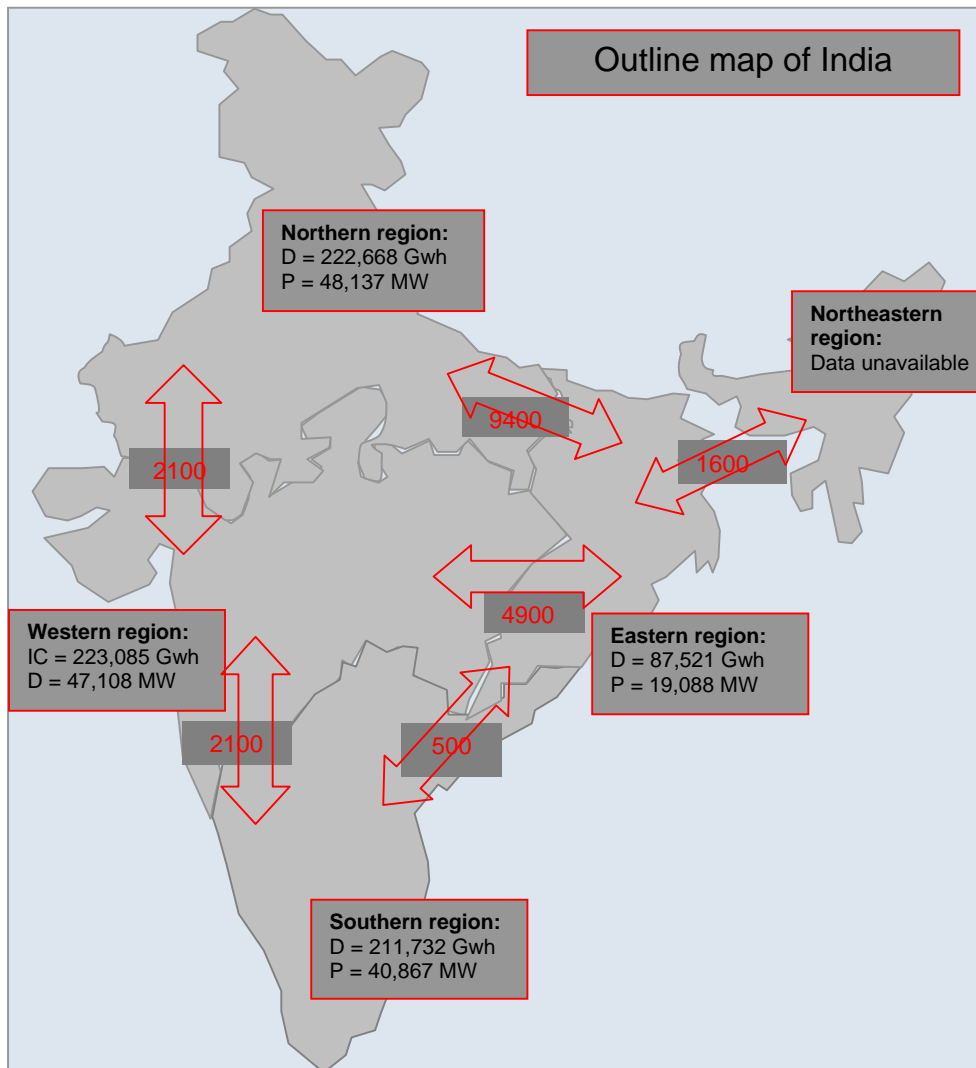
We believe that the current installed capacity plus the planned additions will not be able to fulfil the energy requirement given the robust growth in demand for power expected. We also expect inter-regional power supply disparity to continue. This will indirectly have a positive impact on the expected power trading volumes.

Power supply deficit at every level (overall all, regional, and state-level) that will nurture the ever-growing scope of power trading in India.


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Diversity in location of Power generators and consumers

India is a vast country with power generation diversified in terms of the regions in which the power plants are located. Hydel power potential is concentrated in the North-Eastern and Northern regions of the country. Fuel for thermal power plants i.e., coal is located in Eastern and Central India and so are some of the major thermal power plants. Demand for power, on the other hand, is expected to grow in the Northern, Southern and Western regions. This will increase the need for power trading. Government of India has planned to increase inter-regional transmission capacity by 20,700 MWs, taking the total inter-regional transmission capacity to 37,150 MWs by 2011-12.



Note – D = Expected demand in Giga Watt Hours (Gwh) for 2011-12 as the Seventeenth Power Survey;
P = Expected peak load in Mega Watts (MW) for 2011-12 by the Seventeenth Power Survey;

Red arrows  represent planned additions in transmission capacity

Source – CEA, ValueNotes Research

We believe that the additions in transmission capacity will carve out freeways for power trading and the variance in inter-region power supply deficit will drive the demand for power trading.

Multi-culture/religion in India

There are a number of major festivals that are celebrated in India. There is a marked increase the demand for power during the festivals. As a result of the diversity in the cultures of Indians living in different regions, most of the festivals are region specific. Following is an indicative list of some of the key festival and the regions in which they celebrated.

Festival	Month	State/s	Region
Pongal	January	Tamil Nadu	Southern
Vishu	April	Kerela	Southern
Ganesh Festival	August	Maharashtra	Western
Navratri	August	Gujrat, Maharashtra	Western
Onam	September	Kerela	Southern
Durga Puja	September	West Bengal	Eastern
Kali Puja	October	West Bengal	Eastern
Diwali	October	diversified through the country	NA
Christmas	December	diversified through the country	NA
New Year celebrations	December	urban areas, Metros	NA

Source – ValueNotes Research

Despite the overall shortage, the inherent diversity in demand of various States/Regions results in periods of seasonal surplus and deficit in power supply. We believe that this will be perpetual phenomenon in India, creating a need for power trading.

Government measures

In terms of Plan Outlay, historically the power sector has rightly been given a high priority. As a result, the installed capacity totalled 147,703 MW as on 31-Dec-2008. This was supported by a corresponding increase in the transmission and distribution (T&D) capacity.

Some of the long term measures taken by the Government to increase availability of power include:

- Creation of a National Grid for optimum utilization of generation capacity and inter-regional transfer of power
- 50,000 MW hydro initiative has been launched for development of the hydro sector
- Identification of potential thermal projects aggregating over 100,000 MW
- Formation of Power Finance Corporation and Rural Electrification Corporation too fund Mega Power projects
- Implementation of Ultra Mega Power Projects of 4000 MW each

The regulatory landscape has seen a positive development with the approval being given to Indian Energy Exchange (IEX), India's first Power Exchange at the national level. Issues like open access for the collective transactions on the power exchange have been dealt by the policy makers. PTC has co-promoted the Indian Energy Exchange, along with FTIL and MCX.

Addition in Installed Capacity at the end of the Tenth Plan (Planned vs Actual)				
	Hydro	Thermal	Nuclear	Total
Capacity as on 31.03.2002	26,269	76,057	2,720	1,05,046
Tenth Plan target	14,393	25,417	1,300	41,110
Addition during the Tenth Plan	10,800	19,190	1,300	31,290
	75%	76%	100%	76%
Estimated installed capacity as on 31.03.2007	37,069	95,247	4,020	1,36,336

Source – Tenth Plan Mid-term Appraisal - Planning Commission, ValueNotes Research

The government initiatives prima-facie show commitment to fulfil the demand for power. However, in the past, the Government has proved ineffective in executing its plans (*Refer table above*). This weakness is likely to lead to shortages in the future, making power trading vital.

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History and Business

History

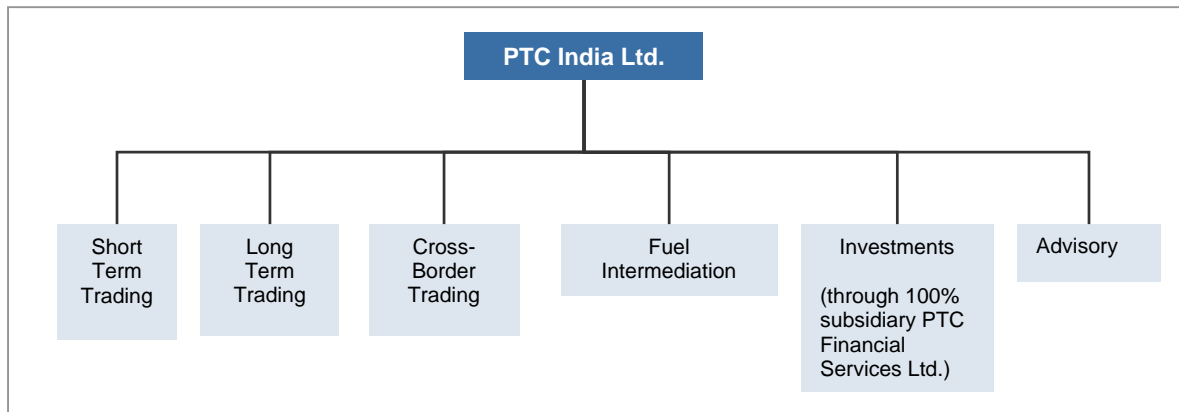
Mega Power Projects (MPPs) could not take off, in late 1990s, due to weak credit profile of State Power Utilities and concerns with respect to credit risk default. Involvement of multiple states meant that there was a need for a central facilitating agency. This agency would provide a single point of contact for the MPPs and offtakers while also managing the credit risk for the developer. This led to the formation of PTC India Ltd. (formerly known as Power Trading Corporation of India Limited). PTC would act as a credit worthy intermediary between Independent Power Producers (IPPs) and the financially distressed State Electricity Boards (SEBs).

The Company was promoted by the following credible participants of the Power industry.

- Powergrid Corp. of India Ltd. – India's largest central transmission utility
- National Thermal Power Corp. – India's largest thermal power generator
- Power Finance Corporation Ltd. – Development financial institution dedicated to the power sector
- National Hydro Power Corporation – Large hydroelectric power generator in India

Business

PTC India Ltd. (PTC) is a Government of India initiated Public-Private Partnership. The business of PTC India Ltd. is diversified into electricity Trading, Fuel Intermediation, Investments, and Advisory.



Source – Company, ValueNotes Research

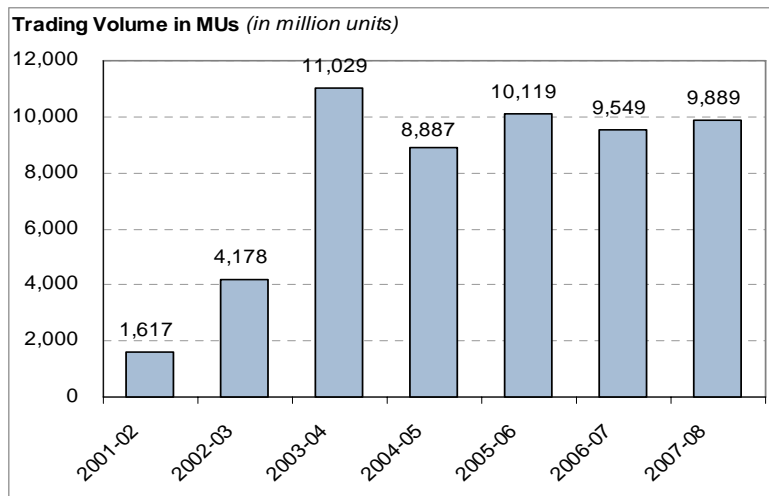
Short Term trading

PTC is the pioneer in STT business (Short term trading). It has overcome the problems in inter-regional connectivity and co-ordination between several agencies dealing in five different regions of the country. In FY2007-08, PTC traded 9,889 million units (MUs)*, a six-fold increase from 1,617 MUs of electricity worth INR 3.64bn in FY2001-02.

(* - includes cross-border trading volumes)

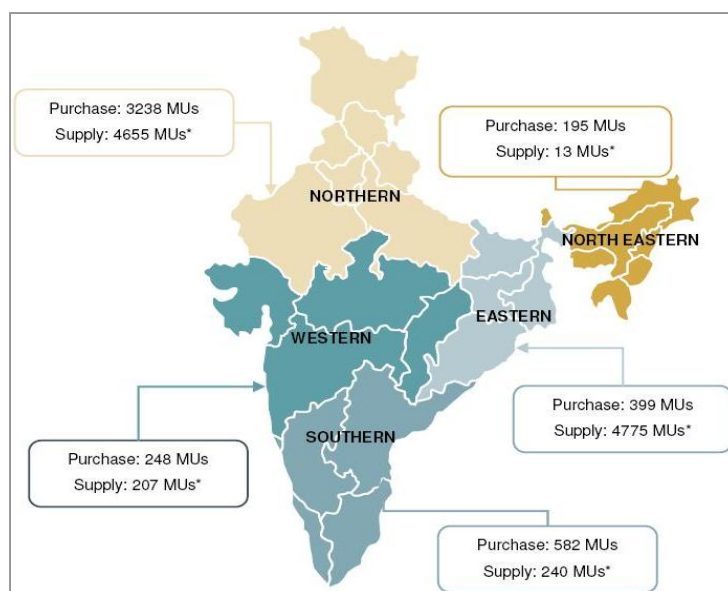
Transactions under the STT business take place both on an inter-regional and intra-regional basis. PTC has been a market leader in STT business since its inception. Here is a quick snapshot.

- o Traded volumes increased from 1,617 MUs in FY2002 to 9,889 MUs** in FY2008
- o Transactions cover almost all the State Electricity Utilities in the country
- o PTC has created various products for its STT business to provide flexibility to its clients
 - Round the clock power
 - Evening or Morning peak/ Afternoon or Night offpeak power
 - Specific time blocks for 6 to 18 hours
 - Weekend or Holiday power
 - Day ahead power



Source – Company, ValueNotes Research

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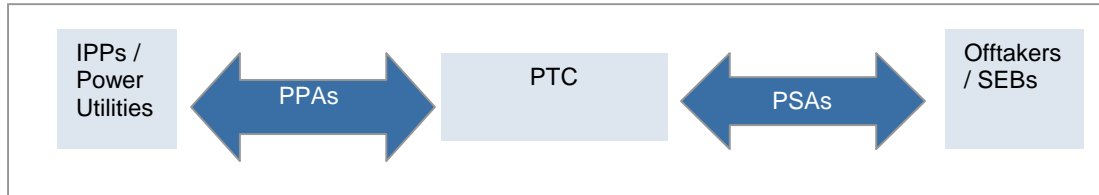
Source – Company, ValueNotes Research

In addition to all the State Power Utilities, PTC

has clients licensees like (i) Calcutta Electric Supply Corporation Ltd; (ii) IPPs like the Malana Power Company Limited; and (iii) captive producers like Jindal Steel and Power Limited.

Long-term Trading

PTC has entered into Power Purchase Agreements (PPAs) with Independent Power Producers (IPPs) / Power Utilities (in and outside India) for purchase of electricity. On the other end it has tied up with State Electricity Boards (SEBs) through Power Sale Agreements (PSAs).



Source – Company, ValueNotes Research

The PPAs and PSAs range from 10 to 35 years, and provide for long term capacity at competitive tariffs. PTC had signed agreements / MoUs for purchase of about 10,500 MW (as of 31-Mar-08) of power from various power projects. PTC is also investing, through equity participation, in some select projects; and will sign agreements / MoUs for purchase of power bought, from these projects.

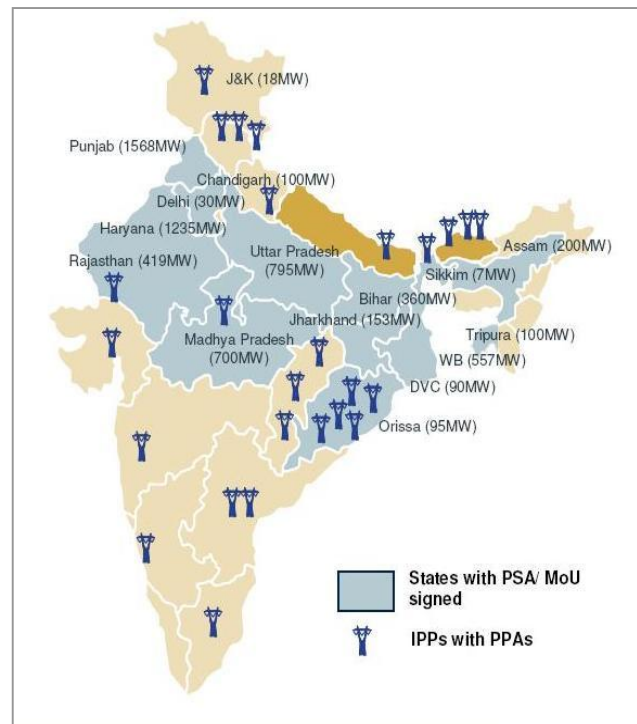
Hers is a quick snapshot of PTC's LTT (Long term trading) business:

PTC wants its volume mix to be more skewed towards medium and long term trading. To achieve this it is entering into PPAs with new IPPs and Captives with surplus capacity and PSAs with offtakers

- PPAs** initialled, 10,470 MW*
- Signed MoUs for Long Term Purchase with Projects for around 28,469 MW*
- PSAs finalized for 4,452 MW*
- MoUs signed for 2,300 MW*

We believe that this move will reduce the volatility in trading Volumes

(*as of June 30, 2008; **Includes West Seti (750MW) hydro project in Nepal, Chukha (336MW), Kurichhu (60MW), and Tala (1020 MW) in Bhutan; ^includes PSAs for cross border power from West Seti, Chukha, Kurichhu and Tala)



Source – Company, ValueNotes Research

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Cross-border Trading

Import from Bhutan

PTC carries out its trade with Bhutan under bilateral contractual arrangements. Tariff fixation is based on negotiations between the two Governments. Surplus power from 336 MW (4X84 MW) Chhukha project and 60 MW (4X15 MW) Kurichhu project is being supplied to the Eastern Region of India, namely the state of Bihar, Orissa, Jharkhand, Sikkim and West Bengal. All the six units of Tala Hydroelectric Power Project -1020 MW (6X170 MW) started commercial operation progressively from July 2007 and the surplus power from this project is being supplied to Eastern Region and to the Northern Region, namely the states of Haryana, J&K, Punjab, Rajasthan and Uttar Pradesh.

Plant	Capacity
Chukha	336 MW
Kurichhu	60 MW
Tala	1,020 MW

Source – Company,
ValueNotes Research

Import from Nepal

PTC initiated a long-term contract for purchase of entire power from 750 MW West Seti hydro-electric power project in Nepal. It has also signed a MoU with M/s. Braspower (A JV between a Nepalese and a Brazilian company) and negotiations are underway for finalization of PPA.

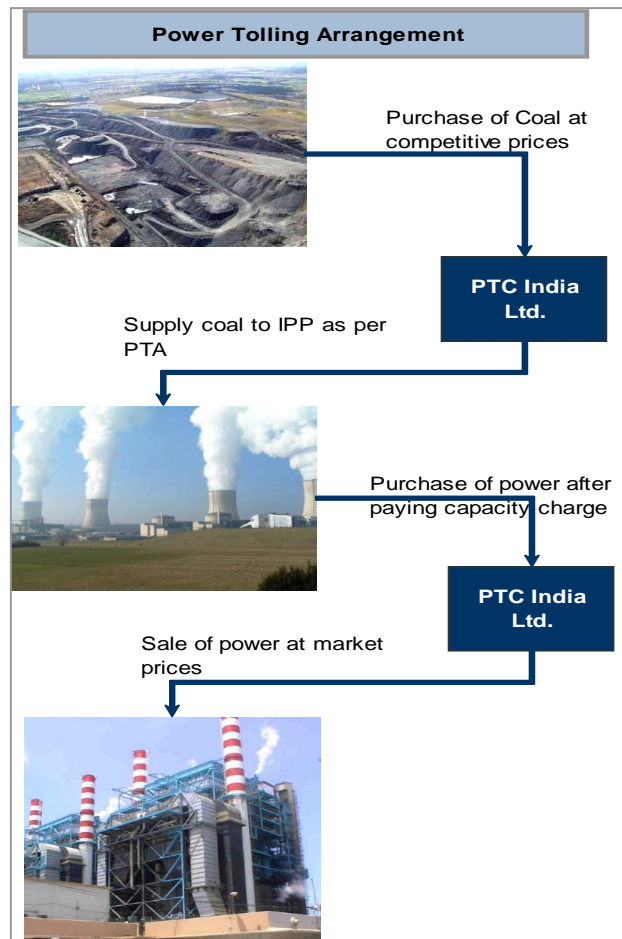
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Power Tolling/Fuel Intermediation

Tolling is a concept wherein the power plants would generate power using imported coal supplied by PTC. PTC procures fuel (coal) for the power plant and pays an energy conversion charge to IPP. The power so procured is to be owned and traded by PTC.

Arrangements for 400 MW (in the state of Andhra Pradesh) are already in place. MoU for a period of 25 years signed with two power projects of 270 MW capacities each. Both the projects are based on imported Coal and PTC needs to arrange for the imported coal.

Here is where fuel intermediation comes into picture. PTC would play the role of an aggregator of fuel, which will be used to honour obligations with respect to its Power tolling arrangements. To start with, PTC has entered into a MoU with an Indonesian coal mine for supply of 1.5m tons of thermal coal annually for a period of (15 + 5 years).



Source – Company, ValueNotes Research

Advisory

PTC offers the following services:

- Tariff and Financial Modelling for IPPs
- Filing Tariff Petition before the Regulatory Commission
- Setting up business processes for trading desk
- Preparation of RFP & RFQ for competitive bidding of power projects
- Guiding HT Consumers and captives on Open Access and in Filing Petitions before the Regulatory Commission
- Drafting of Power Purchase Agreement and Power Sale Agreement, both short term and long term
- Custom assignments

The Company has executed on helping the Rajasthan Government gear up for power trading and had proved effective in creating Tariff sensitivities for IPPs as CERC norms.

We believe that Advisory becomes a logical extension, given the domain expertise and experience of the company in power trading for over a decade. Also, the move is a rational one as we believe that the Advisory business will be margin accretive.

Investments

The Company is investing in IPPs and is developing a wind power plant. We believe these investments are strategic as these would give a thrust to its LTT business. Here is a snapshot:

	Business Description	Investment and Stake	Current status
Athena Energy Ventures	Power project developmental company across generation, transmission and distribution assets	Subscribed for 20% equity stake in Athena for a commitment of INR 300m	Athena won a bid to construct a 3000 MW Hydro plant in Arunachal Pradesh
Teesta Urja Limited	1,200 MW hydro project based in Sikkim, India	Board approval for subscribing to 11% stake in Teesta Urja for a commitment of up to INR 1,360m	Expected to be commissioned by 2013
Krishna Godavari Power Utilities	63 MW imported coal based project in Andhra Pradesh	ESA signed for subscribing to 52% equity stake in Krishna Godavari for a commitment of up to INR 400m	Expected to be commissioned in FY 2010
Wind Power Assets	Developing 6 MW capacity wind power project in Maharashtra	Project cost of about INR 375m	Commissioned in March 2008

Source – Company, ValueNotes Research

Investments through PTC's Investment arm

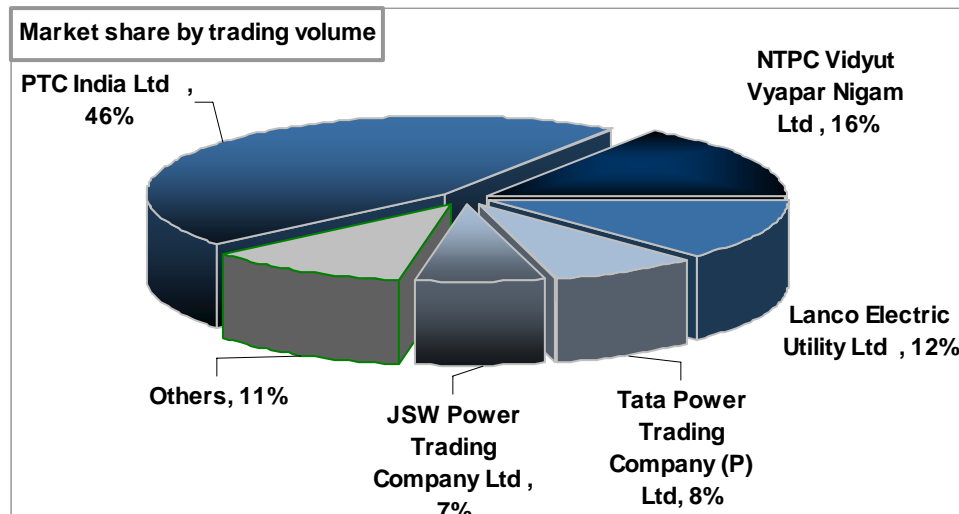
PTC Financial Services Ltd. (PFS) has been incorporated as the investment arm of PTC to provide financial solutions in the energy and energy related infrastructure space. The main objective is to encourage investments in the energy sector by mobilising resources through PFS's own resources as well as through borrowed capital, third party funds and other such forms of finance. FY2007-08 was the first financial year when the Company commenced its business activities.

PFS has invested in following projects during FY 2007-08:

Indian Energy Exchange Limited:	PFS signed an Investment Agreement with Indian Energy Exchange Limited (IEX) on 29 September 2007, wherein PFS agreed to a 26% equity stake in IEX at par for INR 650m on 31 January 08.
Varam Bio Energy Private Limited:	PFS agreed to subscribe to a 26% stake in Varam Bioenergy Pvt. Ltd. (VBPL) on 7 January 2008. The total committed investment is INR 439m, of which INR 247m was disbursed by 31 March 2008. VBPL is setting up a 10 MW biomass based power generation plant in Bhandara district in Nagpur, Maharashtra. The biomass selected for the plant is rice husk, crop residues and woody biomass, which is abundant in the district and within 50kms radius from plant location.
R S India Wind Energy Pvt. Ltd.:	PFS agreed to subscribe 37% equity stake in R S India Wind Energy Pvt. Ltd (RSIWE) on 30 January 2008 for INR 5,396m for the Stage-I, of which INR 220m is disbursed. RSIWE is setting up 100MW in Stage-I and 200MW in Stage-II, to harness the wind energy & biodiesel potential on commercial terms. The energy generated from this wind farm would be sold to MSEDCL through a power purchase agreement and separate arrangement would be made for bio-diesel oil extraction and sale.

Source – Company, ValueNotes Research

Competitive Scenario:



Source – Central Electricity Regulatory Commission (CERC), ValueNotes Research

The top 5 power traders in India account for 89% of trading volumes. In 2007-08, PTC commanded a 46% market share, an increase of about 2 percentage points from 2006-07, even as all India trading volume increased by 40% to 20.96 billion units (BUs). (Refer Appendix III for a complete list of Power traders in India)

Concerns:

Competitive Risks – Enactment of the Electricity Act, 2003 allowed trading of electricity and hence offering other trading entities an opportunity to enter the electricity trading business. Although power trading may be a complicated business, we believe that the mammoth scope of power trading in India will lure bigger players (especially, integrated power companies) to foray in the power trading business.

Indian Energy Exchange (IEE) – Formation of power exchange (IEE) for electricity trading may have negative impact on PTC's traded volumes, more on its STT business. To mitigate this, the Company is focusing on expansion of its LTT business. Also, it has acquired 26% stake in IEE to offset the anticipated loss in its trading volumes and hence loss in revenues.

Cap on margins - Cap on the trading margin of its LTT business (similar to the cap introduced in the STT during 2006) can hamper its margins and defeat the purpose of its shift in focus on the LTT business. However, we do not expect the government to implement this cap because this defeats the very purpose of PTC's formation. Under LTT, PTC acts as a creditworthy intermediary between Independent Power Producers (IPPs) and State Electricity Boards (SEBs); thereby, encouraging IPPs to invest in mega power projects. Capping LTT margins may cause power traders to shy away, as the margins may not be lucrative enough to continue business. This will have a negative impact on taking-off of power projects in the absence of credit worthy intermediary. LTT also helps in faster project execution when compared to the tedious and complex 'competitive bidding' route for sale of power.

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Outlook and Valuation

At the current levels, the stock is trading at 11.8x FY2009E and 9.7x FY2010E earnings. We estimate Net sales to post a CAGR of 36.3% and PAT to post a CAGR of 43.5%, over FY2008-12. We believe that the Company's focus on LTT business will be margin accretive.

We have created a sensitivity analysis of DCF for PTC below. Even based on very conservative assumptions of high cost of equity and low perpetual growth rate for PTC, the stock is highly undervalued at current levels.

Sensitivity Analysis showing Implied value per share:

		Sensitivity of DCF value to Discount rate and Perpetual Growth Rate						
		Discount Rate						
		11.00%	12.00%	13.00%	14.00%	15.00%	16.00%	17.00%
Perpetual Growth Rate	3.00%	156.2	133.6	115.8	101.4	89.6	79.8	71.6
	3.50%	164.8	139.9	120.6	105.1	92.6	82.2	73.5
	4.00%	174.7	147.1	125.9	109.2	95.8	84.7	75.5
	4.50%	186.0	155.2	131.9	113.7	99.3	87.5	77.7
	5.00%	199.3	164.4	138.6	118.8	103.1	90.5	80.1
	5.50%	215.0	175.1	146.2	124.4	107.3	93.8	82.7
	6.00%	233.8	187.6	154.9	130.7	112.1	97.4	85.5
	6.50%	256.7	202.3	164.9	137.8	117.3	101.4	88.6
	7.00%	285.5	219.9	176.6	146.0	123.3	105.8	92.0

Source- ValueNotes Research

Management Profile

	Previous positions	Experience	Achievements at PTC
Mr. T. N. Thakur Chairman & Managing Director	Power Finance Corporation, Director (Finance) & CFO	Over 27 years exp in treasury, HRM, project appraisal, budgeting etc.	Spearheaded in transforming PTC from a trader to a complete solution provider
Mr. Shashi Shekar Executive Director	Joint Secretary	Headed various divisions such as Thermal, Coal, Distribution and Research & development in the Ministry of Power.	Executing power purchase and sale agreements, increasing, PTC focus on its LTT business
Mr. Deepak Amitabh Chief Financial Officer	Indian Revenue Services, Addl. Commissioner Income Tax, New Delhi and Joint Commissioner Income Tax, Mumbai.	Over 19 years of exp in Auditing, Financial Analysis and Revenue Mobilization.	Spearheaded the IPO initiative and fuel linkages services offered by PTC to various IPPs.
Mr. Arun Bhalla EVP (Business Development)	BHEL, TATA Honeywell and Hyundai Unitech Electrical Transmission	Project Management, Advisory Services, Marketing of power trading solutions to captive power projects and Industrial consumers	Spearheading the company's initiatives in renewable energy sector

Source – Company, ValueNotes Research

Appendix I

(in INR millions except per share data)

Key Financials	FY2007	FY2008	FY2009E	FY2010E	FY2011E	FY2012E
Income Statement						
Net Sales	37,049	38,515	59,699	75,658	97,268	133,029
Total Income	37,860	39,523	60,807	76,877	98,670	134,642
% increase	21%	4%	54%	26%	28%	36%
Total Expenditure	37,364	38,913	59,726	75,564	96,894	132,084
EBITDA	496	610	1,082	1,313	1,776	2,558
% increase	-18%	23%	77%	21%	35%	44%
EBITDA margin	1.3%	1.5%	1.8%	1.7%	1.8%	1.9%
Profit Before Tax	468	576	1,055	1,288	1,752	2,535
Tax	106	98	211	258	350	507
(as a % of PBT)	23%	17%	20%	20%	20%	20%
Profits After Tax	362	478	844	1,030	1,402	2,028
% increase	-11%	32%	76%	22%	36%	45%
EPS	2.41	2.88	5.08	6.20	8.43	12.20
Balance Sheet						
Share capital	1,500	2,274	2,274	2,274	2,274	2,274
R&S	1,156	12,641	13,258	14,060	15,235	17,035
Shareholders equity	2,656	14,915	15,532	16,335	17,509	19,310
Total loans	-	-	-	-	-	-
Total liabilities	2,656	14,915	15,532	16,335	17,509	19,310
Fixed assets, net	170	534	508	482	458	435
Investments	2,077	13,822	13,822	13,822	13,822	13,822
Net current assets	384	1,032	2,264	3,092	4,291	6,114
Accounts receivable (Days)	15	16	15	15	15	15
Accounts payable (Days)	15	16	17	17	17	17
Total assets	2,656	14,915	15,532	16,335	17,509	19,310
Cash Flow Statement						
Profit Before Tax	362	478	844	1,030	1,402	2,028
Depreciation	13	13	27	25	24	23
Changes in assets and liabilities	10	64	140	104	139	235
Cash from operating activities	121	138	346	428	723	1,319
FCF	115	(248)	346	428	723	1,319
Cash from Investing activities	(21)	(11,173)	665	732	841	968
Dividend paid	171	176	(227)	(227)	(227)	(227)
Issue of equity	-	12,486	0	0	0	0
Inc/(Dec) in loans	-	-	-	-	-	-
Financing activities	(171)	12,310	(227)	(227)	(227)	(227)
Net Cash Inflow / Outflow	(71)	1,275	783	932	1,337	2,059
Opening Cash & Cash Equivalents	593	522	1,797	2,580	3,513	4,850
Closing Cash & Cash Equivalent	522	1,797	2,580	3,513	4,850	6,909

Source – Company, ValueNotes Research

Appendix II

Power supply deficit in India

By State / Union territory	Apr'08-Nov'08 (Normal)				Peak
	Requirement	Availability	Deficit (MW)	Deficit (%)	Deficit (%)
Arunachal Pradesh	318	190	(128)	(40.3)	(39.2)
Jammu & Kashmir	7,071	5,400	(1,671)	(23.6)	(35.6)
Meghalaya	1,247	983	(264)	(21.2)	(35.9)
Maharashtra	79,249	62,925	(16,324)	(20.6)	(25.9)
Andaman-Nicobar	156	124	(32)	(20.5)	(5.0)
Uttar Pradesh	45,330	36,229	(9,101)	(20.1)	(22.3)
Mizoram	215	176	(39)	(18.1)	(44.0)
Bihar	7,019	5,855	(1,164)	(16.6)	(27.6)
Madhya Pradesh	25,830	22,149	(3,681)	(14.3)	(10.0)
Puducherry	1,376	1,195	(181)	(13.2)	(9.5)
Daman & Diu	1,186	1,039	(147)	(12.4)	(11.1)
Gujarat	45,655	40,037	(5,618)	(12.3)	(25.5)
Assam	3,583	3,151	(432)	(12.1)	(17.8)
Kerala	11,642	10,279	(1,363)	(11.7)	(11.9)
Manipur	390	347	(43)	(11.0)	(25.8)
Punjab	30,117	27,087	(3,030)	(10.1)	(15.9)
Haryana	19,648	18,022	(1,626)	(8.3)	(13.1)
Tripura	549	504	(45)	(8.2)	(6.6)
Tamil Nadu	47,777	44,026	(3,751)	(7.9)	(5.5)
Andhra Pradesh	46,439	43,131	(3,308)	(7.1)	(9.8)
Jharkhand	3,483	3,279	(204)	(5.9)	(0.8)
Karnataka	27,265	25,678	(1,587)	(5.8)	(10.3)
West Bengal	21,277	20,497	(780)	(3.7)	(5.0)
Dadar Nagar Haveli	2,378	2,293	(85)	(3.6)	(6.9)
Nagaland	276	266	(10)	(3.6)	(9.5)
Sikkim	195	189	(6)	(3.1)	(1.5)
Chattisgarh	10,142	9,853	(289)	(2.8)	(12.2)
DVC	9,294	9,069	(225)	(2.4)	(1.8)
Orissa	13,601	13,376	(225)	(1.7)	(2.7)
Goa	1,836	1,807	(29)	(1.6)	(11.0)
Rajasthan	23,946	23,633	(313)	(1.3)	(5.2)
Uttaranchal	5,150	5,114	(36)	(0.7)	0.0
Delhi	16,271	16,178	(93)	(0.6)	0.0
Himachal Pradesh	4,113	4,102	(11)	(0.3)	(1.4)
Chandigarh	1,018	1,018	0	0.0	0.0
Lakshadweep	16	16	0	0.0	0.0
All India	514,886	459,077	55,809	(10.8)	(13.8)

Source – CEA, ValueNotes Research

Appendix III

Major Power Traders in India

(in billion units)

Licensee	2007-08		2006-07	
	Volume	% of total	Volume	% of total
PTC India Ltd	9,553	46%	6,575	44%
NTPC Vidyut Vyapar Nigam Ltd	3,324	16%	2,663	18%
Lanco Electric Utility Ltd	2,600	12%	744	5%
Tata Power Trading Company (Pvt) Ltd	1,682	8%	1,206	8%
JSW Power Trading Company Ltd	1,479	7%	968	6%
Adani Enterprises Ltd	1,322	6%	1,845	12%
Reliance Energy Trading (Pvt) Ltd	776	4%	878	6%
Karam Chand Thapar & Bros Ltd.	108	1%	106	1%
Vinergy International Private Ltd	60	0%	-	-
Kalyani Power Development (Pvt) Ltd	39	0%	-	-
Visa Power Ltd	16	0%	-	-
Patni Projects Private Ltd	7	0%	-	-
Subhash Kabini Power Corporation Ltd	0	0%	37	0
Total	20,965	100%	15,023	100%

Source – CERC, ValueNotes Research

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