

## Robust volume growth

PTC India's 3QFY11 PAT grew 139%YoY (better than our expectation) due to a) 31% YoY increase in volume to 5,812mn units and b) a sharp increase in trading margins to 8paise/unit (from 4.1paise/unit in 3QFY10). Note that the increase in margins may be due to lower rebates on sale of power to SEBs.

### Trading volume increased 31%YoY

In 3QFY11, trading volume increased 31%YoY to 5,812 mn units. The domestic short-term volume including IEX increased 46% YoY and contributed 74% to the total volume.

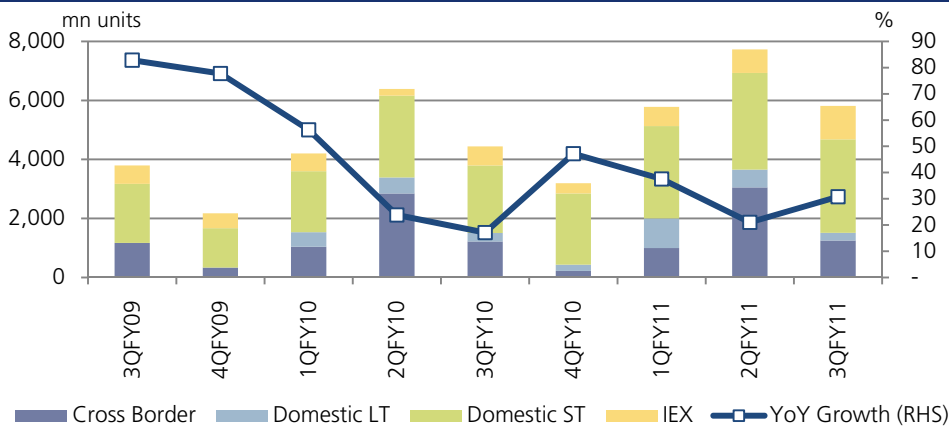
### Trading margins sharply increased to 8paise/unit

The trading margins increased to 8paise/unit in 3QFY11 from 4.1paise/unit in 3QFY10. This increase may be because of lower rebate on the sale of power to SEBs.

As a result, PAT increased 139% YoY to ₹379mn.

**Our current TP of ₹140 implies an upside of 48% from the CMP. We will come out with a more detailed update after the concall.**

Exhibit 1: In 3QFY11E, trading volume increased 30.8% YoY to 5,812 mn units.



Source: Alchemy Research, Bloomberg

Maintain

**ACCUMULATE**

Sector view: Underweight

Sector relative view: Underperform

TP: ₹140 (48%)

CMP: ₹93

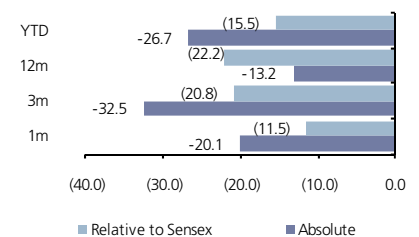
### Company data

Shares outstanding	295mn
Market cap	₹27bn/US\$0.61bn
52-wk high/low	₹150/87
Avg. daily traded volume	0.67(mn shrs)

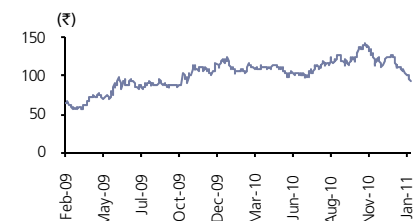
### Shareholding pattern (%)

Promoter	FII	DII	Others
16.3	19.3	48.7	15.8

### Performance (%)



### Share price movement



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## Exhibit 2: 3QFY11 financial summary

₹ mn	Year-end 31 March	3QFY10	4QFY10	1QFY11	2QFY11	3QFY11
<b>Total volume (MU's Traded)</b>		<b>4,444</b>	<b>3,200</b>	<b>5,747</b>	<b>7,730</b>	<b>5,812</b>
YoY growth (%)		17.0	46.7	36.7	21.0	30.8
Income from operations		16,975	12,430	27,576	24,693	17,576
Other operating income		1	4	9	-	4
<b>Total income</b>		<b>16,976</b>	<b>12,435</b>	<b>27,584</b>	<b>24,693</b>	<b>17,580</b>
<b>Expenditure</b>		<b>16,871</b>	<b>12,340</b>	<b>27,307</b>	<b>24,312</b>	<b>17,169</b>
-Purchases		16,793	12,268	27,253	24,312	17,113
-Employee cost		45	39	26	(33)	25
-Other expenses		33	33	28	34	31
<b>EBITDA</b>		<b>105</b>	<b>95</b>	<b>278</b>	<b>381</b>	<b>411</b>
YoY growth (%)		258.5	120.5	78.5	26.0	292.4
EBITDA margin (%)		0.6	0.8	1.0	1.5	2.3
<b>Trading margins (paise/unit)</b>		<b>4.1</b>	<b>5.1</b>	<b>5.6</b>	<b>4.9</b>	<b>8.0</b>
Depreciation/Amortisation of Intangible Assets		14	14	12	12	13
Other Income		142	132	138	180	155
<b>Profit before interest &amp; exceptional Items</b>		<b>233</b>	<b>213</b>	<b>404</b>	<b>549</b>	<b>553</b>
Interest		2	1	1	2	8
<b>Profit after interest, but before exceptional items</b>		<b>230</b>	<b>212</b>	<b>403</b>	<b>546</b>	<b>545</b>
Exceptional Items		(0)	(4)	0	-	(1)
-Excess Provision written back		(0)	(4)	-	-	(1)
-Loss on sale of fixed assets		-	0	0	-	0
<b>PBT</b>		<b>231</b>	<b>216</b>	<b>403</b>	<b>546</b>	<b>546</b>
Tax expenses		72	77	125	147	166
Tax rate (%)		31.1	35.7	31.0	26.9	30.5
<b>PAT</b>		<b>159</b>	<b>139</b>	<b>278</b>	<b>399</b>	<b>380</b>
<b>Adjusted PAT</b>		158	135	278	342	379
<b>YoY growth (%)</b>		<i>(33.1)</i>	<i>(5.8)</i>	<i>(16.5)</i>	<i>11.1</i>	<i>139.0</i>

Employee cost consists of reversal of ESOP worth ₹0.064mn.

Trading margins sharply increased to 8paise/unit .

Source: Alchemy Research, Bloomberg

The ratings are based on the absolute upside of our target price from the current price.

Upside >25%	Strong Buy	Sector relative call		Sector weight
Upside between 15% and 25%	Buy	Outperform	>5% upside to sector benchmark	Overweight
Upside up to 15%	Accumulate	Marketperform	+5% to -5% of sector benchmark	Equal weight
Downside up to 15%	Reduce	Underperform	>5% downside to sector benchmark	Underweight
Downside >15%	Sell			

#### Sales

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#### Trade execution

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