



Monthly Report - February 2017

Monthly Overview

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Target Price: ₹ 115

Market Cap:	₹ 2536.79 Crores	Stock P/E:	5.89
Current Price:	₹ 85.7	Book Value:	₹ 115.52
Target Price:	₹ 115	Dividend yield:	2.90%
Upside potential:	35%+ (15-18 months)	52 Week High/Low:	₹ 90.7 / ₹ 56.15

PTC India Ltd.

PTC India (PTC) is India's leading power trading company with a market share of 30% in the trading business. The company operates at a very small margin of 4-7 paise per unit.

PTC has been selected as a trading partner in Ministry of New and Renewable Energy's (MNRE) scheme for development of 1000 MW wind farms. Under the said scheme PTC will be executing the agreements for sale and purchase of 1000 MW wind power on long term basis.

The company continues to grow its Direct-to-business segment with addition of industrial consumers. PTC's exchange traded volumes increased to 9,286 MUs in H1FY17 compared to 6,436 MUs in H1FY16.

With higher transmission capacity, short term volumes are likely to improve going forward and commissioning of projects like Teesta Urja (1200 MW), TRN Energy (390 MW), DB Power (250 MW) and Maruti Clean and Coal (250 MW) in FY18-19 are likely to improve volumes and profits. One of its large project (Teesta Urja hydro – 1200 MW) is estimated to be operational during Q4FY17. PTC expects long term volume to move to 50% plus of total trading volume in 2-3 years from ~40% in FY16 which should provide higher visibility on revenues.

PTC's wholly owned subsidiary, PTC Energy Limited, is growing its portfolio of Renewable Energy Projects. The company has executed contracts for development of ~240 MW wind farms. The company has already invested Rs 475 mn in PTC Energy (100% subsidiary) which has a renewable portfolio of 350 MW. We believe this investment will be positive for the company and the company expects these projects to yield an IRR of over 14%.

Company Profile:

PTC was set up in April 1999 and is the pioneer in power trading in India, and over the years has become a Power Solutions company. It was set up with a mandate to catalyze the development of large power projects by acting as a single buyer for PPAs with independent power producers by entering multi-party PPAs with users and SEBs under long-term arrangements. At a point in time when no private player was willing to venture into this arena, the Government initiated the inception of the company. PTC is a unique example of a successful Public-Private Partnership where the diverse representation on its Board of Directors sets the tone for its transparent governance practices. The government of India has identified PTC as its nodal agency for trading power with neighboring countries. It offers Long and Medium Term Sales, Short Term Sales and Power Banking Arrangements. Its trading volumes have grown from 1.6 bn units in FY02 to 42 bn units in FY16. Through its subsidiary, PTC India Financial Services Limited (PFS), it offers debt financing on non-recourse or on limited recourse basis. PFS had a debt of Rs 86 bn as of FY16 and sanctioned loans of over Rs 150 bn by FY16.

Technical Overview: PTC India Ltd.



- As depicted on the Monthly chart, the stock has given breakout from the triangle pattern.
- The upward inclined ADX on the weekly chart is indicating that the trend is catching strength. The DI+ is above DI- which is further indicating a positive trend.
- The stock rallied from the low of 46.77 (Aug-15) to the high of 84.97 (Sep-16) and after that it depicted weakness. However, it resumed the uptrend from 50% of Fib retracement level. Recently it crossed the high of 84.97 too.
- As per the price extension pattern the target of 115 is achievable.
- The stock is trading above all the important averages(SMA) i.e. 50Day (77.65), 200Day (73.95) and 200Week (66.07).

Based on above mentioned technical & fundamental rational, we can build a long position in the stock with 15-18 months perspective and target can be placed at around 115. We can accumulate the stock in the range of 80-86. We believe the stock is having high-performance prospects with long-term perspective so one can hold the stock for a longer time for better returns.

Nifty Bank- Overview



Montly Closing	19515	
Monthly High: 19794	Monthly Low : 17830	
Sector Bias:	Neutral to Positive	
Support Level:	19500	19075
Resistance Level:	20575	20900

Sector Outperformers

YES Bank
Punjab National Bank

Sector Underperformers

Axis Bank
ICICI Bank

In January, Nifty Bank started the month on a weak note but traded strong during the month. It closed the month of January on a bullish note with the handsome gains of around 7%. Technically, Bank Nifty traded with the sequence of higher-top higher-bottom during the month. It created long bull candle on the monthly chart. Post budget it extended the rally. Bank Nifty rallied from 13407 to 20575 and after around 38% retracement it resumed the uptrend. In Near-term, Bank Nifty may face resistance at around 20575, which is previous swing high as per monthly chart pattern, while next resistance is at 20907 levels, which is high of 2015. Bank Nifty Crossing all time high level of 20907 opens a window for 22700 in next few months. Bank Nifty may take support at around 19500 levels and only below 19000 levels weakness will emerge till then the bias is positive. Most of the banking stocks are trading at 52-week high levels and showing better prospects too. Investors can prefer accumulating quality stocks on dips.



Nifty Outlook

During January Nifty changed the tone from negative to positive. On the monthly chart, it formed strong bull candle after four consecutive negative candles. Nifty depicted good rally during the month of January with few upward gaps and closed the month with the gains of over 4%. Nifty rallied from the low of 6825 (Mar-16) to the high of 8968 (Sep-16) and after that depicted weakness. However, it consolidated above the 50% retracement level. Rather twice it took support at around 50% retracement level and reverted. Now Nifty resumed its upward momentum. However, the overbought level (>70) of momentum oscillator Relative Strength Index (RSI) is indicating caution for immediate future.

Now very crucial resistance for Nifty is 8970 and next resistance is at 9120, above these levels, it will be confirmation of major bull market. However, till Nifty is not breaching the level of 8970, range bound movement between 8400-8800 will continue. Nifty is trading above important averages that are 50Day SMA-8268, 200Day SMA-8356 and 50Week SMA-7556 which is a positive sign.

Market Synopsis

Nifty started the calendar year 2017 on a bullish note with positive monthly returns after four months of weakness. Ahead of Indian Union Budget announcement, the market rallied by more than 4% during January. On the Budget day market extended the gains as budget left the long-term capital gains and the securities transaction tax unchanged. Indian equities are likely to perform better during the year 2017 after two consecutive years of weak performance. The corporate earnings are likely to revive gradually which got impacted due to demonetization. By Q1 FY18 there can be a good improvement on the corporate performance front. The positive start of the year has boosted optimistic sentiments in the market.

The impending implementation of the goods and services tax (GST) and assembly election results are next crucial factor on the domestic front to watch out. On the global front US President Donald Trump's policies creating anxiety.

The quarterly results season is on and there are mix sets of corporate performance, however, better than expected. As due to demonetization market was expecting muted corporate performance. This indicates that the demonetization impact is gradually curtailing. The long-term outlook on Nifty bullish, however, short-term volatility cannot be ruled out. This is a good time to accumulate quality stocks in a staggered way. RBI likely to cut interest rates in the upcoming policy review held on 8th Feb 2017. This will have some impact on interest rate sensitive sectors.

Nifty Outlook:

Short-term	Positive
Medium-term	Neutral to Negative
Long-term	Bullish

Montly Closing	8561	
Monthly High: 8672	Monthly Low : 8133	
Monthly Bias:	Neutral	
Support Level:	8290	8460
Resistance Level:	8970	9120

Moving Average

Days	SMA
50 Days	8268
200 Days	8356
200 Weeks	7556

Date	Event	Period	Survey	Actual	Prior
1-Feb-17	Nikkei India PMI Mfg	Jan	--	--	49.6
3-Feb-17	Nikkei India PMI Services	Jan	--	--	46.8
3-Feb-17	Nikkei India PMI Composite	Jan	--	--	47.6
8-Feb-17	RBI Repurchase Rate		--	--	0.0625
8-Feb-17	RBI Reverse Repo Rate		--	--	0.0575
8-Feb-17	RBI Cash Reserve Ratio		--	--	0.04
9-Feb-17	Local Car Sales	Jan	--	--	158617
10-Feb-17	Industrial Production YoY	Dec	--	--	0.057
10-Feb-17	Trade Balance	Jan	--	--	-\$10369.4m
10-Feb-17	Exports YoY	Jan	--	--	0.057
10-Feb-17	Imports YoY	Jan	--	--	0.005
13-Feb-17	CPI YoY	Jan	--	--	0.0341
14-Feb-17	Wholesale Prices YoY	Jan	--	--	0.0339
24-Feb-17	Eight Infrastructure Industries	Jan	--	--	--
28-Feb-17	Fiscal Deficit INR Crore	Jan	--	--	--
28-Feb-17	GVA YoY	4Q	--	--	0.071
28-Feb-17	GDP YoY	4Q	--	--	0.073
28-Feb-17	GDP Annual Estimate YoY	2017	--	--	--

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