

# “PTC India Limited Q2 FY '25 Earnings Conference Call”

**November 13, 2024**

**MANAGEMENT: DR. MANOJ KUMAR JHAWAR – CHAIRMAN AND MANAGING DIRECTOR, ADDITIONAL CHARGE, AND DIRECTOR COMMERCIAL AND OPERATIONS – PTC INDIA LIMITED**  
**MR. HARISH SARAN – EXECUTIVE DIRECTOR – PTC INDIA LIMITED**  
**MR. PANKAJ GOEL – EXECUTIVE DIRECTOR AND CHIEF FINANCIAL OFFICER, PTC INDIA LIMITED**  
**MR. RAJIV MALHOTRA – EXECUTIVE DIRECTOR AND CHIEF RISK OFFICER, PTC INDIA LIMITED**  
**MR. BIKRAM SINGH – HEAD (MARKETING), PTC INDIA LIMITED**

**Moderator:** Ladies and gentlemen, good day and welcome to the PTC India Limited Q2 FY '25 Earnings Call.

The Management Team at PTC India is led by Dr. Manoj Kumar Jhawar - Chairman and Managing Director, Additional Charge, and Director Commercial and Operations, PTC. Dr. Jhawar is accompanied by Mr. Harish Saran - Executive Director, PTC; Mr. Pankaj Goel - ED and CFO, PTC; and Mr. Rajiv Malhotra - ED and CRO, PTC India Limited.

At this moment, all participants are in a listen-only mode. Later, we will conduct a question-and-answer session. Please note that this conference is being recorded. I now hand the conference over to Dr. Manoj Kumar Jhawar for opening remarks. Thank you, and over to you.

**Dr. Manoj Kumar Jhawar:** Good evening, everyone. I welcome you all to the earnings call of the company post our Q2 Financial Year FY 2024-2025 Results.

I am joined by the entire Management Team to take you along the earnings detail of the Company. Mr. Harish Saran - Executive Director, looks after the business development and consulting business; Shri Pankaj Goel - ED and CFO, handles the finance functions; and Mr. Rajiv Malhotra - ED and Chief Risk Officer, handles legal risk and corporate affairs related functions. I am also having with me Mr. Vikram Singh - who is Executive Vice President of the marketing department; and Mr. Anand Kumar, who handles the investor relations and public outrage functions.

This Post-Earning Call gives us an opportunity to share insights into our company's vision, performance and strategic direction and to engage with those, who are integral to our growth and success, our investors, partners and stakeholders. The Q2 quarter of every financial year, continues to be an action-packed quarter for the company. The volume growth in this quarter has been 13%, which is around 24 billion units and overall growth up to this six-monthly period has been 6%. The consolidated profit for this quarter has grown up by 16%, whereas, on the standalone basis there has been some decline in the profit after tax. This is because we had earlier received around Rs. 40 crores dividend from a subsidiary, which this year we have not received because that subsidiary wishes to invest that in business to grow their business further.

The core margin has been maintained at Rs. 3.55 per unit for the half-year and Rs. 3.60 per unit for Q2. On the supply to power to Bangladesh, which has been an area of concern and we have been listening very news about that, I wish to inform all the investing community that we continue to supply power to BPDB and our receivables have started decreasing. The change in guard at Bangladesh did have an impact on smooth supply of energy and receipt of power. But our commercial and operations teams have been managing this very effectively. We are now very hopeful that there would not be any adverse issues relating to ongoing contract's supply power to Bangladesh.

The definitive agreement for the sale of PTC Energy Limited has been signed with ONGC Green Limited and our team is in the process of completing the conditions precedent for carrying out

the transaction. We expect this to close within the available time frame for definitive agreement. I hope, all the investors will have received dividend distributed by the company. The concerns raised by proxy advisors & non adoption of account by the shareholders are being addressed and we will go to the shareholders for their approval of the account at the earliest possible opportunity.

Now I will request our ED and CFO – Shri Pankaj Goel to give the Financial Highlights of the company for the quarter. Post this, we will have question-and-answer sessions. Once again, thank you for your continued support for the company.

Wish you all a very happy New Year and Season's Greetings.

**Pankaj Goel:**

Thank you, CMD, sir. Good evening to all of you. Now, I will go through the financial highlights of PTC India Limited for quarter and half-year ended September '24 on standalone and consolidated basis.

First, I will go through the quarterly and half-yearly results on standalone vis à vis the previous corresponding and half-year.

So, as far as the quarter is concerned, volume has increased by 13% to 24 billion units from 21.3 billion unit. Total operational income has increased by 19% to Rs. 197 crore from Rs. 166 crore, the increase in the operational income is mainly due to our increase in the trading margin and higher surcharge income in this quarter.

Profit before tax has decreased by 6% in spite of an increase in the total operational income to Rs. 157 crores from Rs. 166 crores. As already explained by CMD sir, that this is because of the dividend income of Rs. 41.75 crores from PFS in the corresponding quarter ended September '23. Profit after tax has decreased by 13% to Rs. 117 crores from Rs. 133 crores. Total other comprehensive income has also decreased by 13% to Rs. 116 crores from Rs. 133 crores. Earnings per share for the quarters stood at Rs. 3.94 as compared to the previous corresponding quarter at Rs. 4.5.

Now I will go through the half-year ended results on a standalone basis. Volume has increased by 6% to 44.5 billion unit from 41.9 billion unit. Total operational income has increased by 23% to Rs. 385 crores from Rs. 313 crores. Profit before tax has increased by 5% to Rs. 300 crores from Rs. 286 crores. Profit after tax almost remains at the same level of Rs. 223 crores. Total other comprehensive income is also at the same level of Rs. 223 crores. Earnings per share for the half-year ended stood at Rs. 7.53 in comparison to Rupees Rs. 7.54 during the last half-year.

Now I will go through the consolidated results for the quarter:

Volume has increased by 13% to 24.3 billion units from 21.6 billion unit. Profit before tax has increased by 12% to Rs. 306 crores from Rs. 272 crores. The increase in profit is mainly because of the increase in trading margin and higher surcharge income. Also, due to non-charging of

depreciation of PEL fixed set as the same are classified as held for sale as per the Indian Accounting Standard. Profit after tax has increased by 16% to Rs. 234 crores from Rs. 202 crores. Total other comprehensive income has increased by 15% to Rs. 233 crores from Rs. 202 crores. Earnings per share for the quarters stood at Rs. 7.34 in comparison to Rs. 6.13.

Now I will go through the half-yearly consolidated results:

Volume has increased by 6% to 44.9 billion units from 42.3 billion unit. Profit before tax has increased by 19% to Rs. 552 crores from Rs. 463 crores. Profit after tax has increased by 23% to Rs. 423 crores from Rs. 345 crores. Total hour comprehensive income has increased by 23% to Rs. 423 crores from Rs. 344 crores. Earnings per share for the half-year ended stood at Rs. 13.21 as comparison to Rs. 10.51.

Thank you.

**Moderator:** Thank you. Ladies and gentlemen, we will now begin the question-and-answer session. We take our first question from Chanamallu Halagodi, an individual investor. Please go ahead.

**Chanamallu Halagodi:** I am a serious investor in the PTC India Company, I'm holding 8,000 shares in your company. I invested in this company in the hope of concentrating on purely core business. So, after announcing the divestment of PTC in the financial service, I got hope that you will concentrate in the core business. But since four years that PTC India Financial Service divestment is lagging behind, so I think you are not serious in the divestment of PTC India Financial, just you announced that announcement just to increase the market to value artificially in both of the listed companies. This is my question, sir.

**Dr. Manoj Kumar Jhavar:** Your concern is understood. Please let me make it very clear that a call to divest in PFS as and when that is taken, the market would be taken into the confidence. As of now, the PTC board had earlier considered its divestment. But at a later stage, that entire exercise was put on hold. One reason I can tell you is we are currently, I am in the midst of the transaction relating to PEL, post that this matter will be again considered by the PTC Board. But I assure you, that there is no absolute no intention as to I mean increase the share price just on the basis of a notion that we make an announcement and we do not follow it up.

**Chanamallu Halagodi:** Please take it serious and do it early, sir.

**Dr. Manoj Kumar Jhavar:** Yes, sir, your concern is I mean, take a note of.

Meanwhile, while the second question comes, I would like to thank our previous investor to ask this question for having faith in the company. Kindly remain invested. We really need good investors who are with us for the long-term.

**Moderator:** Thank you, sir. We have a question from Subhankar Ojha from SKS Capital. Please go ahead.

**Subhankar Ojha:** So, with respect to that, divestment of PEL, what is the time frame that we have in terms of where are we in terms of the approvals and when do we expect to close this divestment?

**Dr. Manoj Kumar Jhawar:** We expect to close this transaction by mid of the next month. We are in the process of completing certain condition precedents, if we are able to complete those conditional precedent, we have the time till mid-December.

**Subhankar Ojha:** And is there any thought on the uses of that fund?

**Dr. Manoj Kumar Jhawar:** Sir, I mean, we would like to of course in parallel we are working and the strategic, call regarding investments would be taken by the Board of the Directors at an appropriate time.

**Subhankar Ojha:** And also, can you give a break-up of the receivables, which is I mean your H1? Can you give anything which is beyond say?

**Dr. Manoj Kumar Jhawar:** Yes, CFO would like to respond to your query.

**Pankaj Goel:** The total debtors for the half-year is Rs. 6,609 crores and our main debtors out of this is including basically, if you see that the we are also holding the creditors. So, our net exposure per say, just say, our net exposure is around Rs. 2,400 crores. So, we subtract the creditor out of it and an exposure is in J&K is around Rs. 990 crores.

**Subhankar Ojha:** With respect to your exposure to Bangladesh, what is the receivable now and what was it say six months back?

**Pankaj Goel:** Basically, there is no exposure as on date, as far as the Bangladesh is concerned. So, whatever amount is receivable that is also payable to the generator. As on 30th September, typically our debtors to Bangladesh was around Rs. 850 crores. But after that, we have received some payment from Bangladesh.

**Subhankar Ojha:** So, you are saying from Rs. 850 crores, as of today, it is 0?

**Pankaj Goel:** No, no.

**Dr. Manoj Kumar Jhawar:** No, no, it is not an open exposure. Correspondence on, this is back-to-back contracts. So, whatever we receive from Bangladesh, we shall be paying to the generator. So, if we have not received the money, then we have not paid the money to the generator. But the silver lining in this entire episode is this key, the outstandings have substantially come down in past one month. Payments have been accelerated from Bangladesh side, so we do not see any problem going forward.

**Moderator:** The next question is from Suyash Bhavne from Wealth Guardian. Please go ahead.

**Suyash Bhavne:** Can we get a break-up of the total CBT or international volumes for quarter 2?

**Pankaj Goel:** Our cross-border volumes for quarter were including Bangladesh 3,700 million units for the quarter. And for half-year, it is around 4,700 million unit.

**Suyash Bhawe:** So, 4,700 is for H1, half-year?

**Pankaj Goel:** Yes, for H1. Absolutely, right.

**Suyash Bhawe:** So, and any update on HPX, performance and volumes?

**Dr. Manoj Kumar Jhawar:** Actually, I mean HPX is, as every investor in that company would know, HPX is not having a great presence in the DAM market. But it continues to do well in other segments of the market, except the DAM and RTM market. So, for DAM markets and for ADSS it has been able to gather substantial market share. But since the exchange business is basically revolving around the DAM and unless and until there is some policy announcement relating to market coupling, etc., it is difficult to bring volumes to on the DAM segment on HPX. So, that is it, that situation continues.

**Suyash Bhawe:** Would it be possible to share revenue number and profit numbers for HPX for Q2?

**Pankaj Goel:** Yes. So, the revenue for Q2 was for the quarter is around Rs. 5.77 crores and the profit as a whole for HPX was around, profit before tax was Rs. 80 lakhs, because there was some negative taxation and all that. Profit after tax is around Rs. 1 crore.

**Moderator:** Thank you. We have few text questions. The first question is from Abhimanyu Lakshman from Family Office.

I have a follow-up question on PEL divestment. Can you please elaborate or give us an idea of the range of conditions for closure of the transaction ONGC? Thank you.

**Dr. Manoj Kumar Jhawar:** I mean the nature of discussions with the ONGC, I would not like to go into that detail. But we are hoping to conclude the transaction by mid of next month that much I would like to share here.

**Moderator:** Thank you. The second text question is from Lipika Kundu and individual.

Respected chairman sir, in spite of having good earnings in H1, why interim dividend has not been considered this time? Does it mean that H2 earnings will not be that good?

**Dr. Manoj Kumar Jhawar:** No, we do not see any headwinds as to our H2 performance is concerned. But only thing is that for this quarter as we have already said that the PAT has been a little bit subdued because we did not receive any dividend from our subsidiary. So, earlier also, in the previous year also, there has not been any practice of PTC to declare the interim dividends. So, I think, there is nothing surprising about not declaring the interim dividend. But after considering all factors, we will not disappoint the shareholders.

**Moderator:** Thank you. Next question is from Chanamallu Halagode, an individual investor.

What is the timeline you will take to complete the divestment of PTC India Financial Services from here onwards?

**Dr. Manoj Kumar Jhavar:** I have already answered that question. Earlier there was a discussion and then that decision regarding divestment was put on hold. Currently, I have been dealing with the divestment of PEL. So, after that board will take a call at an appropriate time. Divestment for the sake of divestment, I would like to, I mean, just apprise the investing community, divestment for the sake of investment is not the right thing to do. There has to be timing to it. And we believe, that PFS has potential to grow. So, I mean, decision for divestment has to be timed properly, if it is to be there. So, those aspects will be considered by the PTC board.

If there are no further questions, we can close the call.

**Moderator:** Sir, we have one text question. I will just read that. We have a question from Suyash Bhave from Wealth Guardian.

Regarding the approval of accounts, what is the process forward? Will it be done in an EGM or would it be in next AGM? What would be the outlook on that?

**Dr. Manoj Kumar Jhavar:** Actually, you see the reason for non adoption of the account, most likely was some advice given by the proxy advisory services. So, we are first in the process of addressing the issues and the concerns which were raised by the proxy advisory services firms. And accounting being a quarterly process. So, this quarter was too little time for us to really remedy those problems. First, we would like to remedy those problems then only go to shareholders to say and apprise them about the progress, which we have made and then we will seek the approval of the shareholders or adoption on the accounts. It may take a quarter or so.

**Moderator:** Thank you. Ladies and gentlemen, that was the last question for today. I would like to hand the conference over to Dr. Manoj Kumar Jhavar for closing comments. Over to you, sir.

**Dr. Manoj Kumar Jhavar:** Thank you very much, shareholders. I think all the meaningful questions have been asked and I think we have been as candidly able to answer your query. What I can share with you is here is thank you very much for remaining invested with us. Thank you for posing confidence in our company. Our company is doing everything possible to assuage the concerns raised by the investing community. We are working very hard on that. And hopefully, in the coming days our company will realize the progress which we have made. Thank you.

**Moderator:** Thank you, sir. Ladies and gentlemen, on behalf of PTC India, that concludes today's session. Thank you for your participation. You may now exit the meeting.