



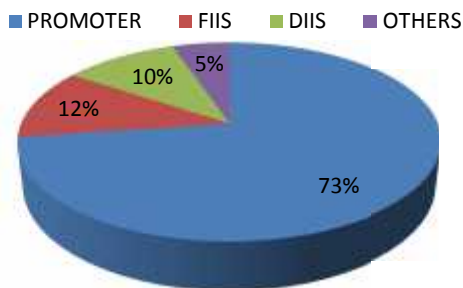
POWER FINANCE CORPORATION

Recommendation	Buy
CMP	267.00
Target price	295.00
Sector	Financial Services

Stock Details

BSE Code	532810
NSE Code	PFC
MARKET CAP (Rs. in mn.)	355684.78
Face Value (Rs)	10
Dividend (FY 14)	70%
52 WK /HIGH	344.20/99.35
ISIN	INE134E01011

Shareholding Pattern



1 year Price Chart



Company Background

Power Finance Corporation Ltd was set up on 16th July 1986 as a financial institution dedicated to power sector financing and committed to the integrated development of the power and associated sectors. The corporation is registered as a NBFC (non-banking financial company).

Fundamental Analysis

- In 1st quarter of FY 2014-15, the company's total Disbursements were at Rs.82820.00 million against Rs. 82350.00 million in 1st quarter of FY 2013-14.
- For Q1 FY15, Net Interest Income increased by 17% to Rs. 22910.00 million from Rs. 19500.00 million for Q1 FY14.
- The company's Net worth (Share Capital + All Reserves) increased by 19% of Rs. 289170.00 million in Q1 FY15 compared to Rs. 242280.00 million in Q1 FY14.
- During the quarter, Company's net sales registered 18.02% to Rs. 59183.90 million from Rs. 50148.00 million over the corresponding quarter last year.
- For Q1 FY15, Net profit ramps up by 20.87% y-o-y of Rs. 14482.60 million against Rs. 11982.40 million for Q1 FY14.

Loan Sanctioned

- In Q1 FY15, Major Loan Sanctioned by the company for 1600 MW TPS of A. P. Power Development Corp. Ltd at Krishnapatnam of Rs. 16060.00 million.
- During Q1 FY15, loan sanctioned of Rs. 14560.00 million for 660 MW TPS of Tamil Nadu Generation and Distribution Corporation Ltd at Ennore.
- For Private sectors the company sanctioned loan for 600 MW TPP of Jinbhuvish Power Generation Pvt. Ltd. At Yavatmal in Maharashtra of Rs.10870.00 million and 1200 MW TPP of Essar Power MP Ltd at Sidhi Dist in MP of Rs. 3700.00 million.
- Loan Sanctioned for 93 MW Hydro Electric project of J&K State Power Dev. Corp. Ltd at Ganderbal of Rs.7340.00 million, R-APDRP PART 'B' counterpart funding to Madhyanchal Vidyut Vitran Nigam Ltd of Rs.4460.00 million and 40 MW New Umtru Hydro Electric project of Meghalaya Power Generation Corporation Ltd of Rs. 3460.00 million in Q1 FY15.
- The company total outstanding sanctions were Rs. 15712.00 millions as on 30th June 2014.

Peer Group	CMP(Rs.)	MARKET CAP Rs. in mn.	EPS(Rs.)	P/E (X) Ratio	P/BV(X) Ratio	DIVIDEND %
Power Finance Corp. Ltd.	269.45	355684.78	41.04	6.57	1.30	90.00
Rural Electrification Corporation Ltd.	281.20	277673.50	48.74	5.77	1.25	95.00
IDFC Ltd.	149.15	226236.70	48.74	13.84	1.54	26.00
Reliance Capital Ltd	572.10	140828.10	17.31	33.05	1.22	85.00

Profit & Loss A/C

VALUE RS IN (MN)	31-DEC-13	31-MAR-14	30-JUN-14	30-SEP-14E
DESCRIPTION	3M	3M	3M	3M
NET SALES	55392.30	56323.60	59183.90	62379.83
OTHER INCOME	80.80	37.30	55.10	70.53
TOTAL INCOME	55473.10	56360.90	59239.00	62450.36
EXPENDITURE	-389.20	-856.30	-527.00	-873.32
OPERATINGPROFIT	55083.90	55504.60	58712.00	61577.04
INTREST	-34522.60	-35575.90	-38657.00	-40589.85
GROSS PROFIT	20561.30	19928.70	20055.00	20987.19
DEPRECIATION	-12.40	-12.20	-14.70	-13.97
PROFITBEFORETAX	20548.90	19916.50	20040.30	20973.23
TAX	-5205.80	-5802.40	-5557.70	-5746.66
NET PROFIT	15343.10	14114.10	14482.60	15226.56
EQUITYV CAPITAL	13200.40	13200.40	13200.40	13200.40
FACE VALUE	10.00	10.00	10.00	10.00
EPS	11.62	10.69	10.97	11.53

Ratio Analysis

PARTICULARS	FY-13A	FY-14A	FY-15E	FY-16E
EPS (Rs.)	33.48	41.04	49.01	57.18
EBITDA Margin (%)	99.26	99.02	98.95	98.85
PBT Margin (%)	34.57	35.12	34.89	34.90
PAT Margin (%)	25.61	25.17	25.26	25.41
P/E Ratio (x)	8.05	6.57	5.50	4.71
ROE (%)	18.37	19.79	20.42	20.75
ROCE (%)	12.77	12.77	14.22	15.44
Debt Equity Ratio	4.58	5.10	4.63	4.23
EV/EBITDA (x)	8.23	8.22	7.18	6.45
Book Value (Rs.)	182.23	207.38	239.94	275.59
P/BV	1.48	1.30	1.12	0.98

BALANCE SHEET

	FY-13A	FY-14A	FY-15E	FY-16E
EQUITIES AND LIABILITIES				
A) SHARE HOLDER FUND				
a)Share capital	13200.2	13200.4	13200.4	13200.4
b)Reserve and surplus	222561.3	260545.7	303535.74	350583.78
Total Net worth	235761.5	273746.1	316736.14	363784.18
B)Non Current Liabilities				
a)Long term borrowing	1211508.6	1424915.7	1567407.27	1714743.55
b)Deferred Tax Liability(Net)	2197.9	2742.2	3235.8	3753.52
c)Other Long term liabilities	5398	3476.2	3684.77	3869.01
d)Long term provisions	1623.3	4730.4	6527.95	8616.9
Total Non Current Liabilities	1220727.8	1435864.5	1580855.79	1730982.98
C)Current Liabilities				
a)Current maturity of long term borrowing	96120.8	154090	234216.8	309166.18
b) Short term borrowing	87099.7	13144.9	5192.24	3738.41
c) Other current liabilities	50638.2	62617.5	69505.43	76455.97
d)Short term provisions	1939.9	2178	2787.84	3289.65
Total Current Liabilities	235798.6	232030.4	311702.3	392650.2
Total Equities and Liabilities(A+B+C)	1692287.9	1941641	2209294.23	2487417.37
ii) ASSETS				
D)Non Current Assets				
a) Fixed Assets	743.4	706.3	685.11	698.81
b)Non current investment	1576.6	3483.4	4946.43	6925
c)Long term loans and advances	1425241.7	1687921.1	1922367.23	2166019.44
d)Other Non Current Assets	3760.7	2096.8	2264.54	2423.06
Total Non Current Assets	1431322.4	1694207.6	1930263.31	2176066.31
E)Current Assets				
a)Current Investment	38.3	38.3	39.07	40.24
b)Cash and Bank balance	47538.1	601.4	1052.45	1294.51
c) Current Maturities of Long Term Loans	154558.5	180429.5	202081.04	224309.95
d)Short Term Loans	24161.1	23961.8	25399.51	26669.48
e) Other Current Assets	34669.5	42402.4	50458.86	59036.86
Total Current Assets	260965.5	247433.4	279030.92	311351.05
Total Assets(D+E)	1692288	1941641	2209294.23	2487417

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