January 28, 2022

PTC India Financial Services Limited: Ratings placed on Watch with Negative Implications

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Non-convertible Debentures	199.20	199.20	[ICRA]A+@; Placed on rating Watch with Negative Implications
Commercial Paper	1,000.00	1,000.00	[ICRA]A1+@; Placed on rating Watch with Negative Implications
Long-term Bank Facilities	1,050.00	1,050.00	[ICRA]A+@; Placed on rating Watch with Negative Implications
Short-term Bank Facilities	375.00	375.00	[ICRA]A1+@; Placed on rating Watch with Negative Implications
Total	**2,624.20**	**2,624.20**	

** Instrument details in annexure 1*

Rationale

The rating action follows the announcement of the resignation of three Independent Directors - Mr. Kamlesh Shivji Vikamsey, Mr. Thomas Mathew T and Mr. Santosh B Nayar on January 19, 2022 from the board of PTC India Financial Serviced Limited (PFS).

ICRA has placed the ratings outstanding for PFS on rating watch with negative implication. ICRA notes that the company has stated on record that it refutes the allegations by the outgoing directors and that it has been adhering to the best corporate governance practices under the guidance of its promoter (PTC India Limited), the regulator and the Government of India. PFS has also stated that matter will be addressed at the board level. Nevertheless, such events are likely to have a bearing on business operations and investor and lender confidence in the company in the short to medium term. These changes could also impact the ongoing asset quality related resolutions for the company.

ICRA favourably notes that PFS's liquidity position is currently adequate with on balance sheet liquidity of Rs. 410 crore compared to repayments of ~Rs. 400 crore to be made till March 2022. ICRA will continue to monitor developments and take suitable rating action once more clarity on the setting up of a new board, the outcome of the investigation being conducted by the high-level committee and the impact on the company's incremental fund raising and business growth prospects emerges.

Please refer to the following link for the previous detailed rationale that captures the key rating drivers and their description, Liquidity position, Rating sensitivities and the key financial indicators: Click here

Analytical approach

Analytical Approach	Comments
Applicable Rating Methodologies	ICRA's Credit Rating Methodology for Non-banking Finance Companies
Parent/Group Support	Not Applicable
Consolidation/Standalone	Standalone

About the company

PTC India Financial Services Limited (PFS), incorporated in 2006, provides financial assistance to infrastructure projects with a primary focus on the energy value chain. It is registered as an infrastructure financing non-banking financial company (NBFC) with the Reserve Bank of India. PFS' outstanding loan book was Rs. 9,290 crore as on September 30, 2021 compared to Rs. 10,808 crore as on March 31, 2021. The outstanding loan book constitutes exposures to the renewable energy sector (40%; excluding hydropower), thermal and hydro energy plants (14%), and other infrastructure segments encompassing power transmission and distribution, roads, ports, etc.

PFS reported a profit after tax (PAT) of Rs. 98 crore in H1 FY2022 compared to Rs. 26 crore in FY2021. It reported capital adequacy of 26.1% as on September 30, 2021 compared to 24.1% as on March 31, 2021.

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Current Rating (FY2022)					Chronology of Rating History for the Past 3 Years		
		Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore)^	Jan 28, 2022	Jul 23, 2021	FY2021	FY2020	FY2019
							Jul 24, 2020	Jul 22, 2019	Jun 01, 2018
1	CP	ST	1,000.00	-	[ICRA]A1+@	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+
2	NCD	LT	199.20	199.20	[ICRA]A+@	[ICRA]A+ (Stable)	[ICRA]A+ (Stable)	[ICRA]A+ (Stable)	[ICRA]A+ (Stable)
3	Long-term Bank Facilities	LT	1,050.00	NA	[ICRA]A+@	[ICRA]A+ (Stable)	[ICRA]A+ (Stable)	[ICRA]A+ (Stable)	[ICRA]A+ (Stable)
4	Short-term Bank Facilities	ST	375.00	NA	[ICRA]A1+@	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+

Source: *ICRA Research; ^As of December 31, 2021*

Note: LT - Long term; ST - Short term; @: Under Watch with Negative Implications

Complexity level of the rated instruments

Instrument	Complexity Indicator
Commercial Paper Programme	Very Simple
Non-convertible Debentures	Simple
Long-term Bank Facilities	Simple
Short-term Bank Facilities	Simple

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analyzing an entity's financial, business, industry risks or complexity related to the structural, transactional, or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: www.icra.in

Annexure-1: Instrument details

ISIN	Instrument Name	Date of Issuance/ Sanction	Coupon Rate/ Yield	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
INE560K07037	Non-convertible Debenture	Jan 27, 2011	10.50%	Jan 26, 2023	30.00	[ICRA]A+@
INE560K07136	Non-convertible Debenture	Jun 16, 2015	9.80%	Jun 12, 2022	60.00	[ICRA]A+@
INE560K07086	Non-convertible Debenture	Mar 30, 2012	8.93%/ 9.15%	Mar 30, 2022	25.31	[ICRA]A+@
INE560K07094	Non-convertible Debenture	Mar 30, 2012		Mar 30, 2022	74.52	[ICRA]A+@
INE560K07102	Non-convertible Debenture	Mar 30, 2012		Mar 30, 2022	2.33	[ICRA]A+@
INE560K07110	Non-convertible Debenture	Mar 30, 2012		Mar 30, 2022	7.04	[ICRA]A+@
NA*	Commercial Paper	-	-	7-365 Days	1,000.00	[ICRA]A1+@
NA	Long-term Bank Facilities	FY2016	NA	FY2028	1,050.00	[ICRA]A+@
NA	Short-term Bank Facilities	NA	NA	NA	375.00	[ICRA]A1+@

Source: *ICRA Research; *Proposed*

Please click here to view details of lender-wise facilities rated by ICRA

Annexure-2: List of entities considered for consolidated analysis: Not applicable

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About ICRA Limited:

ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

Today, ICRA and its subsidiaries together form the ICRA Group of Companies (Group ICRA). ICRA is a Public Limited Company, with its shares listed on the Bombay Stock Exchange and the National Stock Exchange. The international Credit Rating Agency Moody's Investors Service is ICRA's largest shareholder.

For more information, visit www.icra.in

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