

June 30, 2023

PTC India Financial Services Limited: Update on material event

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Non-Convertible Debenture Programme	39.37	39.37	[ICRA]A+(Negative); outstanding
Commercial Paper	1,000.00	1,000.00	[ICRA]A1; outstanding
Fund based - Term Loan	1050.00	1,316.05	[ICRA]A+(Negative); outstanding
Fund based – Short Term	375.00	100.00	[ICRA]A1; outstanding
Long term unallocated bank facilities	0.00	8.95	[ICRA]A+(Negative); outstanding
Total	2,464.37	2,464.37	

*Instrument details are provided in Annexure-I

Rationale

On June 21, 2023, PTC India Financial Services Limited (PFS) updated the stock exchange that pursuant to the direction of the RBI, the Board in its meeting of June 20, 2023, decided that Dr. Pawan Singh, the present Managing Director and Chief Executive Officer (MD&CEO), will be sent on leave and Mr. Mahendra Lodha, Director (Finance) & Chief Financial Officer (CFO) will take over the functions and responsibilities of the MD&CEO till the regular MD&CEO is appointed.

ICRA understands that the directive from the RBI was issued in reference to the supervisory concerns related to the functioning of the company, emanating from the resignation letters of the independent directors in January 2022 and December 2022. Previously in May 2023, SEBI had issued a show cause notices (SCNs) to the MD&CEO and Non-executive chairman of the company on matters of Corporate Governance issues raised by Independent Directors who resigned in January 2022 and December 2022. In this regard the Audit Committee and the Board of Directors have noted and taken on record that the above stated SCNs have been issued to the MD & CEO and Non-Executive Chairman, is in their individual name/capacity and believes that the issues raised in SCN will be resolved on submission of detailed evidence/ information/ replies/details by the MD & CEO and the Non-Executive Chairman and there will be no financial implications/ impact on this account on the state of affairs of the company. Nevertheless, ICRA believes that such events are likely to have a bearing on business operations and investor and lender confidence, which in turn could lead to a further delay in the recovery in the financial flexibility for the company over the short to medium term. In this regard, a prolonged impact on its ability to mobilise funds resulting in further moderation in loan book size will be a credit negative. Further, any adverse stance taken by the lenders and/or regulators against the company would be a key rating monitorable.

PFS's liquidity position as on May 28, 2023 was adequate with on balance sheet liquidity of ~Rs. 405 crore compared to repayments of ~Rs. 698 crore to be made till October 2023. Further, liquidity profile to be supported by ~Rs. 656 crore inflows from advances expected between June 2023 and October 2023.

Please refer to the following link for the previous detailed rationale that captures the key rating drivers and their description, liquidity position, environmental and social risks and the rating sensitivities: [Click here](#)

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Rating methodology for non-banking finance companies
Parent/Group support	Not Applicable

Consolidation/Standalone
Standalone

About the company

PTC India Financial Services Limited, 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 NBFC with the Reserve Bank of India. PFS' outstanding loan book was ~Rs. 7,339 crore as on March 31, 2023 compared to Rs. 8,686 crore as on March 31, 2022. As on March 31, 2023 the loan book comprises of renewable (29%), thermal and hydro power (6%), transmission (22%), distribution (23%), roads (11%) and others (9%).

PFS reported a profit after tax (PAT) of Rs. 176 crore in FY2023 compared to Rs. 130 crore in FY2022. Its gross and net stage 3 assets stood at 13.6% and 8.0%, respectively, as on March 31, 2023 compared to 12.3% and 8.3%, respectively, as on March 31, 2022. The company reported a capital adequacy of 33.1% as on March 31, 2023 compared to 26.7% as on March 31, 2022.

PTC India Limited (PTC), a leading player in power trading in India, has a 64.99% stake in PFS as on March 31, 2023. On July 16, 2020, PTC disclosed to stock exchanges that it is desirous of divesting its controlling stake in PFS and invited interest from potential purchaser(s)/investor(s). On November 11, 2021, PFS' management stated that the divestment process has been paused.

Key financial indicators (audited)

PTC India Financial Services Limited	FY2021	FY2022	FY2023
Profit after tax	26	130	176
Net worth	2,120	2,264	2,443
AUM	11,094	8,686	7,339
Return on assets (%)	0.2%	1.2%	2.0%
Return on net worth (%)	1.2%	5.9%	7.5%
Gross gearing (times)	4.4	3.1	2.1
CRAR (%)	23.9%	26.7%	33.1%
Gross stage 3 (%)	12.5%	12.3%	13.6%
Net stage 3 (%)	7.6%	8.3%	8.0%
Solvency (Net stage 3/Net worth)	36%	32%	23%

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

	Instrument	Current Rating (FY2024)				Chronology of Rating History for the Past 3 Years			
		Type	Amount Rated (Rs. crore)	Amount Outstanding (Rs. crore) ^	Date and Rating in FY2024	Date and Rating in FY2023	Date and Rating in FY2022		Date and Rating in FY2021
					June 30, 2023	Dec 22, 2022	Jan 28, 2022	Jul 23, 2021	Jul 24, 2020
1	CP	ST	1,000.00	-	[ICRA]A1	[ICRA]A1	[ICRA]A1+@	[ICRA]A1+	[ICRA]A1+
2	NCD	LT	39.37	38.94	[ICRA]A+ (negative)	[ICRA]A+ (negative)	[ICRA]A+@	[ICRA]A+ (Stable)	[ICRA]A+ (Stable)
3	Unallocated bank facilities	LT	8.95	-	[ICRA]A+ (negative)				

4	Fund based - Term Loan	LT	1,316.05	1,316.05	[ICRA]A+ (negative)	[ICRA]A+ (negative)	[ICRA]A+@	[ICRA]A+ (Stable)	[ICRA]A+ (Stable)
5	Fund based – Short Term	ST	100.00	99.22	[ICRA]A1	[ICRA]A1	[ICRA]A1+@	[ICRA]A1+	[ICRA]A1+

@-Rating watch with negative implications; ^As on March 31, 2023

Complexity level of the rated instruments

Instrument	Complexity Indicator
Commercial Paper Programme	Very Simple
Non-convertible Debentures	Simple
Fund based - Term Loan	Simple
Fund based – Short Term	Simple
Unallocated	Not Applicable

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 analysing 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: [Click Here](#)

Annexure I: Instrument details as on March 31, 2023

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
INE560K07037	Non-convertible Debenture	Jan 27, 2011	10.50%	Jan 26, 2023	30.00	[ICRA]A+(negative)
INE560K07102#	Non-convertible Debenture	Mar 30, 2012	9.15%	Mar 30, 2027	2.33	[ICRA]A+(negative)
INE560K07110\$	Non-convertible Debenture	Mar 30, 2012	9.15%	Mar 30, 2027	7.04	[ICRA]A+(negative)
NA^	Commercial Paper	-	-	7-365 Days	1,000.00	[ICRA]A1
NA	Fund based - Term Loan	FY2016	NA	FY2028	1,316.05	[ICRA]A+(negative)
NA	Unallocated bank facilities	NA	NA	NA	8.95	[ICRA]A+(negative)
NA	Fund based – Short Term	NA	NA	NA	100.00	[ICRA]A1

Source: Company; ^proposed to be issued; #Rs. 2.234 crore outstanding as on March 31, 2023; earliest call option date March 31, 2024; \$Rs. 6.71 crore outstanding as on March 31, 2023; earliest call option date March 31, 2024

[Please click here to view details of lender-wise facilities rated by ICRA](#)

Annexure II: List of entities considered for consolidated analysis: Not applicable

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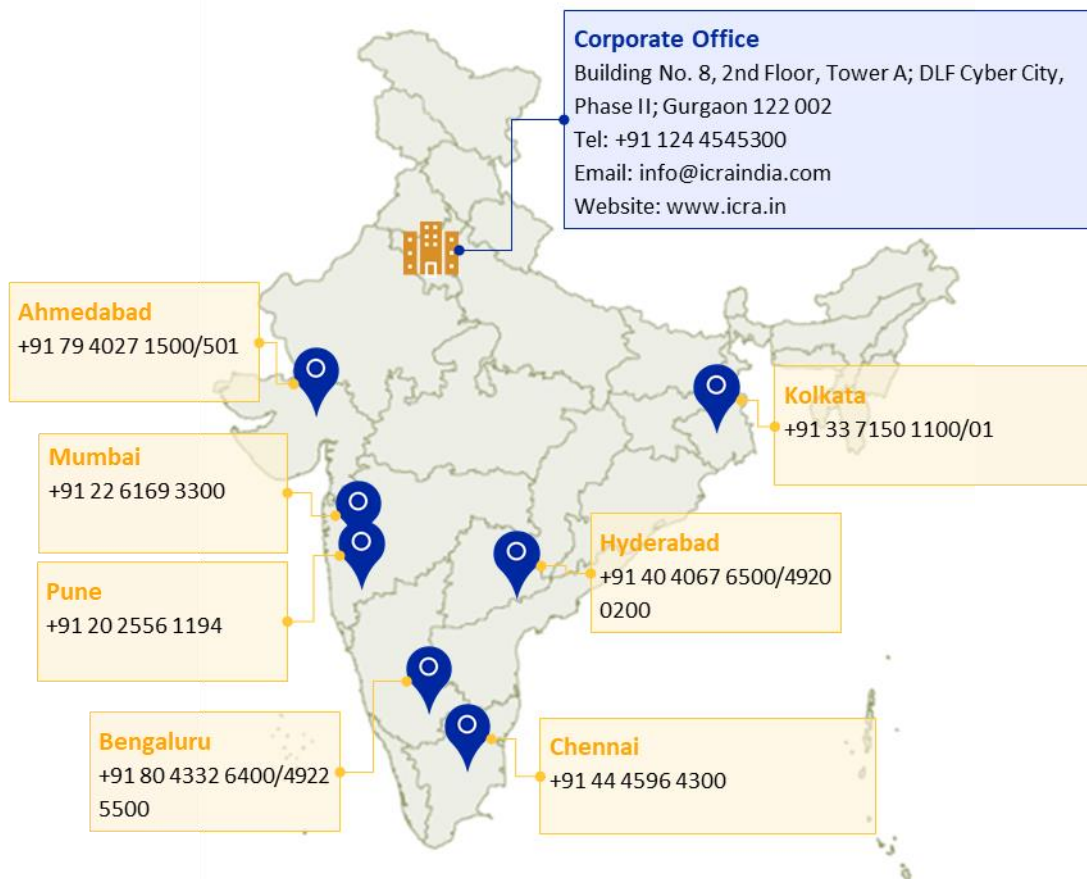


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