

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, 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

ANALYST CONTACTS

Karthik Srinivasan
+91-22-6114 3444
karthiks@icraindia.com

Manushree Saggar
+91-124-4545316
manushrees@icraindia.com

Sandeep Sharma
+91-22-6114 3419
sandeep.sharma@icraindia.com

RELATIONSHIP CONTACT

L. Shivakumar
+91 22 6114 3406
shivakumar@icraindia.com

MEDIA AND PUBLIC RELATIONS CONTACT

Ms. Naznin Prodhani
Tel: +91 124 4545 860
communications@icraindia.com

Helpline for business queries

+91-9354738909 (open Monday to Friday, from 9:30 am to 6 pm)
info@icraindia.com

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

ICRA Limited



Registered Office

B-710, Statesman House, 148, Barakhamba Road, New Delhi-110001

Tel: +91 11 23357940-45



Branches



© Copyright, 2023 ICRA Limited. All Rights Reserved.

Contents may be used freely with due acknowledgement to ICRA.

ICRA ratings should not be treated as recommendation to buy, sell or hold the rated debt instruments. ICRA ratings are subject to a process of surveillance, which may lead to revision in ratings. An ICRA rating is a symbolic indicator of ICRA's current opinion on the relative capability of the issuer concerned to timely service debts and obligations, with reference to the instrument rated. Please visit our website www.icra.in or contact any ICRA office for the latest information on ICRA ratings outstanding. All information contained herein has been obtained by ICRA from sources believed by it to be accurate and reliable, including the rated issuer. ICRA however has not conducted any audit of the rated issuer or of the information provided by it. While reasonable care has been taken to ensure that the information herein is true, such information is provided 'as is' without any warranty of any kind, and ICRA in particular, makes no representation or warranty, express or implied, as to the accuracy, timeliness or completeness of any such information. Also, ICRA or any of its group companies may have provided services other than rating to the issuer rated. All information contained herein must be construed solely as statements of opinion, and ICRA shall not be liable for any losses incurred by users from any use of this publication or its contents.