May 28, 2025

PTC India Limited: Rating reaffirmed

Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Short-term - Fund-based facilities	2,000.00	2,000.00	[ICRA]A1+; Reaffirmed
Short-term - Non-fund based facilities	3,500.00	3,500.00	[ICRA]A1+; Reaffirmed
Commercial paper^	300.00	300.00	[ICRA]A1+; Reaffirmed
Total	**5,800.00**	**5,800.00**	

*^The fund-based facilities amount will not exceed 2,000 crore including commercial paper; *Instrument details are provided in Annexure-I*

Rationale

The reaffirmation of the rating favourably factors in the continued market leadership position of PTC India Limited (PTC) in the domestic bilateral power trading market and stable trading volumes and trading margins. It also factors in the stability in volumes from the long-term traded (LTT) segment which supports the overall operational profitability of the company. ICRA takes note of the shift in volumes towards short term trades in recent years on account of healthy demand from merchant/short-term markets. However, despite moderation in share of LTT volumes in the mix, the LT volumes traded have remained largely stable on absolute levels. PTC has ~6,329 MW of long-term contracts in place which have an average remaining maturity of approximately 10-12 years. This provides the company with visibility on revenues and profitability over medium to long term, driven by the healthy margins in the LT trading segment.

Moreover, the cross-border trade (CBT) contracts with neighbouring countries for medium to long term provides revenue as well as margin visibility. However, medium term trades (MTT) segment is expected to witness decline on account of contracts getting expired in this segment. Going forward, volume addition in LTT / MTT (potential for new PPAs with renewable energy developers) will also improve and support profitability.

In 9M FY2025, net surcharge income rose to Rs. 213.6 crore compared to Rs. 178.9 crore in FY2024, which is expected to improve the operating profitability further. Going forward, while the surcharge income is expected to moderate on expectations of timely payments from discoms, the liquidity position is likely to remain strong.

ICRA notes that PTC has completed sale of its 100% stake in PTC Energy Limited (PEL) to ONGC Green Limited at a consideration of Rs. 1179 crore in March 2025. ICRA has considered the standalone financials of the company for its ratings. PTC India Financial Services Ltd (PFS) has been excluded to make a distinction between the trading and the financial services businesses. PTC has not extended any loan or corporate guarantee to PFS till date and no additional support from PTC to PFS is envisaged in the furture and therefore the assigned rating does not factor in any financial support to PFS. However, in case of any extraordinary support to PFS that affects the company’s liquidity/coverage metrics will be a key monitorable. ICRA notes abatement of concerns on the past corporate governance issues at PFS and will continue to monitor the developments in this regard.

The rating continues to be supported by the company’s ability to manage contractual and payment-related risks inherent in the power trading business. The contractual terms in both the power purchase agreements (PPAs) and power sale agreements (PSAs) in the LT and medium term (MT) segments are back-to-back in nature. PTC, however, is exposed to significant counterparty credit risks as its main offtakers are state power utilities, most of which are financially weak. Nevertheless, an experienced management and a prudent monitoring of receivables and payables by the management is expected to limit the exposure at any given time. PTC's liquidity continues to be strong, driven by unutilised limits of ~Rs. 1,900 crore and cash and liquid balances of over Rs. 2,000 crore as of March 2025 on account of proceedings from sale of PEL and healthy debtor realisation in H2 FY2025.

The rating reflects the benefits that PTC will derive by virtue of its leading market position in the power trading segment, as well as its ability to effectively manage its contractual and payment-related risks and limit its net receivables exposure (receivables less payables) to discoms.

Key rating drivers and their description

Credit strengths

Dominant share in short-term trade despite competition – PTC is the largest player in the Indian power trading market, with a market share of 33% of the total volume traded by trading licensees 9MFY2025. The company is likely to maintain its dominant market position despite intense competition. PTC benefits from its significant presence in long-term and medium-term trade, which helps to cushion any fluctuation in short-term volumes and margins.

Stable trading margins in LTT/CBTs – PTC has a strong portfolio for LT power trade, wherein it has back-to back PPAs with the developers and PSAs with the discoms for the purchase and sale of power, respectively. The profitability is mainly derived from LTT/CBT trade as its contribution in absolute terms to the overall gross margins is nearly 78% in 9MFY2025 and provides stability to the volatile short-term trade margins which vary as per the market conditions. The trading margins continue to be healthy for the company. Income from the core trading business is supported by net rebate and the surcharge income the company earns on account of early payments to generators or payment delays from discoms, respectively. The surcharge income increased to Rs. 213.6 crore in 9MFY2025 against Rs. 85.96 crore in 9MFY2024 on account of stretched payments from discoms while the net rebate income remained healthy at Rs. 100.37 crores in 9MFY2025 against Rs. 95.60 crores in 9MFY2024.

Effective management of contractual risks – While the LT/CBT/MT trade is lucrative because of its relatively high and stable margins, it carries significant contractual risks on both the PPA and the PSA side. PTC, with its long track record and strong connect with utilities, has effectively managed these risks by having contractual safeguards in place, , rebate for timely payments, late payment surcharge for delays in payments, presence of LCs as a payment security mechanism, termination liabilities, penalty for non-offtake by a discom and bank guarantee from the project developer guaranteeing supply of the agreed power. These terms are back-to-back in nature in both the PPAs and the PSAs.

Credit challenges

Significant counterparty risks due to poor financial health of discoms – PTC is exposed to the counterparty credit risks of its offtakers — the state power utilities. The risk is mitigated to an extent by the distributed profile of its counterparties and the presence of contractual safeguards. Although the terms of the payment are back-to-back in both the PPAs and the PSAs, the company is obligated to make the payments to the developers even if the discoms delay their payments. The collections have remained satisfactory because of improved payment discipline of discoms over the past few years, aided by the implementation of the Late Payment Surcharge Scheme, 2022.

Environment and Social Risks

Environmental considerations - PTC India Limited exhibits low environmental risks as majority of its revenue is derived from the trading of power among a diversified customer base and hence has low exposure to the lack of availability of natural resources, the possibility of not meeting the desired emission norms and carbon transition risks.

Social considerations - PTC India Limited has low social risks as it is largely engaged in the business of power trading which involves the purchase and sale of power, enabling optimal utilisation of resources

Liquidity position: Strong

PTC's liquidity is strong, supported by sizeable unutilised limits of ~Rs. 1,900 crore and cash and liquid balances of over Rs. 2,000 crore (on account of proceedings from sale of PEL) on a standalone basis. The strong operational profile of the core trading business coupled with minimal capex and debt servicing requirements is expected to support the strong liquidity position of the company.

Rating sensitivities

Positive factors – Not applicable

Negative factors – Pressure on PTC's rating could arise if there is a significant build-up of net receivables for a prolonged period of time, increasing the leverage and weakening the liquidity profile.

Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	Corporate Credit Rating Methodology
Parent/Group support	Not applicable
Consolidation/Standalone	Standalone; PTC India Financial Services Ltd (PFS) has been excluded to make a distinction between the trading and the financial services businesses

About the company

PTC India Limited was founded in 1999 to promote power trading in the country. The company's promoters are Power Grid Corporation of India Limited (PGCIL), NTPC Limited (NTPC), Power Finance Corporation Limited (PFC) and NHPC Limited (NHPC). PTC has been the pioneer in developing and implementing the concept of power trading in India. At present, it is a category-I licence holder (defined as per CERC guidelines), which permits the highest volumes of trading. In FY2024, the volume of traded units stood at 74.8 billion. Over the years, PTC has diversified its service offering in the power sector by setting up an investment vehicle — PFS — for providing financial solutions in the energy value chain. In March 2025, PTC sold its 100% stake in PTC Energy Limited (PEL) to ONGC Green Limited for Rs. 1,179 crore.

Key financial indicators

	FY2023	FY2024	9MFY2025*
Operating income	31,729.1	34,458.0	27,161.6
PAT	369.7	369.0	333.4
OPBDIT/OI (%)	1.4%	1.3%	1.7%
PAT/OI (%)	1.2%	1.1%	1.2%
Total outside liabilities/Tangible net worth (times)	1.3	1.2	-
Total debt/OPBDIT (times)	0.5	0.9	-
Interest coverage (times)	15.3	35.1	17.9

*Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. Crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation; *Unaudited*

Status of non-cooperation with previous CRA: Not Applicable

Any other information: None

Rating history for past three years

Instrument	Current (FY2026)			Chronology of rating history for the past 3 years					
				FY2025		FY2024		FY2023	
	Type	Amount Rated (Rs Crore)	May 28, 2025	Date	Rating	Date	Rating	Date	Rating
Short term-cash credit-fund based	Short Term	2,000.00	[ICRA]A1+	31-MAY-2024	[ICRA]A1+	31-MAY-2023	[ICRA]A1+	31-MAY-2022	[ICRA]A1+
				21-JUN-2024	[ICRA]A1+	-	-	-	-
Short term-others-non fund based	Short Term	3,500.00	[ICRA]A1+	31-MAY-2024	[ICRA]A1+	31-MAY-2023	[ICRA]A1+	31-MAY-2022	[ICRA]A1+
				21-JUN-2024	[ICRA]A1+	-	-	-	-
Commercial paper*	Short Term	300.00	[ICRA]A1+	31-MAY-2024	[ICRA]A1+	31-MAY-2023	[ICRA]A1+	31-MAY-2022	[ICRA]A1+
				21-JUN-2024	[ICRA]A1+	-	-	-	-

**Yet to be placed, the fund-based facilities amount will not exceed 2,000 crore including commercial paper*

Complexity level of the rated instruments

Instrument	Complexity Indicator
Commercial Paper	Very Simple
Short Term-Others-Non Fund Based	Very Simple
Short Term-Cash Credit-Fund Based	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 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

ISIN No	Instrument Name	Date of Issuance / Sanction	Coupon Rate	Maturity Date	Amount Rated (Rs. crore)	Current Rating and Outlook
NA	**Fund-based facilities**	-	-	-	2000.00	[ICRA]A1+
NA	**Non-fund based facilities**	-	-	-	3500.00	[ICRA]A1+
NA	**Commercial paper***	-	-	-	300.00	[ICRA]A1+

Source: Company

**Yet to be placed*

Annexure II: List of entities considered for consolidated analysis – Not Applicable

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