

March 23, 2026

## PTC India Financial Services Limited: [ICRA]A- (Stable) reaffirmed; [ICRA]A2+ withdrawn

### Summary of rating action

Instrument*	Previous Rated Amount (Rs. crore)	Current Rated Amount (Rs. crore)	Rating Action
Non-convertible debenture	9.37	9.37	[ICRA]A-(stable); reaffirmed
Long term fund based – Term loan	1,000.00	1,100.00	[ICRA]A-(stable); reaffirmed
Fund based – Short-term	100.00	0.00	[ICRA]A2+; reaffirmed; and withdrawn
<b>Total</b>	<b>1,109.37</b>	<b>1,109.37</b>	

\*Instrument details are provided in Annexure I

### Rationale

The ratings factor in PTC India Financial Services Limited's (PFS) capitalisation profile, marked by a net worth of Rs. 3,034 crore and gearing of 0.7 times as on December 31, 2025. The ratings also draw comfort from PFS' adequate earnings profile due to resolution of stressed assets and decline in gearing. PFS' reported asset quality indicators improved with gross and net stage 3 of 5.5% and 1.4%, respectively, as on December 31, 2025 compared with 13.7% and 6.6%, respectively, as on March 31, 2025, due to recoveries and nil slippages during the period.

ICRA takes note of the appointment of three new independent directors following the resignation of three independent directors in September 2025. The company reported an improvement in sanctions and disbursements (Rs. 2,442 crore and Rs. 1,073 crore, respectively, in 9MFY2026) from Rs. 825 crore and Rs.916 crore, respectively, in FY2025. However, PFS' loan book declined to Rs. 3,503 crore as on December 31, 2025 from Rs. 4,746 crore as on March 31, 2025 due to subdued disbursement trajectory, prepayments primarily from state utilities and partly due to resolution of stressed assets. The company has not raised any new funding in 9MFY2026, partly due improved liquidity profile due to run down of loan book and one time recoveries from stressed asset resolutions. A prolonged sluggishness in mobilising fresh funds could result in further moderation in the loan book size and weaken in the competitive positioning of the company and funding diversity.

ICRA takes note of the majority stake held by PTC India Limited (PTC; ~65% shareholding as on December 31, 2025; [ICRA]AA (Stable) / [ICRA]A1+) in the company. The rating of PFS has been based on the standalone credit profile of PFS and does not consider any financial support from its Promoter, PTC.

The Stable outlook reflects ICRA's expectation that the company would be able to reverse the declining trend in loan book and maintaining an adequate capitalisation and earnings profile.

ICRA has reaffirmed and withdrawn the rating for the Rs. 100.00 crore short term bank lines as there is no amount outstanding against the rated instrument. The rating was withdrawn as per ICRA's policy on the withdrawal of credit ratings.

### Key rating drivers and their description

#### Credit strengths

**Capital profile commensurate to support near term growth** - PFS is adequately capitalised for the current scale of operations and to support the near-term growth with a net worth of Rs. 3,034 crore, gearing (debt/net worth) of 0.7 times and a CRAR of 71.2% as on December 31, 2025, compared with a gearing and CRAR of 1.0 times 59.7%, respectively, as on March 31, 2025. The capitalisation profile improved in 9MFY2026 with the decline in the portfolio along with support from internal accruals.

The solvency (net stage 3/net worth) improved to 1.6% on December 31, 2025, from 10.4% on March 31, 2025 owing to Nil slippages, recovery from large stage 3 assets and the increased provision against stage 3 accounts. However, ICRA notes that the company has outlined a roadmap for growth, which is expected to result in an increase in leverage from the current levels.

**Adequate earnings profile<sup>1</sup>** - PFS' net interest margins (NIMs) moderated to ~4.3% in 9MFY2026 as compared to 4.6% in FY2025, primarily reflecting a decline in yields and loan book. Further, owing to provision reversal post recoveries from stressed accounts PFS reported credit cost (in relation to average assets) of -3.6% and -0.2% in 9MFY2026 and in FY2025 respectively, while the operating expenses as a share of average assets remained stable at ~0.9% in 9MFY2026 and in FY2025. Overall, the company reported Return on managed assets (RoMA) and return on net worth (RoNW) of ~6.5% and ~12.6%, respectively, in 9MFY2026 compared with 3.3% and 8.2%, respectively, in FY2025.

Going forward, the company's ability to grow the business volumes while maintain the earnings profile amid competitive pressure from banks and other established players remains to be seen.

### Credit challenges

**Moderation in loan book size due to prepayments, though liquidity is adequate** - PFS' sanctions and disbursements witnessed the uptick in 9MFY2026 compared with the FY2025. While the loan book had declined to Rs. 3,503 crore on December 31, 2025 from Rs. 4,746 crore on March 31, 2025 (Rs. 5,395 crore on March 31, 2024) due to higher prepayments from state utilities in 9M FY2026.

In the January 2022, three out of the four independent directors resigned from the Board of Directors of PFS, which impacted lender confidence and consequently constrained the company's ability to mobilise incremental funds — limiting fresh fund-raising since then. More recently, in September 2025, three independent directors resigned from the Board, further weighing on lender sentiment and incremental fund mobilisation, hence, disbursements (Rs. 1,073 crore in 9MFY2026) have been funded primarily through repayments and prepayments. In this regard, continued inability of the company to mobilise adequate funds could result in further moderation in the loan book size and weakened competitive positioning and funding diversity. ICRA notes that the company has been focusing on strengthening the senior management team.

**Inherent portfolio vulnerability, albeit supported by improving asset quality indicators** – PFS' loan book has historically been concentrated towards state utility borrowers, characterised by moderate financial health, high dependence on state government support, and susceptibility to regulatory and payment delays — leading to portfolio inherently vulnerable to asset quality pressures. As on December 31, 2025, the state utility segment accounted for 33% of the AUM, albeit declining from 47% as on March 31, 2025, reflecting the company's deliberate efforts to diversify its portfolio. Further, PFS has progressively increased its exposure towards renewable energy (26%), transmission (9%), thermal (12%), roads (5%), sustainable infrastructure (3%), and others (12%, comprising IT infrastructure, manufacturing, mining, and financial institutions).

ICRA takes note of the resolutions for a sizeable proportion of its stage 3 assets leading to improvement in PFS' reported asset quality metrics in 9M FY2026. As on December 31, 2025, the gross and net stage 3 assets stood at 5.5% and 1.4%, respectively, compared with 13.7% and 6.6%, respectively, as on March 31, 2025. At the absolute level, the gross stage 3 assets aggregated reduced to Rs. 193 crore as on December 31, 2025 compared with the peak of Rs. 1,717 crore in March 2018 (Rs. 711 crore as on March 31, 2025). PFS ability to control fresh slippages will remain imperative for sustained improvement in its asset quality indicators as it scales up in newer segments.

### Environmental and social risks

**Environmental considerations:** Given the service-oriented nature of its business, PFS does not face material physical climate risks though it is exposed to environmental risks indirectly through its portfolio of assets. If the entities or businesses, to which PFS has an exposure, face business disruptions because of physical climate adversities or if they face climate transition risks

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<sup>1</sup> Ratios as per ICRA calculations

because of technological, regulatory or customer behaviour changes, the same could translate into credit risks for PFS. However, such risk is mitigated for PFS through adequate portfolio diversification.

**Social considerations:** With regard to social risks, data security and customer privacy are among the key sources of vulnerability for lending institutions as material lapses could be detrimental to their reputation and invite regulatory censure. Given the nature of its business, PFS' exposure to social risks is limited.

### Liquidity position: Adequate

PFS' ALM profile remains characterised by cumulative positive mismatches across all buckets. The availability of sufficient on-book liquidity provides comfort. PFS had on-book liquidity of Rs. 1,615 crore as on December 31, 2025, along with inflows from advances of Rs. 558 crore expected over six months between January 1, 2026 and June 30, 2026 against repayment obligations (including interest) of Rs. 574 crore during this period. ICRA notes that the company had off-balance sheet liquidity of Rs. 100 crore (in the form of undrawn sanctioned bank lines) as on December 31, 2025.

### Rating sensitivities

**Positive factors** – The company's ability to demonstrate a material and sustained improvement in its business volumes while maintaining asset quality would be a credit positive.

**Negative factors** – A deterioration in the asset quality and profitability and/or weakening of the capitalisation and liquidity profile could be a credit negative. Specifically, a deterioration in the solvency (net stage 3/net worth) to over 30%, on a sustained basis, may result in a negative rating action. Any governance issues and/or continued pressure on incremental fund raising and the consequent impact on business operations would also be negative factors.

### Analytical approach

Analytical Approach	Comments
Applicable rating methodologies	<a href="#">Rating methodology for non-banking finance companies</a> <a href="#">Policy on withdrawal of credit ratings</a>
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. 3,503 crore as on December 31, 2025 compared to Rs. 4,746 crore as on March 31, 2025. As on December 31, 2025, the loan book comprises renewable (26%), thermal and Thermal and hydro power (12%), transmission (9%), distribution (33%), roads (5%), Sustainable Infra (3%) and others (12%).

PFS reported a profit after tax (PAT) of Rs. 274 crore in 9M FY2026 compared with Rs. 217 crore in FY2025. Its gross and net stage 3 assets stood at 5.5% and 1.4% on December 31, 2025, and the company reported a capital adequacy of 71.2% as on December 31, 2025.

**Key financial indicators**

PTC India Financial Services Limited	FY2024	FY2025	9M FY2026
	Audited	Audited	Unaudited
<b>Total income</b>	776	638	399
<b>Profit after tax</b>	161	217	274
<b>Total Managed Assets</b>	6,988	6,109	5,166
<b>Return on assets</b>	2.1%	3.3%	6.5%
<b>Gross gearing (times)</b>	1.5	1.0	0.7
<b>Gross stage 3</b>	12.8%	13.7%	5.5%
<b>CRAR</b>	43.1%	59.65%	71.2%

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amounts 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 (FY2026)					Chronology of rating history for the past 3 years					
	Type	Amount rated (Rs crore)	March 23, 2026	FY2026		FY2025		FY2024		FY2023	
				Date	Rating	Date	Rating	Date	Rating	Date	Rating
<b>Fund-based-Term loan</b>	Long Term	1,100.00	[ICRA]A-(Stable)	Oct 08, 2025	[ICRA]A-(Stable)	Jun 14, 2024	[ICRA]A-(Negative)	Jun 30, 2023	[ICRA]A+(Negative)	Dec 22, 2022	[ICRA]A+(Negative)
				-	-	Mar 28, 2025	[ICRA]A-(Stable)	Dec 21, 2023	[ICRA]A+(Negative)	-	-
<b>Fund-based-Cash credit</b>	Short Term	0.00	[ICRA]A2+; withdrawn	Oct 08, 2025	[ICRA]A2+	Jun 14, 2024	[ICRA]A2+	Jun 30, 2023	[ICRA]A1	Dec 22, 2022	[ICRA]A1
				-	-	Mar 28, 2025	[ICRA]A2+	Dec 21, 2023	[ICRA]A1	-	-
<b>Non-convertible debenture</b>	Long Term	9.37	[ICRA]A-(Stable)	Oct 08, 2025	[ICRA]A-(Stable)	-	-	-	-	-	-
<b>Long-term unallocated bank facilities</b>	Long Term			-	-	Jun 14, 2024	[ICRA]A-(Negative)	Jun 30, 2023	[ICRA]A+(Negative)	-	-
				-	-	Mar 28, 2025	[ICRA]A-(Stable); withdrawn	Dec 21, 2023	[ICRA]A+(Negative)	-	-
<b>Commercial Paper</b>	Short Term			-	-	Jun 14, 2024	[ICRA]A2+	Jun 30, 2023	[ICRA]A1	Dec 22, 2022	[ICRA]A1
				-	-	Mar 28, 2025	[ICRA]A2+	Dec 21, 2023	[ICRA]A1	-	-

## Complexity level of the rated instruments

Instrument	Complexity Indicator
Non-convertible debentures	Simple
Fund based – Term loan	Simple
Fund based – Short term	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 as on February 28, 2026**

ISIN	Instrument Name	Date of Issuance	Coupon Rate	Maturity	Amount Rated (Rs. crore)	Current Rating and Outlook
INE560K07102#	Non-convertible debenture	Mar-30-2012	9.15%	Mar-30-2027	2.33	[ICRA]A- (Stable)
INE560K07110\$	Non-convertible debenture	Mar-30-2012	9.15%	Mar-30-2027	7.04	[ICRA]A- (Stable)
NA	Fund based – Term loan	FY2016	NA	FY2028	690.45	[ICRA]A- (Stable)
NA	Fund based – Term loan	NA	NA	NA	409.55	[ICRA]A- (Stable)
NA	Fund based – Short term	NA	NA	NA	100.00	[ICRA]A2+; withdrawn

Source: Company data; #Rs. 2.16 crore outstanding as on February 28, 2026; \$Rs. 6.53 crore outstanding as on February 28, 2026

[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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## ICRA Limited



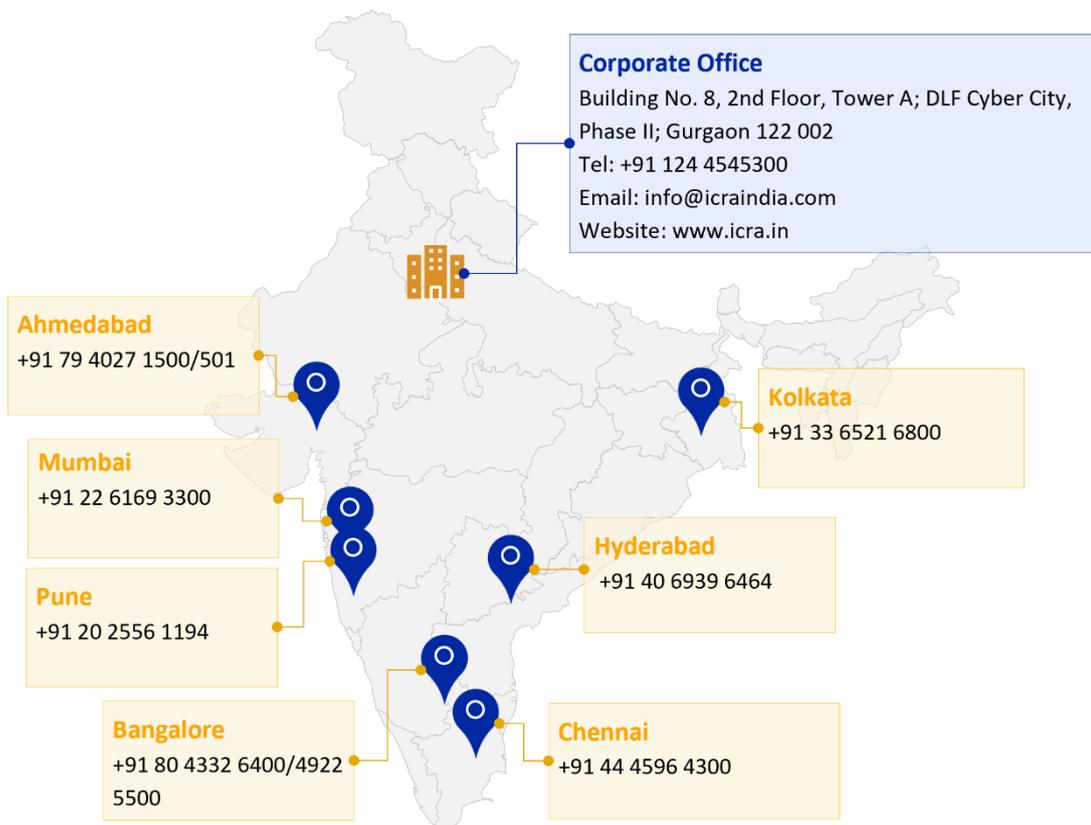
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### Branches



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