

June 21, 2024

PTC India Limited: Update on material event

Summary of rating action

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

Material Event

The Securities and Exchange Board of India (SEBI), following its investigation into corporate governance lapses in PTC India Financial Services (PFS), a subsidiary of PTC India Limited (PTC), had on June 12, 2024, fined and restrained the ex-MD & CEO and non-Executive Director of PFS from holding any Board or key managerial personnel position in any listed company or any registered intermediary or associating himself with any listed entity which intends to raise money from the public. After the Sebi order, PTC announced on June 13, 2024 that Dr. Rajib Kumar Mishra (non-Executive Director of PFS) will cease to be the Chairman and Managing Director (CMD) of PTC and appointed Dr. Manoj Kumar Jhawar, Director (Commercial & Operations) at PTC, as the interim CMD of the company.

Impact of the Material Event

ICRA considers this event as credit neutral for PTC's outstanding rating as the penalty imposed by the regulator is on an individual and not on the company and a qualified interim CMD has been appointed timely. PTC has a long track record in power trading. It is the market leader in the short-term segment and has robust back-to-back contractual agreements for the purchase and sale of power in the medium-term and long-term segments. It has a well-represented board with nominee directors from each of its promoters - Power Grid Corporation of India Limited (PGCIL), NTPC Limited (NTPC), Power Finance Corporation Limited (PFC) and NHPC Limited (NHPC) as well as from the Ministry of Power. In addition, the board consists of seven Independent Directors.

While the company has close business, financial and managerial linkages with PTC Energy Limited (PEL), ICRA has considered the standalone financials of PTC as it is expected to complete the sale of its entire stake in PEL shortly. 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 the assigned rating does not factor in any financial support from the trading arm. Any extraordinary support to PFS that affects the company's liquidity/coverage metrics will be a key monitorable. ICRA has also taken note of the corporate governance issues in PFS raised by the former Independent Directors of PFS and PTC and will continue to monitor the developments in this regard.

PTC's liquidity continues to be strong, driven by unutilised limits of ~Rs. 1,600 crore and cash and liquid funds of ~Rs. 738 crores as on March 31, 2024 on a standalone basis.

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

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. PTC has also set up another company — PEL — which is involved in the development and operations of wind power projects and has an installed capacity of 288.8 MW.

Key financial indicators (audited)

PTC Standalone	FY2023	FY2024
Operating income	31,729.1	34,458.0
PAT	369.7	369.0
OPBDIT/OI	1.4%	1.3%
PAT/OI	1.2%	1.1%
Total outside liabilities/Tangible net worth (times)	1.3	1.0
Total debt/OPBDIT (times)	0.5	0.9
Interest coverage (times)	15.3	35.1

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

Status of non-cooperation with previous CRA: Not applicable

Any other information: None

Rating history for past three years

Instrument	Type	Amount rated (Rs. crore)	Amount outstanding as on Mar 31, 2024 (Rs. crore)	Current rating (FY2025)		Chronology of rating history for the past 3 years		
				Date & rating in FY2025		Date & rating in FY2024	Date & rating in FY2023	Date & rating in FY2022
				June 21, 2024	May 31, 2024	May 31, 2023	May 31, 2022	May 31, 2021 and Jan 28, 2022
1 Fund-based facilities	Short term	2000.00	-	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+
2 Fund-based bank facilities	Short term	3500.00	-	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+
3 Commercial paper*	Short term	300.00	-	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[ICRA]A1+	[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
Fund-based facilities	Simple
Non-fund based facilities	Very Simple
Commercial paper	Very 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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