NOVEMBER 06, 2015

CARE REAFFIRMS THE RATINGS ASSIGNED TO THE BANK FACILITIES OF PTC INDIA FINANCIAL SERVICES LIMITED

Ratings

Facilities	Amount (Rs. crore)	Ratings[1]	Remarks
Non-Convertible Debentures	300* (Rs. Three hundred crore only)	**CARE A+ (Single A Plus)**	Reaffirmed

** The rated NCDs include outstanding NCDs of Rs. 159.60 crore and proposed NCDs of Rs. 140.40 crore*

Rating Rationale

The rating for NCDs of PTC India Financial Services Limited (PFS) continues to factor in the parentage support from PTC India Limited (PTC), experienced management and comfortable capital adequacy. The rating also factors in the company's moderate liquidity position, low NPAs, diversified funding profile and maturing loan book with increased proportion of projects in renewable energy sector. The rating however continues to remain constrained due to concerns over a relatively unseasoned loan book, high concentration with the top 15 borrowers constituting 46% of the total exposure, counterparty credit risk for some of PFS's borrowers and the current challenging environment in the power sector.

Going forward, the continued support and ownership of the promoter PTC, the ability of PFS to maintain the asset quality in a rapidly growing loan book, favourable capital adequacy and profitability would be the key rating sensitivities.

Background

PFS is an Infrastructure Finance Company (IFC), promoted by PTC, with the mandate to provide financing solutions to companies with projects across the entire chain in power sector. PFS was incorporated on September 8, 2006 and was classified as an Infrastructure Finance Company (IFC) with effect from August 23, 2010. The company currently provides financing through equity and debt (short-term and long-term) to the private sector power projects in India. The company also provides fee-based syndication and advisory services as well as carbon credit financing against certified emissions reduction (CER). PTC currently holds 60% stake in PFS and plans to maintain a majority share in the medium term.

During FY15 (A) (refers to the period April 01 to March 31), PFS reported a PAT of Rs. 161 crore on a total income of Rs. 802 crore as compared to a PAT of Rs. 208 crore on a total income of Rs. 546 crore in FY14 (A). In Q1FY16 (A) (refers to the period April 01 to June 30), PFS reported a PAT of Rs. 61 crore on a total income of Rs. 227 crore.

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****For detailed Rationale Report and subscription information, please contact us at www.careratings.com**

CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries/regulators or others are welcome to write to care@careratings.com for any clarifications.

[1] *Complete definition of the ratings assigned are available at www.careratings.com and other CARE publications*

Disclaimer: CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

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