



Dated: 15th July, 2019

To

Manager Listing Department BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001 Scrip Code : 533344	Manager Listing Department National Stock Exchange of India Limited Exchange Plaza, C-1, Block G, Bandra- Kurla Complex, Bandra (East), Mumbai- 51 Scrip Code : PFS
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Sub: Update on Credit Rating

In terms of regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached the update on Credit Rating.

This is for your information and record please.

Yours faithfully,

For PTC India Financial Servicers Limited

(Vishal Goyal)
Company Secretary



Enclosed: as above

PTC India Financial Services Ltd. (CIN: L65999DL2006PLC153373)

(A subsidiary of PTC India Limited)

Registered Office: 7th Floor, Telephone Exchange Building, 8 Bhikaji Cama Place, New Delhi - 110 066, India

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Rating Rationale

July 12, 2019 | Mumbai

PTC India Financial Services Limited

'Provisional CRISIL AA+(SO)/Stable' assigned to NCD

Rating Action

Instrument Details	Amount Rated (Rs Cr)	Original Tenure (Years)	PCE (Rs Cr)	Ratings@	Rating action
NCDs	580.0	10	116.0	Provisional CRISIL AA+(SO)/Stable	Provisional Rating Assigned

1 crore = 10 million

Refer to annexure for Details of Instruments & Bank Facilities

@ A prefix of 'Provisional' indicates that the rating centrally factors in the strength of specific structures, and will be supported by certain critical documentation by the issuer, without which the rating would either have been different or not assigned ab initio. This is in compliance with a May 6, 2015, Securities and Exchange Board of India (SEBI) directive, 'Standardising the term, rating symbol, and manner of disclosure with regard to conditional/ provisional/ in-principle ratings assigned by CRAs'.

Detailed Rationale

CRISIL has assigned its '**Provisional CRISIL AA+(SO)/Stable**' rating to Non-Convertible Debentures (NCDs) to be issued by PTC India Financial Services Limited (PFS; rated 'CRISIL A+/Stable/CRISIL A1+'). This is the first rated instrument in the Indian debt capital markets which involves credit support from partial credit enhancement by a bank as well as a 'covered bond' equivalent structure.

The NCDs to be issued by PFS will be backed by a partial credit enhancement (PCE) of Rs 116.0 crore extended by State Bank of India (SBI; rated 'CRISIL AAA/CRISIL AA+/FAAA/Stable/CRISIL A1+'), Debt Service Reserve Account (DSRA) of Rs 45.0 crore built by PFS over the first year, and cash flows escrowed from loans extended to identified, commissioned, operational, renewable projects with aggregate principal of Rs 671.4 crore as of 30th June 2019. The NCDs will have minimum principal cover of 109% from identified loan receivables for the tenure of the transaction.

The identified loans will be assigned to a bankruptcy-remote special purpose vehicle (SPV) upon occurrence of certain pre-defined trigger events, one of which is a downgrade in the rating of PFS by two or more notches. Post the assignment, the loan receivables will be utilised purely for payment of the NCDs, repayment of drawn PCE, the associated PCE interest and PCE fees, and the cash flows will not flow back to the Issuer until the NCDs are outstanding. Thus, post the assignment, the NCD-holders will have dual recourse to PFS (cash flows from normal operations of the company) and the bankruptcy-remote SPV (to which the identified loan receivables are assigned).

Interest is payable on the NCDs on a half-yearly basis and principal repayments are scheduled as equal annual instalments from year 3 to year 10. Based on the t-structure defined, on each payout date, DSRA and PCE will be drawn, to the extent required, if the amounts funded by PFS and the identified loan receivables are not sufficient to make NCD payouts.

In the absence of the above structural features, the rating of the NCDs would have been the same as rating of the Issuer.

This is a 'Provisional' rating and will be converted into a 'Final' rating on receipt of the following documents:

- Debenture Trust Deed
- Security Trustee Agreement
- Debenture Trustee Agreement
- PCE Repayment Letter Agreement
- PCE Facility Agreement
- Inter Creditor Agreement
- Issuer's confirmation to ICA
- Trust and Retention Account Agreement
- Legal opinion
- Trustee's awareness letter

Additional documents executed for the transaction, if any, should also be provided to CRISIL. A rating rationale/report indicating the conversion of the 'Provisional' rating to 'Final' rating post receipt of all the required final legal documentation will be published on the CRISIL website.

Please click on the link below for detailed information on CRISIL's policy on provisional ratings/credit opinions:

[Revision in CRISIL policy for assigning 'Provisional' rating.](#)

Analytical Approach

For arriving at the rating, CRISIL has analysed the structural features envisaged as part of the issuance. Consequently, in addition to the credit profile of the issuer, the instrument rating factors in the support from the PCE, the DSRA and cash flows from the identified loans.

Key Rating Drivers & Detailed Description**Supporting Factors**

- Total support available in the structure
 - The NCD-holders have dual recourse to PFS and the cash flows from the identified loans extended by PFS to the special purpose vehicles (SPVs) engaged in renewable (solar and wind) power generation. In case PFS is not able to make the payments to NCD-holders from internal accruals, the underlying identified loan receivables will be utilised to make the payments. Further, DSRA of Rs 45 crore and PCE facility of Rs 116 crore are also available to cover shortfalls (if any) for NCD payouts.
- Track record of projects backing the identified loan receivables
 - The underlying projects have track record of at least 1 year of operations post commissioning, established history of timely debt servicing and stable cashflows.
- Credit profile of PFS
 - CRISIL's view on the credit profile of PFS factors in strong support from, its promoter, PTC India Ltd (rated 'CRISIL A1+'). It also reflects PFS's comfortable capitalisation and earnings profile. These strengths are partially offset by its exposure to risks relating to asset quality given the challenges faced by the power sector, and its modest market share in the infrastructure financing segment.

Constraining Factors

- Concentration of the underlying loans
 - The two largest loans account for around 75% of the receivables from identified pool of loan receivables. The overall performance of the pool is highly dependent on the performance of these assets. If the credit quality of these loans materially deteriorates, prior to trigger event, PFS is obligated to replace these with similar loans extended to renewable projects meeting pre-defined criteria on credit quality, track-record, and principal and cash flow coverage to NCD payments, among other things

Liquidity Position

DSRA of Rs. 45.0 crore and PCE Facility of Rs. 116.0 crore would provide liquidity support to the issuance. The available liquidity is sufficient to cover first 2 years of NCD payouts.

Rating Assumptions

To assess the total support provided by the identified loans to the NCD holders, CRISIL has factored in the following:

- CRISIL has assumed correlation of 0.2 ' 0.6 for projects
- Post default recovery rate of 30-80% has been considered

About the Originator

PFS is promoted by PTC India Ltd to provide financial services and related products and services to companies in the energy value chain. The company was incorporated in September 2006 and commenced operations in May 2007. PFS is registered with the Reserve Bank of India as an infrastructure financing and systematically important NBFC. It provides loans (including mezzanine funding) and equity financing to projects for generation, transmission, and distribution of power, and for fuel sources, fuel-related infrastructure such as gas pipelines, liquefied natural gas terminals, ports, equipment manufacturers, and engineering, procurement, and construction contractors. The company also provides non-fund-based products and services to companies in the power sector. PFS has decided to diversify its operations to other profitable infrastructure activities.

PFS's reported total income and profit after tax (PAT) of Rs.1,337 crore and Rs.184 crore respectively, for fiscal 2019 against reported total income and loss of Rs. 1,185 crore and Rs. (100) crore, respectively, for fiscal 2018.

Outlook: Stable

The stable outlook on NCD payouts is supported by the credit profile of PFS coupled with steady performance of the underlying loan receivables as demonstrated by established track record of timely debt servicing. The outlook may be revised to 'Positive' if there is significant buildup of credit cover for the NCD payouts or sharp rating upgrade for PFS. Conversely, the outlook may be revised to 'Negative' if there is sharp rating downgrade for PFS or weak performance of the underlying loan receivables. Non-adherence to the structural features of the transaction can also lead to rating downgrade.

Key Financial Indicators

As on/for the period ended/for the year ended		March 31, 2018*	March 31, 2018^	March31, 2019^
Total Assets	Rs crore	12,893	12,315	13,193
Total income	Rs crore	508	1,185	1,337
Profit after tax	Rs crore	25	(100)	184
Gross NPA	%	6.5	6.5	6.0
Gearing	Times	4.0	4.8	5.3
Return on assets	%	0.2	Negative	1.4

*As per IGAAP

^As per Ind AS

Any other information: Not applicable

Note on complexity levels of the rated instrument:

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Annexure - Details of Instrument(s)

Type of Instrument	Rated Amount (Rs Cr)	Date of Allotment	Maturity Date	Coupon Rate (%) (annualised)	Outstanding Ratings	Partial Credit Enhancement (Rs Cr)^
NCDs	580.0	TBD	TBD	9.00%	Provisional CRISIL AA+(SO)/Stable	116.0

^In addition, DSRA amounting to Rs 45.0 crore to be built up over the first year

Annexure - Rating History for last 3 Years

Instrument	Current			2019 (History)		2018		2017		2016		Start of 2016
	Type	Outstanding Amount	Rating	Date	Rating	Date	Rating	Date	Rating	Date	Rating	Rating
Non Convertible Debentures	LT	580.0	Provisional CRISIL AA+(SO)/Stable									

All amounts are in Rs.Cr.

Links to related criteria

[CRISILs Bank Loan Ratings - process, scale and default recognition](#)

[CRISILs rating methodology for CDO transactions](#)

[CRISILs rating methodology for partially guaranteed instruments](#)

[Rating Criteria for Finance Companies](#)

[CRISILs Criteria for rating short term debt](#)

[Criteria for Notching up Stand Alone Ratings of Companies based on Parent Support](#)

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