



## PTC India Financial Services Limited

### Press Release

New Delhi, 25<sup>th</sup> January 2012

**PTC India Financial Services Limited (PFS) records total revenue of ₹94.07 crores and PAT of ₹57.90 crores in Q3 FY12**

1. PFS has recorded total revenue of ₹94.07 crores in Q3 FY12 compared to ₹28.94 crores in Q3 FY11. PAT increased to ₹57.90 crores in Q3 FY12 compared to ₹5.71 crores in Q3 FY11.
2. During Q3 FY12, PFS has concluded the sale of its stake in Ind-Barath Powergencom Limited pursuant to 'Put Option' and has realized a gain of ₹47.86 crores on stake sale (total gain of ₹60.73 crores recognized in nine months ended 31<sup>st</sup> December 2011). If excluded for gain on sale of investment and tax thereon, PAT amounts to ₹17.11 crores for Q3 FY12 compared to ₹5.71 crores in Q3 FY11 and ₹11.63 crores in Q2 FY12. Profit Before Tax (PBT) and PAT for nine months ended 31<sup>st</sup> December 2011 on this basis is 149% and 162% respectively of corresponding amounts for the entire FY11.
3. There are nil NPAs as at 31<sup>st</sup> December 2011, and return on assets (ROA) for Q3 FY12 is 3.19%, on the expanded capital base post IPO proceeds of ₹352.70 crores on the last day of the preceding financial year. ROA for nine months ended 31<sup>st</sup> December 2011 is 5.00% compared to 2.67% for the corresponding previous period.
4. The Net Interest Margin (NIM) stands at 8.12% for Q3 FY12 and spread at 4.62%. The NIM and spread for Q3 FY11 were 6.85% and 5.24% respectively. One of the reasons for higher NIM is utilization of IPO proceeds before resorting to borrowing for financing activities. Net Interest Income considered for NIM and Spread does not include interest income of ₹4.73 crores on treasury float on temporary surplus funds, included in other income of ₹4.82 crores for Q3 FY12. The Company expects interest rates to ease up in next 6 to 12 months. Recourse to short-term borrowings would also now be taken to avoid taking binding position for a longer period.
5. As intimated earlier, PFS has executed necessary agreements for divesting its part stake in Indian Energy Exchange Limited. It is awaiting the FIPB approval for the same. It may be mentioned that during FY11, PFS divested 4.88% stake in IEX at ₹115.41 per share which was subscribed by PFS at face value of ₹10 per share.

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(A subsidiary of PTC India Limited)

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6. Despite rise in the interest rates in the market, PFS has been able to keep cost of funds lower to remain competitive. While RBI repo rate had increased by 250 basis points, from 6% in September 2010 to 8.5% in September 2011, our cost of bank borrowings increased by less than 125 basis points in the same period. Additionally, the Company has secured ECB funding of USD 76 million out of which only 21 million has been drawn so far. Subsequent drawl of ECB funds in Q4 FY12 and FY13 may further reduce our cost of funds.
7. The total effective debt sanction as at the end of Q3 FY12 aggregated to ₹4,979 crores compared to ₹3,334 crores at the end of FY11, recording growth of 49%. The Company has sanctioned loans aggregating to ₹716 crores in Q3 FY12 and ₹2,064 crores in nine months ended 31<sup>st</sup> December 2011 compared to ₹1,678 crores in entire FY11. Post Q3 FY12 till date, PFS has further sanctioned loans aggregating to ₹1,263 crores to 9 power projects in the meetings held during January 2012. The outstanding debt as at the end of Q3 FY12 was ₹1,069 crores compared to ₹680 crores as at the end of FY11 and ₹600 crores as at the end of Q3 FY11, recording growth of 57% and 78% respectively. Normally, the pace of disbursement is more in the later part of the financial year. Further, there are increasing number of proposals for mezzanine/short-term funding and for renewable projects, which may result in to quicker disbursement.
8. The growth in business of PFS is despite the stricter due diligence process followed for appraising the projects under prevailing risk environment for the power projects. With the increase in lending base, the Company expects to maintain the growth momentum and increased focus on fee based income. PFS is acting as lead institution (6 cases) and also has 3 CDM based consulting assignments.
9. Growth momentum of debt sanction by PFS continues, shift is, however, seen in favor of projects from renewable, particularly wind and solar, and for short term / mezzanine funding. The Company is also contemplating diversifying in other promising areas as well, in energy value chain like ports, coal washeries, coal mining and energy equipment manufacturing, to reduce the concentration risk in portfolio and already has proposals in pipeline involving these sectors. Disbursements have slightly slowed down for coal based projects. However with increasing portion of wind energy projects and other areas, the Company may be able to maintain the growth level in outstanding debts.



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10. The power sector continues to face challenges and consequently heightened fuel risk and off take/risk. However, power sector is too critical to remain sidelined to receive attention of the Government and regulators, for Indian economy in general and energy security in particular. It seems to have reached to a point where things may only point or move towards betterment. This is evident from the recent initiatives and announcements made at the highest level in Government of India, some of the States, CERC and other State regulators. These include review of problems of power sector at Prime Minister's level, monitoring mechanism at PMO level, increase in tariff rates in many of the states, pressure on regulators to be more active, increased debate on transmission and distribution reforms, emphasis being laid on change in bidding tariff norms, increased focus on renewables, pressure on CIL to augment coal availability in short-term and to ramp-up its production capacity and efficiency in mid to long-term, possibility of Govt. of India allowing captive mines to sell surplus coal or allowing mining on merchant basis, thrust on early resolution of environmental issues. The tangible benefits of such and other measures would be evident over a period of time, and, are expected to open more financing opportunities for an institution like PFS.

### About PFS

PFS is an Indian non-banking finance company institution promoted by PTC India Limited. Company offers an integrated suite of financial services with a focus on infrastructure development, including providing debt (short term and long term) financing and making principal investments in, private sector Indian companies in the Power sector, including power generation, equipment supply and fuel source projects. PFS is currently focused primarily on power generation projects in India and also provides fee based syndication and other services as well as carbon credit financing against Certified Emissions Reduction (CER). It has also received the Infrastructure Finance Company ("IFC") status in FY11

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