

Press Release

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RBI's Working Group Recommendations to help growth of Infrastructure Finance Companies : PTC India Financial Services Ltd

The recommendations of the Working Group on NBFCs set-up by the Reserve Bank of India (RBI) would help strengthening the regulatory and supervisory frame work for NBFCs. The Report seeks to align the existing regulatory and supervisory frame work on NBFCs with those applicable for the banks. This would help NBFCs to be fundamentally stronger and enhance the confidence of the investors and other stakeholders. From the perspective of Infrastructure Finance Companies (IFCs), such recommendations are in line with the expectations as these companies are designed to play a pivotal role in bridging gap in infrastructure financing in India.

Tighter provisioning norms recommended by the Group may not have significant impact as feared. This is for the reason that while lending to infrastructure project, the lenders do provide for special mechanism like Debt Service Reserve Account (DSRA) – requiring the borrowers to maintain liquidity equivalent to repayment obligations for a certain period, and create charge over cash flows through escrow mechanism.

PFS believes that the Group recommendations, if implemented, would strengthen the base of IFCs enabling them to increase the scale of operations commensurate with huge requirement of infrastructure financing in India in the long run. With adequate capitalization, PFS does not see any significant impact on infrastructure finance companies' credit risk profile.

ABOUT COMPANY

PFS is an Indian non-banking finance institution promoted by PTC to make principal investments in, and provide financing solutions for companies with projects across the energy value chain. PFS offers an integrated suite of financial services with a focus on infrastructure development, including providing debt (short term and long term) financing to, and making investments in, private section Indian companies in the power sector, including for power generation, equipment supply and fuel source projects. PFS is currently focused primarily on power generation projects in India. PFS also provides fee based syndication and other services as well as carbon credit financing against Certified Emissions Reduction (CER).

For more information please visit www.ptcfinancial.com and contact

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