



# PTC India Financial Services Limited

## Press Release

**New Delhi, November 18, 2011**

### **PTC India Financial Services Limited (PFS) sanctions financial assistance aggregating to ₹716 crores to 4 power projects**

PFS has sanctioned financial assistance aggregating to ₹716 crore to 4 power projects in the current quarter taking the aggregate amount of loan sanctions to ₹2,255 crores till date in FY12. This exceeds the aggregate amount sanctioned during the entire FY11 which was ₹1,658 crores.

Similar growth momentum has also been maintained in different key parameters of the Company. The gross revenue recorded in H1 FY12 was ₹97.07 crores, which is 89% of the gross revenue recorded in the entire FY11. Similarly, interest income on debt recorded in H1 FY11 was ₹54.09 crores which is 73% of the interest income on debt in entire FY11.

Profit before tax (PBT) and profit after tax (PAT) during H1 FY12 records growth of 36% and 29% respectively over the corresponding figures of H1 FY11 despite foreign exchange translation loss on ECBs and mark to market loss on outstanding derivative contracts undertaken for hedging of ECBs amounting to ₹4.36 crore during H1 FY12. These are not the actual losses as the ECB draws are for long term tenure of 12 years with 3 years moratorium for principal repayment. However, the provision, though not actual loss, was required to be provided for in terms of accounting standards applicable in India.

If adjusted for the same, PAT for H1 FY12 would have been ₹35.82 crores which is 97% of PAT for the entire FY11. It may be mentioned that post Q2, on October 05, 2011, the Company has concluded sale of investment pursuant to a 'Put Option' exercised by the Company during the current quarter. In accordance with the applicable accounting standards, gain of ₹47.61 crores arising on this transaction would be recognized in the subsequent quarter i.e. Q3.

Another development subsequent to Q2 FY12 is that the Company has executed necessary agreements for divesting its part stake in Indian Energy Exchange Limited (IEX). Application for FIPB approval is being made. 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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## PTC India Financial Services Limited

PFS has loan pipeline of projects both for long term and mezzanine funding, which offers potential for additional sanction of more than ₹4,000 crores. The effective undisbursed debt sanction as at the end of H1 FY12 was ₹3,102 crore. Increase in exposure norms on PFS becoming IFC, and increase in net worth on capital raising through IPO in March 2011, has increased the lending business of PFS significantly.

The outstanding debt amounting to ₹991 crores as at the end of H1 FY12 recorded increase of 63% over the outstanding debt as at the end of H1 FY11. Normally, the pace of disbursement is more in the later part of the financial year. PFS' portfolio of projects includes IPPs, and PFS has no exposure to distribution companies. There are NIL NPAs as on date. There is increasing number of proposals for mezzanine/short-term funding and for renewable projects, which may result in to quicker disbursement. The growth in the business of PFS is despite the stricter due diligence process followed for appraising the projects under prevailing risk environment for the power projects.

Because of the low-cost resources available and ability to pass-through increased interest cost, the Net Interest Margin (NIM) stands at 6.57% for Q2 FY12 and spread at 3.88%. Net Interest Income considered for NIM does not include interest income of ₹5.40 crores earned on treasury float on temporary surplus funds. NIM and Spread for Q1 FY12 were 4.97% and 3.03% respectively. The average cost of borrowings in Q2 FY12 has reduced to 10.22% from 10.50% in Q1 FY12.

### **About PFS**

PFS is an Indian non-banking finance 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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