



PTC India Financial Services Limited

Dated: 21st December, 2011

To
The Listing Department
National Stock Exchange Limited
Bandra Kurla Complex
Bandra (E)
Mumbai – 400 051

The Listing Department
Bombay Stock Exchange Limited
Rotunda Building, 1st Floor
Mumbai Samachar Marg
Mumbai – 400 001

Dear Sir

Subject: Press Release – PTC India Financial Services Limited.

Please find attached the Press Release of the company dated 21st December, 2011.

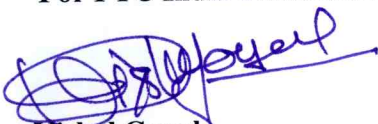
This is for your information and record purpose.

If you require any further information/document, kindly inform us at:

Mr. Vishal Goyal
PTC India Financial Services Limited
2nd Floor, NBCC Tower, 15 Bhikaji Cama Place
New Delhi- 110 066
Fax: 011- 4159 5155, Ph. No. : 011- 4159 5122

Thanking You,

For PTC India Financial Services Limited


Vishal Goyal
(Company Secretary)

Encl: As above.



(A subsidiary of PTC India Limited)



PTC India Financial Services Limited

Press Release

New Delhi, 21st December 2011

PTC India Financial Services Limited (PFS) continuing the growth path despite the external challenges

PFS being recently set-up and yet evolving is subject to risks in financing more than already established financing institutions. However, PFS has tried to create opportunities out of the challenging environment and position itself in financing projects in power sector and related area. This is evident from high growth level that it has achieved so far. Following is the snapshot of PFS' approach to this challenging environment:-

- Though targeting faster growth, we are committed to maintaining a high quality portfolio. Till November 18, 2011, aggregate amount of loans sanctioned in the financial year was Rs.2,255 crores. This exceeds the aggregate amount sanctioned during the entire FY11 by 36%, which was Rs.1,658 crores. We have currently proposals of more than Rs.3000 crores of debt potential in the pipeline to be considered for sanction shortly.
- Growth momentum of sanctions by PFS continues, shift is, however, seen in favor of projects from renewable, particularly wind and solar, and for short term / mezzanine funding.
- Despite steep rise in the interest rates in the market, PFS has been keeping cost of funds lower to remain competitive. While RBI repo rate had increased by 2.5 percentage 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, we have secured ECB funding of USD 76 million out of which only 21 million has been drawn so far. Subsequent drawl of ECB funds will further reduce our cost of funds.
- Spread and NIM may remain at the current level i.e. 3.88 and 6.57 respectively, with ECB drawl becoming the part of the resource mix. Hoping that interest rates may ease up at least in next 6 to 12 months, recourse to short-term borrowings would also now be taken to. Though this may not be much economical but this would help us in not taking binding position for a longer period. PFS has ability to face difficult times in financial market, as asset-liability mismatch is minimal, and PFS carries adequate liquidity buffer.
- Focus on fee-based services has increased. PFS is acting as Lead Institution (6 cases) and also has 3 CDM based consulting assignments.

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- To reduce concentration risk in portfolio, initiatives have been taken to diversify in other promising area in energy value chain like ports, coal washeries, coal mining and energy equipment manufacturing. We already have proposals in pipelines involving these sectors which will be considered for sanction shortly.
- Disbursements have slightly slowed down for coal based projects. However with increasing portion of wind energy projects and other areas, we may be able to meet disbursement targets as planned. Opportunities for mezzanine funding (as an alternate for equity) and short-term funding have increased.

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. There are indications of symptomatic measures on horizon. These include, increase in tariff rates, pressure on regulators to be more active, increased debate on transmission and distribution reforms, 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, early resolution on environmental issues. Such measures taking effect will open more and more opportunities for an institution like PFS.

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

For more information contact:

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