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By: **Sumit Jha** | Published: December 21, 2016 6:17 AM

Ashok Haldia, managing director & CEO, PFS.

Over the last two years, PTC India Financial Services (PFS) has grown its loan assets primarily with renewable energy projects. These projects now occupy over 50% of its loan books. Ashok Haldia, managing director & CEO, PFS spoke with FE's Sumit Jha on the risks and reward associated with renewable energy projects and the reasons for a non-banking financial company like PFS to be upbeat about it. Excerpts:

In this fiscal, what does your loan book look like? How does it fare compared to last year?

Our cumulative debt sanctions have increased by about 43% in the past one year. The loan book has increased by about 10% during the current fiscal so far and by about 30% in the past one year to nearly R9,500 crore. Considering the trends peculiar to financial services industry, we hope that we should be able to maintain growth trajectory to the range of 30% as in the previous year.

Investors continue to remain upbeat on solar power projects. The challenges, however, lie in financial health of discoms and implementation of UDAY – mitigating counter party and off-take risks, strengthening transmission network both inter-state and intra-state. While availability of finance is not a constraint currently, it may become a challenge when capacity addition is scaled up to a capacity of 175 GW over the years till 2022.

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There was a lot of concern in the sector that falling tariff of the solar projects could make them unviable. Has that happened to any of the projects you have lent to?

Adequacy or otherwise of the tariff rate is specific to the risk profile of the project and risk appetite of the promoter including return expectations. Bids have been made by the players who are established domestically as well as internationally, and surely no one would have bid at rate where project economies are rendered unviable or unsustainable. The lenders on their part also do, before they lend detailed due-diligence on all aspects that goes in determination of cost of generation, and based on that adequacy of the tariff in servicing debt obligations. Experience of PFS in financing solar power projects has so far been satisfactory.

What is PFS doing to ensure it is capitalised enough to cater to increased funding demand in the coming months?

PFS is currently adequately capitalised with CAR of about 23%. However, it needs to augment its capital to support potential growth in its portfolio. It proposes to raise about

from organizations like IFC, FMO, DEG, OeB, domestic banks and institutions, and bond market.

Could you specify the states with prominent issues related to renewable projects?

Issues vary from state to state. The key problem, however, is delay in payments by Discoms. For instance, currently some states like Telangana and Andhra may take up to 3 months to make the payments, others like Madhya Pradesh that up to 4 – 6 months. In Rajasthan and Maharashtra, this could take up to 9 – 12 months. Further there are issues surrounding grid availability/backing down the plant affecting the generation level.