January 31, 2025

To

BSE Limited	National Stock Exchange of India Limited
Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001 Scrip Code : 533344	Exchange Plaza, C-1, Block G, Bandra- Kurla Complex, Bandra (East), Mumbai- 400051 Scrip Symbol: PFS

Sir/ Madam,

Sub: Submission of transcripts of Audio recording of the Conference Call held on Wednesday, January 29, 2025 at 10:00 AM (IST) on the financial results for the period ended December 31, 2025.

With reference to our letter dated January 23, 2025, and pursuant to applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, We enclose the transcripts of Audio recording of the Conference Call held on Wednesday, January 29, 2025 at 10:00 AM (IST) on the financial results for the period ended December 31, 2025.

This is also available on the Website of the Company at www.ptcfinancial.com

This is for your information and record please.

Yours faithfully,

For PTC India Financial Services Limited

Manohar Balwani
Digitally signed by Manohar Balwani
Date: 2025.01.31 18:18:27 +05'30'

Manohar Balwani
Company Secretary

Enclosed: as above

PTC India Financial Services Ltd. (**CIN**: L65999DL2006PLC153373)
(A subsidiary of PTC India Limited)
Registered Office: 7th Floor, Telephone Exchange Building, 8 Bhikaji Cama Place, New Delhi - 110 066, India
Board: +91 11 26737300 / 26737400 Fax: 26737373 / 26737374, Website: www. ptcfinancial.com, E-mail: info@ptcfinancial.com

"PTC India Financial Services Limited Q3 FY '25 Earnings Conference Call"

January 29, 2025

MANAGEMENT: **MR. R. BALAJI – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER**
MR. K. SRINIVAS – EXECUTIVE DIRECTOR
MR. ABHINAV GOYAL – INTERIM CHIEF FINANCIAL OFFICER
MS. PRIYA CHAUDHARY – INVESTOR RELATIONS

Moderator: Ladies and gentlemen, good day, and welcome to the Q3 FY '25 Investor Conference Call hosted by PTC India Financial Services Limited.

As a reminder, all participant lines will be in listen-only mode. And there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing "*", then "0" on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Priya Chaudhary. Thank you, and over to you, Ms. Chaudhary.

Priya Chaudhary: Thank you. Good morning, everyone. I am Priya Chaudhary. I am the Head of Investor Relations at PFS. Welcome to the Q3 FY '25 Investor Call for PTC India Financial.

We are delighted to have this opportunity to connect with our stakeholders to discuss the Company's performance, strategic priorities, and the way ahead. The past quarter has been marked by progress in our key focus areas, which shall provide us a stepping stone for the growth going forward. From focus on resolving legacy issues of NPAs & financials, to disbursement of Rs. 866 crores till Q3 FY '25, compared to Rs. 585 crores the whole of last financial year, to positive cash flows across ALM buckets, just to name a few. With sectoral tailwinds of increased infra spend and focus on sustainability, we are well-positioned to drive growth.

I would now like to introduce the top Management Team of PFS present in today's call, Mr. R. Balaji – MD and CEO; Mr. K. Srinivas – Executive Director; Mr. Abhinav Goyal – Interim CFO.

With this, I would now like to hand over the call to Mr. R. Balaji for his "Opening Remarks" and "Insights" on the Company's performance. Over to you, Balaji.

R. Balaji: Thanks, Priya. Good morning, all. So, the last quarter was a significant quarter in the sense we made significant progress in our transformation journey. As all of you are aware, PFS has been plagued by qualifications on its financial statement. So, in the last quarter, we made significant progress towards removing it.

How this was achieved? This was achieved by two or three critical steps:

1. We significantly enhanced our systems and controls. This was done through the automation of IT systems and putting other checks in place, wherein we have greater control over the end result without compromising on customer centricity. That was one.
2. More importantly, this was being done by ensuring that the employees are engaged and aligned. So, with these two, the passion of the people got unleashed, the organization started showing results.

As far as business is concerned, we have taken cautious steps towards getting back onto growth. This is a multi-year journey, and the efforts that we are putting in would manifest in the subsequent quarters, which I will comment at the end. The only analogy I would like to give is, today above the ground, the visible outcomes might not seem to be many. But I really would like to share the example of the Chinese bamboo tree. Like when the Chinese bamboo is planted for the first five years, nothing much is visible above the ground, but on the sixth year, suddenly the bamboo shoots up to close to 20 odd meters. It does not mean nothing has happened in the first five years. First five years, it was growing the roots so that it could actually strengthen itself. We are not saying it's going to take five years, but what we are saying is in the next two, three quarters, we are transforming. We started in Quarter 2, Quarter 3, Quarter 4, significant things are happening. The results should start being visible from Quarter 4 onward in terms of business outcomes and also more importantly in terms of resolution of stressed assets and other key changes. So, I would leave it to Abhinav to take you through the quarter that was there. Subsequently, Abhinav, Srinivas, and I would be there to answer all your queries.

Come on, Abhinav.

Abhinav Goyal: Yes. Very good morning to all esteemed stakeholders.

As our MD, Balaji, has just mentioned that this quarter is a year of achievement for us in terms of the qualifications, which we were having since the last few quarters, has now been dropped by the auditor. It's because of the continuous dedicated effort of the management and the team. So, that's a milestone which we achieved. There are two aspects for any financial statement. One is the quantity, and the second one is the quality. So, quality is of utmost importance, which we have achieved to a large extent in this quarter. There is still some scope of improvement in terms of emphasis of the matter on which we are working, and probably in the coming quarter or in quarters to come that may also be taken care of.

Now, as regards financial performance:

The performance may be evaluated on the basis of two parameters, one is the performance, and another one is again the performance. So, first if I talk about it is, we just did a sanction of Rs. 225 crores and a disbursement of only Rs. 300 crores in the current quarter. So, this is how one can look at the financial. But another way of looking at the performance is that against the nil sanction in the last quarter, we did Rs. 225 crores. It's a beginning; as against a nil disbursement in the last quarter we have done a disbursement of Rs. 300 crores. It's a beginning.

So, I will go through the financial figures:

This quarter we have reported a total income of Rs. 158 crores and a total expense of Rs. 77 crores. Our profit before tax is around Rs. 81 crores, which is higher in comparison to last quarter and higher in comparison to the corresponding quarter of last year. We have reported a profit after tax of Rs. 67 crores. One of the major contributors for that is a reversal of provisions, which we have made in earlier year. This quarter, we have a reversal of Rs. 11.33 crores in terms of unsustainable provision in one loan account; IL&FS Tamil Nadu, where we have a recovery in this quarter. So, this has not only contributed in our profit after tax, but also has contributed in terms of cash flow to the Company. And in terms on that amount in quarter to come, we would be having more profit to the Company.

Now, in terms of our cost of borrowed funds, though, there has been increase to 9.57% in this quarter, but with the improvement in the quality of our financial statement and the start of the performance, we are quite hopeful that this aspect also will be taken care of in the coming quarter. The interest spread stood at 1.85%, and the net interest margin is 4.46%. Our earnings per share is Rs. 1.05 for the quarter, which has improved from Rs. 0.74 in the last quarter and it was Rs. 0.78 in the corresponding quarter of the last financial year.

Our cost-to-income ratio is 17.71%. Capital adequacy is at a fantastic level, although it is not fantastic for us. The reason being we are expecting to have a reduction in capital adequacy so as there should be more business by the Company and more income generation to the Company and more value creation to the stakeholders. Our debt-to-equity ratio is 1.15x, return on net worth is 10.09%, and our return on assets is 4.51%.

Over to you, Balaji.

R. Balaji: Thanks, Abhinav. Now, before I come up with concluding remarks, Srinivas would speak for some time on what we are doing as far as the business front is concerned. Srinivas, please share.

Kalur Srinivas: Good morning, everyone. I think Abhinav and Balaji have given a fairly detailed overview of the Company's performance and a brief overview of the business prospects.

Now, if we look at it in terms of pure numbers, there are certain, what Abhinav has explained -- you would have all listened to that. But then yes, from a purely business growth perspective, there have been substantial efforts in trying to increase the business turnaround times in the business, and the credit sanctions and all. Some of which is reflected in terms of the figures that Abhinav has quoted.

But what also the figures do not reflect is the substantial efforts that have been taken to retain some of our existing clients, which have been very fruitful in the sense that these are quality assets and which we have taken a lot of pain to retain them. And also, what happens is that it is also a message to our clients that we value the relationship, and we are willing to go the extra mile in terms of retaining them. And this also helps in providing much more stability to our loan book.

The second part is, there has been consistent progress compared to the previous financial year in terms of disbursements as well as loan sanctions. And that effort is well underway.

Sorry for the network disturbance. To continue from where I left off.

I was talking about Q4, I was just starting off in terms of the prospects for Q4. Substantial efforts have been made to improve the pipeline of proposals under evaluation. And I am happy to state that, while we remain conscious of the quality of credit that we are willing to take on our books, we do have a significant pipeline in terms of the number of proposals that are currently under evaluation, which would be maybe in the range of at least Rs. 500 crores to Rs. 600 crores.

And we hope that in terms of the sanctioned proposals, Q4 would reflect a significant improvement in numbers. And depending on the timing in terms of the sanctions and the compliances with respect to the pre-disbursement conditions, we hope to have significant amount of disbursement in Q4, which would be a substantial progress for the overall numbers from FY '24 to FY '25.

Balaji, you want to add anything.

R. Balaji: Thanks, Srinivas. So, Abhinav and Srinivas spoke about the various aspects, in terms of financial results and about the business. I would take a step back and go back to what one had said in last investor call after the Q2 results. In that call we had said, this year is going to be the year of stabilization, and one had mentioned what are the things that we would be focusing upon.

So, one of the things which we said, like for example, I categorized it- we need to strengthen the foundation. Therefore, the key thing is, how do we resolve the legacy issues. All of you would have seen in the financial statements that the qualifications have been removed. But more importantly, systems and processes have been strengthened. So, we are institutionalizing our internal processes. As far as strengthening management and leadership, new talent is being onboarded. And in the fourth quarter, they would be coming on board, and employee engagement has been increased.

Now, while we are enhancing employee engagement, one thing which I must say, it's not happened in Q3, but it has happened in January of this year, is we have restructured our organization to make it much more customer-centric. So that there is a concept of a relationship manager, who would be with the customer across the entire lifecycle. This way we are delineating the business side from the credit side. We have also created a separate operations department which will ensure that we are able to have processes and controls in place with no conflict of interest. That's what one we are doing.

And two, the other thing which we have spoken about was actually strengthening the asset quality. You would recollect that around four of our assets or cases account for more than 92% of our NPAs. There's been significant progress in some of them. The one critical thing is NSL, that is Nagapatnam, we got a successful bidder through the NCLT process, but the original promoter or the management went to the court and got a stay.

We are happy to state that in the month of December, the stay in Telangana High Court has been vacated. And then the ball has now shifted to the NCLT. We expect a resolution. So, this is a case which accounts for Rs. 125 crores, or approximately 2.4% of our gross NPAs. While we have provided for it, the money should come hopefully, if not in this quarter, by next quarter. It will straight away go to the bottom-line.

Another case, Vento, which again accounts for close to 2.6% of our NPAs. So, we are happy to say that we are proceeding with a change of management. Now, the entire process is in place. We expect to resolve this asset by the end of this quarter, by the end of March 31st, when we will have the winning bidder. And two, more importantly, the entire money would come to the organization before the end of the June quarter. That is the second thing. Now the important thing to note out here is, currently our net NPA, which is some Rs. 56 crores, we expect the recovery to be substantially more than this, therefore we will not have to take any impairment. There could be a positive accrual as far as this is concerned.

The other case, IL&FS. Everybody knows IL&FS Tamil Nadu Power Company, was restructured and for the past 14 months, the payment has been on time. The security creation has been done and the Company is awaiting a credit rating. Once this credit rating happens, which would most likely happen in June. I am not sure by the June quarter; we were expecting it to happen by March end. While there are indications it could happen, but exactly I cannot comment with certainty that this would happen. Once that happens, it again becomes a standard asset. Again, this would release some Rs. 75 odd crores that we have provided for it.

That leaves us with Danu, which is Rs. 280 crores, which is around close to 5.5% of our loan book size, with a net NPA of approximately close to 3%. We are progressing towards resolving this and we expect this to be resolved by June. But even if we exclude Danu, so what we can see the other three cases, which are NSL, IL&FS & Vento, these three cases account for nearly 75% of our gross NPAs and these cases account for close to 45.5% of our net NPAs. We will be able to clear it up, it's a positive thing. Way forward will be; cleared by the end of March, that's something which will happen.

The third thing what we are doing is we are significantly going to upgrade our IT capabilities. This, I would like to put across two significant things. One, strengthen the overall application architecture to ensure that customer centricity is delivered at the highest level. And more importantly, the controls are maintained. This will involve creating a data warehouse so that all the important data of the Company is in one place. And more importantly, to ensure ease of internal operations. We are going to undertake significant automation activities to ensure that overall the internal friction points are reduced to the minimum. This is something that would happen.

And finally, since we do not have any hard assets in financial services, we are people dependent. So, apart from engagement, a significant internal talent upgradation activity is happening, wherein we will be going through the assessment centers to ensure that people are identified, their strengths are identified; and more importantly, they are being provided the support to enhance the skills and capabilities to meet the future requirements of the organization. With all these things, we are sure that Quarter 4 would be good. And more importantly, our foundation would have been on a reasonably robust footing so that we could attack the market with renewed vigor in the subsequent quarters.

That's it from our side. Srinivas, Abhinav, Priya and I are here to take your questions.

Priya Chaudhary: We will now open the session for Q&A, please.

Moderator: Thank you very much. We will now begin the question-and-answer session. The first question comes from the line of Manoj Kumar Pande, who is an Investor. Please go ahead.

Manoj Kumar Pande: Hello. Good morning everyone. Sir, my first question is, as the briefs given by CEO, Mr. Balaji, that the Company has already consolidated its internal systems. Now, the project pipelines the main things which need to be augmented. So, I want to know how much and what efforts the Company is taking? And what would the figures be like at the end of quarter four for this financial year?

Secondly, the second question is also that you see our capital adequacy ratio is increasing every quarter. Now, it has crossed even 50%. So, this indicates that you have too much lending capacity. So, how soon you are going to arrest this increasing capital adequacy ratio and increase your lending substantially, what extra measures management is taking fresh for all these things? Thank you.

R. Balaji: Thank you. I will answer your second question first. You are right, capital adequacy will be addressed only by the increasing loan book. And increased loan book, apart from getting enough customers we also need to have enough resourcing lines. I am happy to state that yesterday we received an in-principle approval from one financial institution for Rs. 500 crores. So, now, once if one player comes on board over the next few months, we expect other financial institutions to start lending to us. That would make us compete in the marketplace to acquire more customers. Now, let's come to your first question. What are the prospects? We are cautiously optimistic that what disbursement we did in the first nine months, we will be able to double that in the fourth quarter.

Manoj Kumar Pande: Thank you so much, sir. So, I wish you all the best. Please continue upward journey. That is more expected from us.

Moderator: Thank you. The next question comes from the line of Channamallu Halagodi, who is an Investor. Please go ahead.

Channamallu Halagodi: Good morning, sir. Thank you for your good set of numbers for this quarter. Am I audible, sir?

R. Balaji: Yes.

Channamallu Halagodi: Yes. So, when we will appoint the Chief Financial Officer and Chief Compliance Officer, sir?

R. Balaji: The Chief Financial Officer has been selected and we have sent it to RBI. Since it's a Director on the Board, that's a procedure that needs to be followed. Since the change in the executive or the nominee Directors is more than 30%, it needs to go to RBI for approval. We expect the approval from RBI very shortly, in the next two to three weeks. And then the person, based on this, how soon he's getting relieved from his existing organization, will join. So, we expect the Chief Financial Officer to join by the end of March or early April, that's what we expect. And as far as the Chief Compliance Officer is concerned, we have got some restructuring, by March 31st the Chief Compliance Officer will be in place.

Channamallu Halagodi: Okay sir, thank you sir.

Moderator: Thank you. The next question is from the line of V. P. Rajesh from Banyan Capital. Please go ahead. Mr. V.P. Rajesh, your line has been unmuted, please go ahead with your question, sir.

V. P. Rajesh: Sorry about that, I was on mute. Good morning, Balaji.

Moderator: Sorry to interrupt you, sir. May I request you to use your handset, your audio is not clear, sir.

V. P. Rajesh: Just a minute please. Is this better now?

Moderator: Yes, sir. Please go ahead. Thank you.

V. P. Rajesh: Okay. Congratulations, Balaji. It's great to hear that you have your first approval letter for the lending line. And my question was that, what kind of rate are we getting on that? And because now that, as you said, the other folks will also start providing the lines, what kind of growth can we expect in fiscal '26 on the loan book?

R. Balaji: See, what we have got is an in-principle, therefore it would be too presumptuous or too early for us to comment on it. And as a matter of principle or policy, we do not comment on the individual sanction rates, like what Abhinav said in Quarter 3, what was our weighted average lending rate. Now, the thing what we are looking at, we have seen this year, we said this is a year of stabilization and therefore we will be ending with a small growth compared to previous year. So, we expect the book anywhere between Rs. 5,800 crores to Rs. 6,000 crores, that's where we would lend as far as this financial year is concerned. But more importantly, once the other lenders start coming in, right, the thing is not to benchmark with the past in terms of what it is.

Going forward, we would seek to disburse on an average close to some Rs. 800 crores to Rs. 1,000 crores on a quarterly basis. Because you would appreciate that in this industry we cannot control the customer prepayments, because once the project gets commercialized, customers get it refinanced at a lower rate. So, it would be anywhere Rs. 3,500 crores to Rs. 4,000 crores of disbursements for the next year. That's what we would be doing. And you can work out your numbers as far as the AUM is concerned, depending upon where we are based upon prepayments and others. But it will be a substantially healthy growth rate that we can assure you on behalf of the PFS team.

V. P. Rajesh: Right. No, that's very helpful. Thank you for that. My other question was that in terms of the NIMs, how do you see those moving? Most of the banks and NBFCs that have reported so far in this earnings season have been talking about the liquidity being tight. And is it fair to assume that it is not impacting us that much because we have a lot of equity capital to be lending out at least in the current quarter. So, just wanted to get a sense of that.

R. Balaji: Abhinav will take that.

Abhinav Goyal: Yes. So, Abhinav again this side. As regard to NIM, although it is 4.46% at this point of time, but as you rightly said that major contributor as of now is from equity. So, going forward, our focus would be on having a more loan portfolio in terms of more profitability to the Company. So, this ratio may be towards a downward trend in the quarter to come, but the focus should be on our interest spread, where we are targeting to maintain in the range of 2% to 2.5% at least, which as of now it is standing at 1.85%. So, that's how our financial should be looked into.

And with more leverage, that leverage would have an impact. At one point of time, we were at Rs. 13,321 crores. Right now, we are at slightly above Rs. 5,000 crores. So, that's the target right now we are having to achieve in the next one to two years. So, this ratio will be down, of course, but there would be more value to the shareholder. That's how our financial should be looked.

V. P. Rajesh: Got it. And then lastly on the credit rating, do you expect that to be upgraded before your year-end financials are in place? Or just wanted to get a sense of the timeline that could it happen before your annual financials are available, presumably by then all the matter of emphasis, etc., would have been taken care of. So, I just wanted to get a sense of the timing on that.

R. Balaji: We can expect whatever we want. We are expecting much more, but it depends on the credit rating agency. But frivolities apart, right, I would just try to go back to CRISIL Ratings in September. It has reaffirmed our rating, long-term rating at A. They said three things in terms of the company. What are the constraints for us going forward? One is the ability to do business. Two, the ability to garner additional resources. Three is the quality of the asset book.

So, now, if you look into it, we are making beginnings in business, it will just only strengthen from here. We have also taken initial steps towards garnering resources. And as far as the asset quality is concerned, by the end of March there will be improvement, and more importantly, the resolution path would be clearly defined. So, I do not want to speak for them, but once the annual results come, only then will we be in a position to take a proper informed decision. So, what we could say, by June significant changes would have happened and that's when the action would begin significantly.

Channamallu Halagodi: Understood. Thanks a lot and all the best.

R. Balaji: Thanks, Rajesh.

Moderator: Thank you. The next question comes from the line of Amey Chheda with Banyan Capital. Please go ahead.

Amey Chheda: Yes. I just had two questions. So, in the last concall –

Moderator: Sorry to interrupt you, sir. Sir, may we request you to use your handset please.

Amey Chheda: Is it better now?

Moderator: Yes, sir, slightly better.

Amey Chheda: Yes. So, in the last concall we had guided for NIMs to be around 4%, 4.5%, right? And right now actually we are -- is it a downward revision of our guidance for NIMs?

R. Balaji: Abhinav?

Abhinav Goyal: No, sir. NIM, as I mentioned in response to the previous question, sir, NIM, as of now the major contributor would be in terms of equity, right? So, going forward, our focus would be having more growth in terms of portfolio so as to create more value to our esteemed shareholders and other stakeholders as well. Now, if we do that, then there would be more leverage on the Company. And with the increase in the leverage, there would be an adverse impact on the NIM. Of course, it would be maintained in a certain range. It should be over 3% over a period of time.

Amey Chheda: Okay. And what is the ideal debt-to-equity that we are comfortable with?

R. Balaji: Amey, one second. Just to add on in last time. If I recollect properly, what we had said is two things. In the medium-to-the-long-term, we would ensure that our return on asset is anywhere between 2.5% to 2.75% so that we are able to maintain it. Now, like what Abhinav was saying, as we are expanding our debt-to-equity, as we get more resources from banks, that will be a compression of NIMs because of our equity contribution is going down. And going back to the primary thing, what he said, therefore, the most important thing is what is our interest spread, that we will be maintaining in the range of 2%- 2.5% so that we are able to get not only a healthy return on assets, but more importantly, as we expand our book size, even our return on equity improves substantially.

Amey Chheda: So, once things stabilize, right, by the end of this year and probably by Q1 of next year, what is the kind of cost-to-income that we can see on a steady state basis? Because this quarter it has increased due to higher OPEX.

R. Balaji: See, it's not a question of OPEX, right? Ultimately, it's a question of denominator. Once our books increase, I think we will ensure that our cost-to-income does not increase to 15%. Now it's 17% or something. So, we will ensure that it does not go more than 15%. Because the two areas where we need to focus upon, right, is while we are aggressively ramping up the business, we will also invest in two critical areas. One is significant investments in our risk department as it is the regulators around the world are focusing a lot on risk. So, that's one thing, which we would be upgrading upon.

And two, ramping our business development or relationship management team so that we are able to acquire more customers.

And three, very importantly, in terms of upgrading our assessment capability, capacity in terms of our credit team. So, these are the three things. So, let me put it this way, since our balance sheet size is small, I would urge you not to look at quarter-on-quarter basis because sometimes it will not give the right picture, instead look at the overall 12 months. So, by the end of FY '26, this should be at 15%-odd, that's what it would stabilize at.

Amey Chheda: Okay. Just last question, so what would be the interest cost differential between, say, if you get funds from banks versus financial institutions? I am not asking the exact rates for each of them, but will it be 250 basis points or 300 basis points differential for us?

R. Balaji: Could you repeat the question, between which two people?

Amey Chheda: Banks and financial institutions.

R. Balaji: Let's get and then we will talk about it. See, at this point of time, close to 97%, 98% are from banks. So, at this point of time whatever be the interest differential, either positive or negative, right, it would be minuscule. So, I think this would be something for FY '27, that's when we have got to diversify significantly beyond banks. That's what will make a difference to our sourcing mix.

Amey Chheda: The reason I am asking you is that, as we get more financial institution funding, right, they come at a slightly expensive rate. So, just wondering if our cost of funds or the cost of borrowings will increase here on because of the mix change.

R. Balaji: See, that's a very valid question, Amey. Thanks. So, the important thing from a financial institution perspective, there are two things. We need to have resource diversification to reduce concentration risk. So, that tomorrow whatever happens in any segment of the market, it does not impact us adversely and obviously there's a price to be paid for such a trade-off. So, what is it that we need to do in order to maintain our margins so as to deliver a good return on assets. Therefore, that means we need to manage our asset side well. So, here I would ask Srinivas to answer what he's planning to do to ensure that our margins are maintained.

Kalur Srinivas: Yes. Thanks, Balaji. See, a couple of things that are there which we are consciously looking at in terms of growth in loan book as well as the existing asset book management. One, of course, is in terms of the ticket sizes. I think earlier PFS was very comfortable when the overall loan book was closer to, or in the range of, say, Rs. 10,000 crores to Rs. 15,000 crores, we were happy with the higher ticket sizes. But then, yes, considering a decreased loan book at the moment, from a concentration risk perspective even on the asset side, we are looking at slightly lower ticket sizes so that the overall concentration risk is not too skewed.

And secondly, we are also looking at different products. That does not necessarily mean that we are looking at the non-infrastructure sector or something. But even within the overall infrastructure segment we are looking at areas where we can improve our yield. These can be in the nature of structured products in the infrastructure space, or these can be in areas within the infrastructure space where there's a possibility of making higher yields, while looking at the credit quality closely.

The second is, from a diversification perspective we have 25% space open for non-infrastructure segments. And this is an area that we will be looking at very closely in terms of more -- in terms of the diversification that it provides, and also in terms of the wider opportunities that are available in this space.

Moderator: Thank you. The next question is from the line of Manoj Kumar Pande, who's an Investor. Please go ahead.

Manoj Kumar Pande: Thank you for taking me back again. My one more question is, sir, are you planning any resource basing from foreign financial institutions? Because last two years back something was planned, and it could not materialize due to certain unavoidable reasons. I think it may offer you some cost advantages also.

R. Balaji: Abhinav, take that.

Abhinav Goyal: Yes. Mr. Manoj, you are right. So, we explored it in 2020 and then again explored in 2022. Somehow it didn’t materialize. Of course, we are open and we are exploring with our overseas relationship to have a further guidelines to us.

R. Balaji: Just to add, Mr. Pande, our entire perspective is reducing concentration risk both on the asset side, like what Srinivas spoke about projects, and also on the liability side.

So, primarily our entire approach is currently 97%, 98% is from banks, primarily public sector banks. So, on the liability side, diversification will happen across three fronts. First front, diversify across the banking sector, get more number of banks on board, get private sector banks also on board. That is the first leg of diversification. Secondly, move from banks to non-banks, when I say non-banks, whether mutual funds through bonds, mutual funds, or insurance companies, that is the second stage of diversification. Three, more importantly, diversify between domestic and international. That would be the third level.

Now, if we have to go towards international players, apart from our performance, one of the critical things was to have a qualification-free balance sheet, which we achieved as far as the end of the 3rd Quarter is concerned. And this full-year's annual financial statements will vindicate that. More importantly, international investors would also look at other activities, look at the organization in a holistic manner.

So, what we have also started doing, we are developing a roadmap for ESG. So that apart from our financial performance, we are coming across as one of the key or leading organizations in ESG. And as far as ESG is concerned, once the roadmap is fleshed out, in the subsequent, i.e., in the April or the July quarter, we will be able to share more details with all of you. So, we want to emerge as a pioneer in the funding of green finance, not just do responsible lending, but ensure that across the entire value chain of PFS we are seen as a beacon for the entire industry. That's our roadmap and that's what we work upon. With that and our improved financials and size, we will be able to attract the international investors whom we want at our terms, in terms of tenure and pricing.

Manoj Kumar Pande: Good sir. So, we expect that next financial year, by the 2nd Quarter or 3rd Quarter, you would be able to approach some foreign financial institutions?

R. Balaji: No, I am not saying that. Our roadmap is ready because it's a multi-year journey. For us, the next year, the primary thing is broad-basing within the domestic financial institutions, broad-base amongst banks, and get some incremental monies from insurance and mutual funds. That's the primary thing. Internationally, it comes great, but I think one should look after '27 and beyond.

Manoj Kumar Pande: Okay sir, thank you. Thank you, sir.

Moderator: Thank you. As there are no further questions, I would now like to hand the conference over to Mr. R. Balaji for closing comments.

R. Balaji: Thank you, all. I think you have all been patient with the organization for the past few years. Our only submission is that the green shoots are there, but there's a lot of hard work which we as a team need to do before we truly come up to speed. And the next few quarters would be very interesting.

What we could say on behalf of the management is significant efforts are going. Sometimes our timelines might go a quarter here or there. But we are reasonably confident that in the medium-term we should be able to get to a good book size. And more importantly, not only have a good return on asset, but once we are able to leverage reasonably well, even our return on equity would start coming up to scratch.

That's it. Look forward to your inputs and support. Thank you very much.

Moderator: Thank you. On behalf of PTC India Financial Services Limited, that concludes this conference. Thank you for joining us. And you may now disconnect your lines.