



“PTC India Financial Services Limited Q3 FY23
Earnings Conference Call”

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MR. VIJAY SINGH BISHT – EXECUTIVE DIRECTOR,
MR. SANJAY RUSTAGI – CHIEF FINANCIAL OFFICER,
MR. ABHINAV GOYAL – VICE PRESIDENT
MR. GAURAV KAUSHIK – SENIOR VICE PRESIDENT**

Abhinav Goyal:

Good Evening and welcome to the analyst call of PTC India Financial Services Limited. We will start with the Investor Presentation and after having the presentation we will discuss the standing of the company and the way forward. Today, we are having our management team of PTC India Financial Services. We are having our MD and CEO – Dr. Pawan Singh. May I request you Sir to kindly have a seat in front. We are having our Executive Director – Mr. Vijay Singh Bisht, Sir may I request to kindly take a seat and we are having our Chief Financial Officer – Mr. Sanjay Rustagi, may I request Mr. Rustagi to kindly come forward and take a seat.

There were lot of uncertainties in financial year 2022, but now fortunately the company has been come out from all the uncertainty, which can be visualized with the fact that the current results, as we promised in our last investor meet, has been published well before time. So, not only we published, we complied all the pending compliances. That time when we met last time we have been categorized as “Z” category company, but now we have come out, we complied all the compliances of Reserve Bank of India, we have complied all the compliances of Security and Exchange Board of India and we have also complied with all the financial publication requirement.

Now, our team is to focus on growth and performance and that is the theme with which our management team has come today here to give a message, our standing and the good efforts which we did since last one quarter, since we met last precisely 5th of December and the way forward. Today we are having a small presentation, a few of the item are repetitive, but at the cost of repetition, we prefer to give a presentation, so as to reemphasize the standing of the company. Abhilash, can we move forward, This is the way the presentation will go. It is the index, first is PFS at a glance.

We are having sanctions for the first 9 months of 2023 around Rs. 2,300 crores with a capital adequacy ratio of 33%. We are having a very comfortable I should say debt equity ratio of just 2.24 times. We are about to leverage our performance and to give better results to you. Our net interest margin is 4.19%, which we maintained across since last one, one-and-a-half year around same level and we have started doing disbursements. Till date, we have done the disbursement of around Rs. 1,700 crores. Our rating has also been reviewed by our rating agencies, by all the rating agency, it is CRISIL, ICRA and Care. CRISIL reaffirmed the rating, ICRA has also removed the development from our rating and has reaffirmed it as A+ and Care, of course, they have not taken the way we have pursued them, but now we have again represented them and then probably in time to come they may also reaffirm it as A+.

Moving forward, it is a quarterly snapshot. Our CFO will tell it more. It is about PFS, our vision. Our vision is known to all of you, so we were emphasizing to become a sustainable green infrastructure finance company since last few years and our effort is now well being recognized globally and in recent budget also, Government of India, one of the themes for focus was green financing, sustainable financing only. There are a tremendous opportunities available to the company, we are working towards and catching those opportunity in line with

the government goal and in the time to come, our efforts will come in terms of our performance.

Moving forward, it is our Board of Directors, now we are having a full-fledged board with esteemed, experienced, professionals having decades of experience in the relevant area. We are having with us our MD and CEO Dr. Pawan Singh, Mr. Rajib Kumar Mishra, he is a Non-Executive Chairman, he is also CMD of PTC India Limited; Shri. Pankaj Goyal, he is a Chartered Accountant, SRCC pass out, having very vast experience in the field of Financing; Ms. PV Bharati, she is Ex-Managing Director, Corporation Bank, Ex-ED, Canara Bank; Ms. Seema Bahuguna, she is Ex-Bureaucrat, just recently retired from Government of India and Mr. Naveen Bhushan Gupta, he is Ex-Director Finance, a Chartered Accountant, of Power Finance Corporation.

Moving forward, these are the various milestones, so far in time to come, there would be lot of milestones on which we are working. That would be reflected here. Maybe in our next presentation, we would show you more milestones, which we would achieve.

Moving forward, this is our purpose, we extend our support to finance environment friendly projects like water sewage treatment plan, our purpose is not only to have a financing to make money, but also to protect our environment, to save the humanity, to preserve by way of reduction of pollution, in terms of water sewage treatment plan, in terms of e-mobility, in terms of electrical vehicle charging station, in terms of CNG biomass gas and there are lot of other efforts,

These are our products and services. These are the key functions of the company. We will discuss it in detail at later point of time.

This is our business model, we are having a very robust business model which can be visualized with the fact that since last year, majority of our sanction has been performing very good and one of the reasons there is a decline in the portfolio is that the project to whom we have provided financial assistance has been taken over at lesser interest rate by the other banks, financial institution, that shows the credit worthiness, that shows the strength which the company is having in its appraisal process. It is now PFS is a unique investment, so we focus on sustainable, probably we are only NBFC in the country, which is focusing sustainable clean green infrastructure financing, that is how we are unique. We are having our in-house expert team, in fact we are providing advisory, we are providing consultancy to a lot of financial institutions, to a lot of banks in understanding the area where we are working.

Now, we are navigating to the next strategy. We are financing a number of green infrastructure. We mentioned, I think also leveraging is one aspect. Right now, we are having debt equity of 2.24. Ideally, we should be around 6, so with more leveraging there would be more returns to our esteemed shareholders. We are having very robust risk management system. I just mentioned that lot of our projects has been taken over. It is because of the strength which our risk management system is having. Whatever the projects we are appraising

it has been well recognized across the banking industry and been taken on priority by other bank and financial institutions.

Management outlook moving next, so this is a carbon neutral, marching towards sustainability. To mention that around 5-6 years back, we were having around 60-70% portfolio to thermal power project, but that time we took a policy decision that let focus on decarbonization of our balance sheet. Now, it is in the single digit and probably in time to come, we would not be having any exposure to the project which is having a carbon emission to the environment. These are our key lenders; we are working with new lenders. The list should increase. Last time, we promised that there would be a few more name, but somehow it has taken more than expected time. We are required to fill that. Next time, 4-5 new names will be reflecting here. It is our mark clients; all are leading in their respective area.

Now, moving to financial part, I request our CFO sir, Mr. Sanjay Rustagi to kindly take it forward. Over to you, Sanjay sir.

Sanjay Rustagi:

Good evening to all. The company has adequate liquidity as represented in the slide below. So, we have cash amounting to Rs. 740 odd crores and Rs. 554 has been earmarked for the HQLA which is required as per the RBI guidelines for the net cash outflow for the next 30 days requirement and in all the buckets, the cash flow is positive.

Next slide, this is a little bit brief about the loan sanction, so for this quarter Rs. 1131 crore is the loan sanction as compared to the Rs 1,160 crore the previous quarter and the cumulative 9 months, there is a sanction of Rs 2,291 crore as against the yearly sanction of Rs. 4,150 crores. Disbursement for this quarter is Rs. 609 crore and cumulative for 9 months is Rs. 1,670 odd crores. The loan book as the end of December 22 is Rs. 7,301. The capital adequacy ratio has improved to 33.30 as compared to 31.74 in the previous quarter and 26.71 as at March 22.

Next slide, this is the key operational indicators. The net interest income is around Rs. 82 crores for this quarter and Rs. 252 odd crores for the 9-month period ended whereas in the previous year 9 months, it was Rs. 257 crore is almost the same in spite of a little bit reduction in the loan book. The yield on the loan portfolio for the quarter is 10.35% and the previous quarter it was 10.58%. The cost of borrowed fund has little bit increased to Rs. 7.66% against Rs. 7.46 in the previous quarter. The cost of fund is almost the same considering the increase in the interest rate scenario. We are able to keep our cost of borrowing constant and the spread for the quarter is 2.69%. The earning per share is 0.58 paisa for the quarter, for 9 months is Rs. 2.17 paisa whereas the previous financial year for the entire 12 months, this was Rs. 2.02

So, this is the snapshot of the interest income. The interest income for the quarter is Rs. 190 odd crores. It is almost similar to the previous quarter, Rs. 190 crores and the total income is Rs. 194 odd crores in current quarter against Rs. 195 crore in previous quarter. The interest and the financial charges is Rs. 107 crore, it is almost the same as compared to the previous quarter and the provision for contingencies has increased a little bit from Rs. 7 crores to Rs. 22.82 crores. The provision for the 9-month period ended is Rs. 42 crores against the Rs. 118 crores

for the corresponding 9 months. So, there is a significant reduction in the provision during these 9 months of current year. The profit before taxes for the 9 months is Rs. 186 crores against Rs. 140 crores as compared to the previous year 9 months and the profit after tax is Rs. 139 crores against Rs. 105 crores. So, there is a significant increase in the profit after tax during these 9 months.

The next slide is the operational performance. I would request Mr. Bisht – the Executive Director to give a little bit synopsis on the portfolio.

Vijay Singh Bisht:

Thank you, Sanjay. Regarding the operational performance of the portfolio and our sector exposure that is in renewable, transmission, sustainable infra, road distribution, thermal and hydro. In the conventional projects we have only small exposure left to thermal and hydro. Others are like water sanitation and infrastructure projects which are there. Next, basically if you see the percentage wise, this is operational performance, this is corporate loan under respective.....

If you see the portfolio percentage wise, renewable is the largest which is 28% and the transmission around 22% which is annuity-based projects. road is about 14% and it constitutes of HAM that is Hybrid Annuity Model, again it is annuity structure. Then, the next is the state sector which is around 25% many of them are backed by the state government guarantees which is a secure one.

Then, the next is thermal and hydro. As we have said earlier that the percentage of conventional projects is fast going down in our portfolio, if you see in the last 4-5 quarters from 13% we have come down to 7% now. Earlier, just 4-5 years back, it used to be 30-40%, so slowly we are coming down and I think going forward maybe 6 months or one year down the line, this 7% also you will see coming nearly to 0. And the last segment of 4% is basically water sanitation and other infra.

Sanjay, would you like to talk about this?

Sanjay Rustagi:

This slide shows the trend in the yield, cost of funds, spread and the NIM. So, the spread has continued to be around 3% over a period of time and the NIM has improved to 4.02 to 4, it is also nearing around 4%.

The next slide is the loan account wise provision given in the sheet. If you see most of the accounts, we have a significant of provision except two accounts, one is the Danu and other is the ILFS. From the net exposure perspective, these two accounts carry the significant portion of the net NPA. Danu is not the NPA, it is the stage three account. So, out of this 483, Rs. 400 crores pertaining to these two accounts. In case of Danu, it is a stage three account where the project is operational wind project and the borrower was unable to service his debt because he is not getting the payment from the Discom, the AP Discom where the AP Discom was trying to renegotiate the PPA and holding the money. Now, the High Court order has released in favor of the power generators, these peoples start getting the money from the PFC and REC

and during the last 6 months, PFS has recovered close to Rs. 50 odd crores from this borrower. The net outstanding has reduced significantly and in a time to come we are expecting more payments to come till July and then the regular payment will also follow.

With respect to the ILFS, the project is under NCLT where the lead lender PNB has submitted the resolution plans which we are deliberating upon and over a time we are expecting the payment and they have close to Rs. 2,000 plus crores in the TRA account. Lenders are approaching the NCLAT for distribution of that surplus money and if that order pass, the company will get Rs. 50 crores plus amount as their share of the consortium loan.

The next slide, this is the credit standing snapshot. The net NPA level as of 31st December is Rs. 218 crores. It is one of the lowest in the previous few years' net NPA number. In percentage terms, we are enabled to show that improvement because there is a reduction in the loan book size, however, in absolute terms the stage three accounts as far as the net NPA, the gross NPA numbers are consistently on the reduction trend. It shows our efficiency to resolve the high stress accounts over a period of time. Bisht sir would you like to tell something?

Vijay Singh Bisht:

If you talk about the stressed & NPA accounts and as Sanjay has already told that we have done lot of efforts, in resolving stress assets, but it is not showing in percentage wise, but if you see in the absolute terms, it has come down, just due to the fact that the loan book has gone down it is not getting reflected in percentage terms as shown in the sheet there are only two big ones, one is this IL&FS loan which is undergoing resolution in NCLT, but there is around Rs. 50-Rs. 60 crores pro-rata of PFS share in the TRA account which is lying there and as soon as NCLAT gives the order, it will flow back to us. So, remaining amount will be taken care slowly, as the project is commissioned already with both the units were operational, one unit is not operational as of now, but the second unit is giving 100% power to Tamil Nadu.

Regarding this Danu, it is not NPA, but it is stage 3 account and we have already received around up to Rs. 52 crores in the last 6 months due to PFC and REC Late Payment Surcharge scheme. It is coming directly to the TRA and from TRA it flows to us directly and after O&M expenses, the entire amount comes to us. AP Discom has also started giving.

Analyst:

Then, the balance will be hitting to the bottomline?

Vijay Singh Bisht:

No, we have it separately, but it is already there. As we will show it, we have amply provided for.

Dr. Pawan Singh:

I would like to answer this question. So, with respect to the Rs. 50 crores which we are talking about is the surplus money which is lying as of today. The ILFS unit has two units of 600 megawatt each and they have the definitive PPA with the TRANSCO of the Tamil Nadu where the coal cost is passed through. So, as per even the resolution plan, that unit is already operational and generating cash. So, the remaining money will come to the PFS over a period of time because that PPA for 25 years and the significant portion of that PPA is still remaining. How we have taken the provision, I just give you a brief about that. There is a RP4 rating done

by the CRISIL and that model has been prepared by the CRISIL only and as per that model whatsoever lender is supposed to get the money on the sustainable debt. So, there is suppose Rs. 100 is the total debt, 59% is the sustainable debt and 41% is the non-sustainable debt. So, as a PFS, we have already made provision to the extent of 41%, so only we are attaining that 59% of the sustainable debt and during the last 2 years, the company has generated the cash as per that RP4 plan. So, that is the reason we are saying since last 2 years, PFS did not get any money till date, but that money is laying in the TRA account. As and when the NCLT give clearance, the PFS will get their share of that sustainable debt portion. I think I am able to answer.

Vijay Singh Bisht: Actually, in the TRA there is Rs. 2,400 crores of fund lying there, but due to this NCLT embargo the lenders are not able to get it, but lenders have filed application there, that at least the funds lying in the TRA should be distributed among the lenders. And in case of this Danu I have already told you that, due to this late payment surcharge scheme of PFC and REC in the last 6 months we have already received about Rs. 52 crores, so our receivables have come down a lot and in the next this 4 to 5 month, we hope that it will come to negligible amount and it will come out of the stage 3 or maybe it may also get refinance also. That is also a possibility because we have been approached by another lender also in this. Apart from this ILFS and this Danu which is stage 3 there is nothing much if you see as per the list, also in the case of the Meenakshi, already I think you have gone through the news report there is already a resolution which is H1 bid which is from Vedanta and there we will get amount which is nearly equal to our net book. , may be Rs. 2-Rs. 4 crores here & there , but the entire provisioning what we have done is nearly equal to that. That is loan minus the provisioning and what we are getting is nearly equal. So, that by end of March, we will be able to solve it. So, apart from that, we don't have much of a stress going forward now.

Analyst: There is on Account , Asian Hotel. Is this is one related to Hyat and the loan been given to Hotel . The industry is performing well then why it is under stress?

Vijay Singh Bisht: Actually, we have given loan to them to put up a Solar Power Plant on the balance sheet, and amount is very small if you see it is Rs. 3 crores and the lead banker was Axis Bank and they have sold it to some ARC and they have got larger loan around Rs. 250 crores. So, being a very small amount, we are just going about as it is already admitted in NCLT.

Analyst: So, this is a solar plant where?

Vijay Singh Bisht: Solar plant in the Maharashtra only.

Analyst: Bombay?

Vijay Singh Bisht: No, in Maharashtra, I think Satna or somewhere.

Analyst: Not in the hotel?

Vijay Singh Bisht: Yes, it was supplying to them.

Analyst: Not in a hotel?

Vijay Singh Bisht: No, not in the hotel,.

Analyst: So, East and West they have a hotel Grand Hyatt and also large project in Delhi near the airport.

Vijay Singh Bisht: It is a land base project of 1 megawatt, so it cannot be on the rooftop, such a large one. it was supplying power to the hotel

Analyst: So, when was the last payment done by them?

Vijay Singh Bisht: I think.

Analyst: And what is the latest status of the ARC?

Vijay Singh Bisht: The resolution plan is going on, but may take some time....

Analyst: See, one thing is the industry is doing very well. Hotel and Tourism, travel industry is booming and often buyers if they get replacement value it will be more than double. The value, it is only the way IPC and ARCs are working?

Vijay Singh Bisht: Actually, it was closed. Actually if you remember due to this COVID, it got closed and when it got closed there were some issues, salary was not given to workers, so there were some blockage and after that when the industry came back, the hotel couldn't pick up and it was admitted to NCLT, but just right now if you see it there is a lot of boom in hotel and that property has got a lot of value, so definitely.

Analyst: Huge and it is over 3x network? Yes, I wanted to know that. What is the latest on this?

Management: We are working for resolution and hoping to have some solution in coming future.

Analyst: No, it will be good. If a good hotel takes up unless it is driven by political interest, it has happened in some IPC cases, it will be at least 1.5 times and may be more. Room rates have gone up 30-40%.

Management: We are not the beneficiary of that.

Analyst: You should get, so in that case recovery will come and reversal our provision will happen. It was on the same slide, so I thought I would just take it up together, if this is there then I can take on other issues.

Abhinav Goyal:

So, question and answer session, we will take it separately. For the benefit of the audience, today presentation has been divided in two parts, so one is the historical, what we have done so far. So, that again divided into three pillars, one is, of course, liquidity. We have shown how comfortable we are in terms of liquidity. Second, in terms of our credit standing, so it is one of the slides which reflect our efforts which we have put it since last few quarters and of course I mentioned in my presentation that the appreciation banks are having on the credit appraisal which we are doing and third one is our pipeline. So, currently we are having a very handsome pipeline of Rs. 5,600 crores belonging to various segments. Now, another part probably which you would be looking more is the future of the company, where the company is going now onwards and what is the vision, what is the plan. Today, we are having our MD and CEO, Dr. Pawan Singh to let you know not only our standing, but about the vision, the goal which we are having as organization. So, over to you, Pawan sir.

Dr. Pawan Singh:

Thank you Abhinav, thank you Sanjay and thank you Mr. Bisht. So, my team has given you the operational details and of course some of things in between we have one or two some deep diving question also which of course helped us to present it better, the questions were supportive. So, I will just give as to how we are looking at our business, how are we on a nutshell how we are and how do we look at it from now onwards, where do we from here, so couple of things I just wanted to say is that because the preceding year in terms of business was not very encouraging for the company for reasons much beyond our control and the book size didn't grow and in fact the last quarter of the previous year and the first two quarters of the current year were almost, we were not able to do any business. So, we only picked up in the third quarter and we all to make up in the fourth quarter, but what all structural things have happened in the company which is very important which shows the direction in which the company is now moving. So, from 15th November onwards and till today we are may be on 8th of February, close to the first week of February, so in a span of less than 2 months, we have been able to do for quarter results. So, that shows the way we are trying to make up for whatever setbacks we had and the growth opportunities which we missed. So, that is how we have also been able to do sizable sanction in a very short period and last quarter itself the current quarter which went by we have done close to over Rs. 1,100 crores of sanction.

On the budgetary target for the current year, of course we have a very strong target for the current year, Rs. 2,500 crores of sanction in roughly about Rs. 2,200-Rs. 2,300 crores of disbursement target for the current financial year, which we have to do. Next 1-1/2 months is going to tough and tight for us. We will try to meet that challenge which is thrown before us, but now onwards we will be focusing on the growth path. One thing which again I last time also mentioned, but I am able to reinforce it with greater certainty is the credit cost which was a big drain on this company for last say preceding 3 to 4 years. That is now totally under control. We now have a net NPA close to roughly little lower Rs. 200 crores, which is a very low figure, but this figure could have looked very impressive had the book size grown the way we had expected. So, it would have shown a very negligible kind of net NPA, but though the good work which was done by Mr. Bisht and his team who have worked remarkably hard and in fact this is one organization I don't think there is a parallel organization which has worked

on all models of asset resolution we have done NCLT, we have done onetime settlement, we have done Swiss challenge, we have done sale through ARC, whatever routes are possible and one size does not fit all, which depending on the quality of the said depending on what maximum realizable value, we have tried everything. So, we have done very well and because of that two things have happened that we have been able to bring down the credit cost and also we have been able to bring down the stress asset on the loan book.

Our credit underwriting capability also has grown over a period of time, we have matured and that has also reflected that last 4-1/2 years, whatever we did that is not the single account which has gone into stress, not the single account. Prepayments have been very high, so we look at prepayments from both, benefit angle and disadvantage angle because the book size doesn't go if you have prepayment, but prepayment is also a sign that you are churning your loan book or rotating your loan book. It also shows that quality of your assessment because experience in First Structured Financing also has shown that assets which remain for a very long time are the ones which can go into trouble, so it is always better to as we say bird in the hand is better than two in the bush, so money in hand is better than two in the bush, so we have looked at prepayments from both, though we take it as a challenge, but we also are happy that prepayments are happening and because of that another reason the slippages have not happened in the company. That is a very and we will continue to do this kind of strong underwriting.

Lot of experience which we gained over previous years of credit underwriting we have been able to translate that. It has not come one day, but the wisdom of several years learning and de-learning, learning by mistakes and learning by taking correct actions we have come to the stage where our judgment is far more wiser than what we were able to take in past, but also let me tell you I must praise the policy makers because infrastructure works very closely with the policy makers and last few years, the policy has become very supportive of lending business in infrastructure space. I am not saying that risk has totally disappeared, but risk is always there, but to great extent, the policies which have been taken, they are not taken in isolation, they are largely taken from the angle to protect the interest of lenders, if you take whatever annuity model, termination agreements, the PPAs which are happening in the renewable sector, all that you will find that the risk mitigation is far strong than what it used to be there and that is one of the reason apart from we are taking some of the credit of our credit underwriting capability, but also goes with out saying that policy measures which have been taken by the government have also supported us to maintain our healthy credit quality.

So, this is also very important from future angle because in future this policy support which is becoming better and better will also support our and this year's budget which came, it had seven priority areas and out of seven priority areas four priority areas are pertaining to us, last mile connectivity, the focus on infrastructure, the focus on green and focus on digital data. So, we are also going to focus on infrastructure, we are going to focus on this and we also as projects we are focusing on projects which are, we would like to do take up projects which are last mile kind of projects and of course data center is another business area which we are now

very closely looking at. Some of our co-lenders have approached us, they have already taken some exposure and they want us to join them as co-lender, so that is another area which we would be looking at. So, these are the things which are very realistic.

Also, I would like to highlight one thing that we embarked upon being a green infrastructure finance company 4 years back and I am happy to report now that our priorities are government priorities. Today, government also is talking about green kind of, this budget, first time it was called Green Budget and the budget throws up lot of opportunities for us, the amount which is going to spend on green hydrogen, the e-mobility, the battery storage, the evacuation transmission system on especially renewable energy. So, all this is going to throw up lot of business opportunities for us. So, as far as we are concerned and we have also done, recently we have done two important projects of state government, one is Smart City and another is Water Distribution, so this is another area which has thrown up business opportunity. So, as far as the business grows we have our hands full, our pipeline, we have a good pipeline today and there are other businesses which are close at hand and huge business opportunities are available and growth opportunities is tremendous and most of them are not very high gestation projects where revenue certainties are very high, where government counterparty is very apparently or significantly available which mitigates the risk to great extent, so these are the business opportunities.

So, our vision of becoming a green company, a green infrastructure company is just the right time to take off and we had our last year, there has been setbacks, but we are out of it and we have very good board and the quality of board, I can't be speaking here specifically, but then it is also reflected by the fact that the four quarterly results in such short period has been happened and even the sanctions and disbursements have started to take place. We are augmenting our manpower and as investors, you will be little more assured that we have selected one Director Finance, very senior person who was already a Director Finance in Energy Efficiency company. He is going to joint venture of the Energy Efficiency Company, very important company for the government and he is joining as Director Finance.

We have selected ED Credit he is a very respected name in the infrastructure credit underwriting. He is the Chief General Manager of IIFCL, India Infrastructure Finance Company and he was doing the core credit underwriting there and he is joining us and of course, we are also taking another ED monitoring and recovery. So, that also should happen in maybe 45 days' time, he should be also in place and we now also have one chief internal auditor. Of course that was the statutory requirement and we have done that statutory compliance. So, we are augmenting plus at the middle level, other levels also we are augmenting our teams trying to make, so that we are able to prepare to the next level notwithstanding the fact that there were constraints because of certain reasons.

One of the reasons for the glimpse which happened was that there was a view point that PTC would step out and then always there were issues of how much operational autonomy will be given to PFS, whether we will be allowed to take new people or whether recruitment will be

allowed to PFS or not and that was one of the points of contention for the corporate governance. There was no other issue which of course this is being looked at from a very different angles and all that, but the fact was this was only that issue which, so that is not there any longer and the board and the promoters have given full support and they want the company to grow, they want the company to flourish and the manpower is being augmented, whatever support is required even, I would like to share it that even the way proactively they are trying to find solutions around problems and situations holding hand of the management wherever required and that is the role of the board which is supposed to play and we are very happy to report that is now available and all the three directors are very carefully and very thoughtfully selected. One is of course ex-CMD of Corporation Bank. She brings with her tremendous experience and reputation of being the CEO and MD of Corporation Bank, huge years of banking experience, very hands on and we have another person who is a Chartered Accountant, but has handled the largest balance sheet in the lending sector in NBFC, 6 lakh crores balance sheet he has handled until recently, they are all online people, they have till recently, so more hands on kind of people who have seen problems of similar time in a bigger scale and who are ready to give solution to us.

And of course since we also wanted to have somebody very strongly on the corporate governance issue and who could have been better than the secretary department or public enterprise's Government of India, she also is here and she was having oversight of over 200 PSUs on the Corporate Governance Public Sector. So, she is there to look at those issues. So, our team is very well placed, promoter directors are all very competent in their own strength power sector, finance sector, experience finance sector experience so we are all poised to business pipeline is available, the team is now strengthened, so I would say that we are now about, our business plan, we will shortly be placing before the board and we will have a roadmap for next 3 years and roadmap for next 5 years as to where we go, but what we are definitely trying, I don't have number freeze today except the budgetary numbers which I shared with you, but let me tell you that we are going for absolutely everybody wants whatever support or input is required, but we are trying to make it quantum leap. So, this would be my words and then of course Q&A we can take all questions. Thank you.

Abhinav Goyal: Thank you so much MD sir. So, now I leave it over to the audience, so they are having any question, they are free to ask.

Akshay Doshi: I am Akshay Doshi from Incred Capital. Sir, my first question is that in the budget there was an allocation of Rs. 10,222 crores towards renewable energy and about Rs. 35,000 crores for energy transmission, so sir, going ahead in FY24 what kind of pace do you expect in the disbursement growing and what kind of run rate I mean the growth rate for disbursement you expect in FY24?

Sanjay Rustagi: As far our budget approved for FY24, we are projecting a sanction of around Rs. 6,000 odd crores and for the disbursement budget is around Rs. 5,500 crores for the FY24.

Akshay Doshi: Sir and just to know, currently do you have any exposure to the Adani Group?

- Vijay Singh Bisht:** Well, we have got three projects, but all the three are basically annuity type structures. We have got - one is the Namami Gange which is the Prayagraj one, which is again annuity type structure. Then we have got Road which is in Andhra Pradesh, it is from NHAI and third one we have got Obra C which is a transmission project which is again annuity type of structure as you know and out of this, the Obra C is already commissioned last year, so principal repayment has already started, so it is paying on time. Regarding that road, the provisional COD has already taken place and the annuity will start flowing shortly, so there also there is nothing in it, NHAI backed, so annuity will flow shortly and it is very near to COD also, only those signages and what not are to be there. So, as you are aware that provisional COD is nearly equal to COD because the annuity starts from there. And the last one is this as I said that is under this Namami Gange project which is in a very advanced stage and by another 6 to 7 months, it will also get commissioned. So, our net-to-net exposure is around Rs. 350 crores as of now in all the three one.
- Akshay Doshi:** So, you don't anticipate any kind of risk in those projects?
- Vijay Singh Bisht:** Well, as I said that all the three projects are type of annuity projects and it is backed by very strong government entity like in case of road it is NHAI, in case of this Prayagraj water it is Namami Gange project which is the pride of this Government of India to clean the Ganga and the third is the transmission project, again which is annuity type of project and you know that in transmission project as per the waterfall mechanism, the expenditure of transmission has to be paid upfront, so on all the three cases we don't anticipate any of the problem.
- Akshay Doshi:** Sir and lastly out of all the loans given to the infrastructure projects, if possible for you can you give a proportion of loans given to the ongoing projects and loan given to the completed projects because completed projects will easily service the loan and ongoing projects or projects that are about to start, there might be some risk?
- Vijay Singh Bisht:** Sanjay, we have got the bifurcation, ongoing and completed ?
- Sanjay Rustagi:** Normally, the project funding is close to Rs. 150 odd crores, though in FY23 the disbursement is there and significant portion is for the distribution companies around Rs. 1195 crore.
- Vijay Singh Bisht:** Out of Rs. 1,600 crores, Rs. 150 crores is ongoing. That is one ,you asked three questions, so first one CFO replied
- Dr. Pawan Singh:** Rs. 1,600 crores is the project finance loan and Rs. 150 crore out of which is work in progress which is not completed project.
- Analyst:** Sir, is there any chance to declare dividend in the next quarter?
- Dr. Pawan Singh:** That is very much on the top of the agenda.

- Analyst:** I am a service class person and invested in the shares, so we hope that you will be getting some dividend to?
- Dr. Pawan Singh:** Board is also appreciative, last year also
- Abhinav Goyal** This is not only your request sir, we are getting frequent requests from so many investors, so as MD Sir has mentioned, it is our own top priority. Not exactly, right now we are not in a position to give you whether before March or whether after March, but surely definitely, we will consider it
- Analyst:** We will address that and at the outset, thanks to management, MD and the people sitting here for honoring a commitment to engage with stakeholders every quarter, hats off to you, you have done it. So, it is very good and also transparency the way you shows the stage 3 transaction one by one and took a lot of efforts, so that is highly appreciated. Now, a few specific questions on business, this seems very disappointing if you see the disbursement in quarter, if I am correct, it has gone down from Rs. 1,041 crores to Rs. 609 crores. We met you last time and also in the media the targets were there for the full year and remaining which you tied to clarify about in Q4, but here upside and disbursements was expected generally, most of the financial sector companies whether at NBFCs and banks have good growth from 20% to 40%, 60% also, but the big dip of 40% is very concerning, in fact I would try to understand the reasons for the same. Is it you are expecting disburse, they have said to postpone the disbursement to Q4, some staggering of projects, sometimes that happens or it was as per the planned agenda because based on sanctions we always have disbursement pipeline month to month cash flows, so it came as a shocker to us, so did you know before or is there a spillover or again even the full year target, may be spillover to the next year?
- Abhinav Goyal:** Sir, as may be aware to you, last year we came into a crisis, so the time when we just enter into a crisis, we were having a banking lines of around Rs. 4,000 crores, majority of them have got expired pending utilization. Then next 9 months was a testing period for us and we were also not going because of the reason that is known to all of you when the business will restart. Now, in December, we have come out from the crisis and in turn we have requested our lender for having credit lend of Rs. 3,000 crores. Our proposal is that advanced stage of consideration with few of the bankers and we are quite hopeful that before month end we should be able to get additional Rs. 1,000 to Rs. 2,000 crores in this month only. That is one. Second is, in between we were having very high liquidity, next time we have quoted in our presentation that we were having Rs. 1,500 crores in form of FDs which were having a negative carry for us. Now, it has been reduced to around Rs. 400 crores, so Rs. 900 crores in between we have utilized for making further disbursement. This figure is for the last quarter. We backed on 5th of December precisely if I am right and now we are in month of February, so there were disbursements in between period and we are quite hopeful that in remaining part of current quarter only we should be able to meet out your expectation and we should be able to perform better than your expectation.

Analyst: So, what we mentioned about Q4, actually one month is already over, one month and one week, so we expect to cover it up clearly and the reason for this you said what, our lenders, banks that credit limits were frozen because of this?

Abhinav Goyal: Not frozen sir, frozen is not the right word, it has been allowed, but in certain limits were having certain availability period, so we were having two type of limit, one is term loan which can be utilized say for next 6 months, next 3 months and second is the working capital which keeps on utilization as and when required. So, our majority limits are in form of term loan, so that time when we got sanctioned last year, it was having availability say March 31st 2022 or 30th June 2022. So, since we were not having utilization because we were not getting sanctions, we were not having pipeline to make further disbursement, it got expired pending utilization. Now, again having a fresh limit, the process needs to take some time as you may be aware normally it takes 1, 1-1/2 to 2 months for having a fresh limit, so we have submitted our request of more than Rs. 3,000 crores to various lenders, it has been considered, it has been appraised, couple of banks have recommended it to their respective head office and we are quite hopeful that in current month only we would be able to have a fresh supply of ammunitions so as to do a some disbursements.

Analyst: So, February those issues are going to resolved?

Abhinav Goyal: Issue is not the right word sir, fresh supply of raw material is the right word.

Analyst: The business has to go on at the speed we want, so these are the business obstructions we face because of the larger independent director issues, right?

Abhinav Goyal: Not exactly, it is the after effect, but largely we have come out from that also.

Dr. Pawan Singh: I think you are not totally off the mark when you say that, let us accept it because whatever is truth and correct we should accept that. You are right actually, there were obstructions coming out of it and that could be one of the reasons why this has spent out this way which we as he said that we are now, largely we have resolved it and we are also trying to resolve in many more ways like this also for us it is also like, for example what we have done is that we are focusing too much on bringing down our borrowing cost. So, if you look at my borrowing cost, it is not very bad because today, even the G-Sec is closer to 7.3-7.4 and my borrowing cost which is A rated is 7.66 which is quite good, I think PFC REC AAA sovereign they are also borrowing at something similar or even little more than what I am borrowing. So, our focus was the bank. Now, lesson for us has been that it is important to diversify your sources of borrowing. Sometimes you have to pay little extra but you must diversify. So, what we have now, we are now on a very advanced stage, we are taking borrowings from several financial institutions, so we are taking it from PFC, REC, IFCL, all these institution they are all almost at a very advanced stage and anytime their sanction would come. So, we are diversifying, but the cost will marginally go up, but this is at the cost even but on the other side we have a very decent pipeline and you know like if you find that my yield has been slightly come down compared to previous quarter because we didn't pass on the increase in the interest rate which

has happened and we should have you know because market interest, although we have been able to bring down our cost of borrowing, but the market interest rate has gone up quite, in fact bank rates which have been most benign have gone up by 160 basis point in last few months. So, there is no reason why we should not have gone up in terms of yields. So, yield also we are revisiting, may be in a day or two that also we will try to work on our yield. At the same time, because our borrowing cost should marginally increase because this will be just part of the total borrowings, say maybe 10%, 15% of my total borrowing, so that also we will have to pass it on through our yields, but then we have pipelines which are very good kind of spread of we are getting now, very good business one like, for example, Discom business, we are now very familiar with, we are getting large chunk of Discom business where we have not even one case defaulted so far. It has done very well, so we have good pipeline. Lot of state government drinking water projects backed by sovereign guarantee there we are chipping in, so there also good spread rates are there. There are other e-mobility projects where speed is very important, our strength has been our speed. We don't mind getting refinance later. So, there also higher spreads are available, so we are tackling it in several ways, one is to diversify our source of borrowing, of course pushing with the existing credit lines, so I cannot totally dismiss what you have said. That could be a slight dampener I mean that could not be a very structural kind of a dampener, but the impact of that could felt far may be a quarter or so and that is what has happened, you are very right and very fair enough with you.

Analyst:

Thanks for the honest answer and on the borrowing side you are doing good thing. Your cost is very best in line. Now from the financials which were uploaded on the website, unfortunately they were not kept on firstly there were not good practices shows we will have it, but your CFO has shared a lot of good information based on that. Now 3 points which came from financials, one was related to this business issue performance, topline. The another point which came was there is some Rs. 22 crores of impairment which stuck us bad because that is hit the profits. Now what is that impairment is really concerned because it came again as a shocker, which company and why? And is it due to business reasons or it was driven by these false allegations by the earlier people on the board and were trying to create mischief?

Sanjay Rustagi:

Yes, out of this Rs. 22 crores, around Rs. 14 crores we have made in the existing loan account that is KSK Mineral, so KSK Mineral the status is almost same. So, the borrower has done some work for the Goa IDC, Industrial Development Corporation on the some coal mine development and later on that coal mine get de-allocated and allotted to Chhattisgarh Power Company and they have agreed to pay the cost of land incurred by the Goa IDC, but as per the Supreme Court order on the coal block de-allocation, the developer is supposed to get the interest that is at the rate of 12% simple finance interest on that amount spent by them, but somehow that amount is not agreed and we made the provision, what is the total cost incurred on the acquisition of land plus 12% interest and remaining for that we have made provision earlier and the litigation on that interest component is still going on. So, so we made on a conservative basis, we made an additional provision that is the only thing we made the addition provision of Rs. 14 odd crores, so there is Rs. 2 crores provision we made in the Meenakshi which is based on the Vedanta bid which came and they acquired the project for Rs. 1,141

crores and based on our share we made additional provision of around Rs. 2 crores, Rs. 16 crores and the Rs. 5 crores additional provision has been made on the stage 1 as per the ECL model, so nothing extraordinary. So, Rs. 5 crores, Rs. 6 crores, Rs. 7 crores, it is as per the stage 1 and for stage 3 account these are the 2 loan accounts on which provision has been made.

Analyst: One honest answer from the MD, this Rs. 22 crores was it required by the NBFC regulations to be done in Q3?

Sanjay Rustagi: As per RBI, it is not required.

Analyst: So, you should not have done it. It seems it is all this mess which was created it could have been done last quarter one time, so we know accounts are cleaned up and at a time you could have clearly said we are doing a floating provision you know something extra with some other best banks like HDFC Bank, Axis Bank, ICICI do, the IndusInd Bank, we are creating a floating provision. Now it seems this battle auditors unnecessarily throwing money on forensic auditors when people are asking for dividend? And suddenly in this 3 and we suddenly see Rs. 22 crores hitting impairment, if it is not required in this quarter then why? Impairment is different and additional provision is different, so it can come you know provision extra additional provision is done, so we look at PPOP, Pre-Provision Operating Profit. Generally when you look at performances, PPOP is important, so provisions additional provision made, this was not necessary, this was required and here certainly impairment is a very dangerous area. It happens in a fraud companies, 9 out of best banks have reported fraud in RHFL, so then you have impairments, you know it is there in such companies total fraud cases and it is a way to get away with third rate auditors and third rate type of companies which are involved, so could not it had been come in below PPOP? You understood, I think the MD is very clear because it is a reflection on the top management of the company?

Dr. Pawan Singh: I don't think there is such line of level though since the case is under litigation for four and half years and we are not expecting because the case is yet to be admitted in the Chhattisgarh Court and that is the only reason we think that because on the conservative basis if we made provision then that are the things which as a good.

Analyst: My answer was why Q3?

Dr. Pawan Singh: Couple of ways of looking at it. There are various ways of looking at it. So, one is your perspective is well taken that is a much more refined way of presenting things, the way what you have suggested, it is a very good suggestion and we will definitely keep this in mind, but let me also tell you certain decisions where quantity and quality both go together and where the exercise of judgment comes into picture. Now that may not be the best judgment because judgment is always judgment, it is not a quantifiable thing, so judgment in my opinion would be this would be the best judgment and you know in somebody else opinion it could be something else as the best judgment, but judgment is judgment and we had to exercise the judgment here. Now this can be interpreted this way, that way, this way, in fact when this was

picked up because our statutory auditors have changed, we have got a new set of statutory auditors and they had picked up this item and they said that since this litigation is going on for several years, why don't you make provision for it. Now, see there are various ways of looking at it. My argument was that a legal case if it becomes more seasoned over a period of time there is a better chance of winning it if it is delay in the legal case, doesn't mean that the case has become weakened, that was my argument with the auditor, I said that, but nevertheless, he said that as a matter of abundant conservatism, you make this provision and see because we are also working on some other area because there were some qualifications which were there in our balance sheet and for us that was a priority area because we have moved almost towards a very clean balance sheet and when we do our financial accounts we will move towards, so this was supportive of that. So, in a larger picture, we deliberated and took I would not say is the best decision, but under the situation which we were working this appeared to be optimum decision, so we took an optimum decision, but nevertheless, let me also assure you because my team is very aggressively following it up and is very important, again I look at it, provision is a number I may do it, I may not do it whatever it is, but the fact is the cash which comes to the company which matters and we focus on cash and our emphasis will be let me assure you that we will bring back this money that is what we are working on that we are trying very hard, we have gone out of way because earlier allocation of mine was with Goa and got cancelled and the compensation actually has to go to the KSK Mineral through Goa Government and Goa Government was not agreeing PFS to be a party in the affidavit which they have filed in the Chhattisgarh Court, but we went, persuaded, I met Chief Secretary, I met Principal Secretary to the Chief Minister, I met the GIDC Managing Director, persuaded them to agree to kind of make us a partner which they have agreed to make us a partner in the affidavit, so we are moving in right direction, so our focus is recovery. In case of Meenakshi, we are going to get whatever close to Rs. 60 crores cash we are going to get back, so numbers don't matter, the Rs. 60 crores recovery does. In case of ILFS, very shortly we should get the Rs. 60 crores with the 2 aspects like you mentioned how does ILFS work out, so there are 2 aspects to it, one is the resolution plan where the whole thing gets goes into debt and it is a running plant, but there is cash Rs. 2,400 crores cash lying in lender's money which we should get, so we are working that immediately that Rs. 60 crores should come. In NSL, we have got Rs. 90 crores offer which with the new board now is trying to find a solution around that we are trying to because the promoter has given a staggered kind of a model. We are trying to take as much upfront as possible. Hopefully, next few days we should be able to, so that cash also we are recovering. So, what we are trying to focus is that as much cash comes into the system that is what our focus is and then Rs. 220 crores I have said that more than Rs. 220 crores we will be able to bring back, may be in this quarter, may be next quarter, but this Rs. 220 crores we should be able to bring back in the system.

Analyst:

That is a very good answer actually it clarifies all the things. Actually you should update this PPT, IR should add that slide clearly when a net profit is coming right. I was looking for that slide actually. When you do it what you really said, it sets a full performance and perspective. It is essential. In fact, I saw our PPT was not yet uploaded on the BSE site. I could get the financials before you do, I think you would be uploading it right. It was not done when I saw

it, you should update it, in fact, many other top-rated banks ICICI, Axis and all they add that supplementary information, they said we will add this and put that slide immediately after the profit and explain this impact on cash flows and it is done by way of abundant precaution based on the ECL model itself, that will be very helpful in driving the thing. Another point, 2 points we saw in that financial. It was surprising, shocking actually there were couple of notes, but I will tell you what is happening in this world. Today the results of a port and SEZ came, Adani Port and SEZ, Deloitte has given a very clean audit report, clear very clear. Although, last week, another company, somebody tried to safeguard himself the way, they are trying to do unjustified. Deloitte gave a very clean report and they mentioned also and there are some false allegations in notes to accounts. They mentioned false allegations, but the management has clarified clearly there is no financial impact on the quarter. This is what should happen they have said this, false allegations and this foreign research firm they are done and management has said there is no impact on financials in the quarter, very clear, I think it is some point number is there, but yes in notes to accounts and a very clean report and within 2 minutes, Karan Adani came on the interview on Twitter and he has shared excellent performance, best 9 months and very good and this all happened after 3, so impact will come, so net profit is down, but this is a way things are done when you have good A-class auditors. Similar statement could also be here you know whatever, but here unfortunately what it was shocking, how it can happen because we are a part who signed minutes of audit committees have not been finalized from so and so period to so and so period for a year, minutes of audit committee whose job is it? Do we have a secretarial auditor or no? Secretarial auditor we have, right?

Abhinav Goyal: It is the Company Secretary who prepares it.

Analyst: Yes, so these are secretarial audit issues, why in a financial audit annual report or a quarterly report these should come? Procedural issues minutes anybody can prepare the minutes based on thing and it can be just confirmed, but why it should come in the quarterly review, minutes are not finalized. What is a person saying trying to say? There is no audit report requirement or financial accounts requirement by the Ministry of Company Affairs, isn't it? There is no Ministry of Company Affairs requirement neither a schedule 3 requirement of the Company's Act, accounts preparation is a prerogative of the management, board members supported by the CFO.

Sanjay Rustagi: Sir, best of my knowledge, this is the period when the erstwhile Audit Committee Chairman the minutes were somehow prepared and sent to him for his approval and those minutes are not yet finalized or signed by him and that is the reason we are just finding out the way how to get those regularized, so what we have done, we have appointed a reputed third-party agency because all those audit committee meetings has been recorded, so they are just listening and then they are preparing the minute. This is one of the top lawyers in India and hopefully this qualification will go away in the next financials and we will be able to do whatsoever is required in the month of February if I am correct.

Analyst: In fact, this is not a qualification, this is interference in accounts and quarterly reporting process and it has to be done, you don't need a lawyer for inform. Secretarial audit report, it is a prerogative or secretarial audit report and secretarial auditor report is appointed by you. It is a privilege, in fact, when it comes on a next it is a privilege or the secretarial audit report, let him put pressure tactics on the secretarial. It is not easy to put pressure tactics on another. There is a separate professional organization for this purpose right? It is not here it can, there are various pulls and pressures come, but here secretarial audit, secretarial and financial audit is different very clearly.

Abhinav Goyal: Actually, sir you are very right in all your submissions, whatever damage had occurred had occurred last year. Now, if we compare it with Q2 with Q3, there are lot of areas. In fact, in audit report itself where the improvement is being done. We have taken your suggestion in a very well appreciated manner and we are quite hopeful that Q4 as mentioned by CFO sir also, we are working towards that direction that the report should be clean report, we are in discussion with auditor also internally we have engaged some consultants also. We are in discussion with other professionals also. Our Board is also supporting, our Board is also inquiring what company additional should do to have a clean report and we again re-assuring you that we are working towards that direction. So, thank you.

Analyst: We wonder if the same auditor is liable to vested interest because it is not to be done it is auditor has to exercise independence and integrity. I come to more point, a very important point, it was mentioned in our notes to accounts RBI, SEBI and this has applied RBI there were some controversy, there was something on Money control also, so are there any pending issues with RBI the way some malicious information has been going on and it was also reported in the Money control after the last quarter results, if you can clarify latest issues and do you have any issues with the board?

Dr. Pawan Singh: See I tell you what happens, both are interlinked the previous question which you have asked and this also both are interlinked, they are coming from the same, the genesis of that is same. Now, see as you know the previous chairman of the audit committee had not finalized the minutes for whatever reason because there were reasons which you know we have already highlighted and which we have put it in public domain. It is very obvious as to what reasons and even in response to allegations what were the reasons, this point is also coming and which we have responded and Board has responded to that and that is coming, so it is not that these issues keep on cropping up, but let me tell you all the issues are settled, but once in a while one or two let us keep on going from here and there. It's not that the complaint has totally died down, one or two letters keep on going and we have to keep on getting letters from here and there and as a matter of, you know, systematically correctly, we are addressing all the issues. But let me tell you, it is almost over. I mean, it's almost over it is namesake now one or two, you know queries from here and there are coming, I would not say there are zero queries, but there are one or two queries which are coming, but this is all because these people resigned in November, you know, what we say throw forward or spillover is still a little bit of that

skirmishes of that are still seen which should dissipate in next few days. That is what I would say.

Analyst: Balance, I will take offline, but only one thing I hope RBI is very clear. Our board should continue because there are vested interest who are against you particularly, but there is not discomfort.

Moderator: I am getting continuous indication from audience. So, we will take all of your question in one to one in a tea break session.

Moderator: No, no, this is very, very strategic and correct questions which you have asked, and I am happy that this feedback is available to us.

Analyst: I hope it is for everybody in the audience. Yes. Good evening to all of you. Thank you very much the directors for giving us this chance to talk about this company. Investment is very important for shareholders like us. I would like to ask a few questions. Sir, what is the order book as of now, how it stands in comparison to that of the load book, if you can throw some light on it? You have given an advance of advance has been made to NRSS, I find there are many full forms of NRSS which NRSS have you all given this if you can expand on it NRSS? Please throw some light on your export order. If there is any export order, since we have too much of political uprising in the form of Adani or the earthquake at Turkey, how does that influence our export? If we at all have any export? Sir, what is the delayed recovery in finance flexibility for PFS?

Abhinav Goyal: Ma'am, let us allow these four question first and then probably will take.

Analyst: Should I ask the first question.

Abhinav Goyal: One question was which NRSS is it. So, it is NRSS 36.

Analyst: What is the full form.

Abhinav Goyal: NRSS XXXVI is the name of the project

Vijay Singh Bisht: Yes actually NRSS is Northern Region Strengthening Scheme XXXVI. It is a transmission line and it has got three link - one in Uttar Pradesh and then one is in Rajasthan and one in Haryana, but we have already resolved it. It went into crisis, it became NPA and we have resolved in the last year itself. It is no more in our balance sheets now

Analyst: So, it is no more now.

Vijay Singh Bisht: It got resolved in March 2022 and we got the money in the first week of April, it was taken by the Tata Project.

Analyst: Yes it is taken over by Tata Group.

Vijay Singh Bisht: Yes Tata you know, that is a joint venture of ICICI and the Tata Power

Analyst: Yes Tata Power it is taken over by.

Vijay Singh Bisht: Yes they have already taken over. So, it is already there it has been resolved.

Analyst: And can you throw light on your export order, if any.

Vijay Singh Bisht: No don't have any export.

Analyst: There is no expert, not yet. Okay, and I would like to know, what is the latest on your disinvestment, and are the banks planning to sell their stakes from your company?

Dr. Pawan Singh : See, I think regarding this, the PTC is already on record that is no more

Abhinav Goyal: Actually Ma'am, there is no disinvestment in our company. There is no news of disinvestment. So, that news if you know that you are referring it that is related to a different company. So, that question is not relevant for us.

Dr. Pawan Singh: The news was regarding our promoters.

Analyst: Okay, and who were the three directors, those who have resigned in January, December, last month or previous month? What is the reason for that?

Dr. Pawan Singh: Simple reason was that the term was coming to an end, they were appointed. See, they were taken from PTC only to appoint new IDs here and new IDs had been appointed. So, that term was over, they had to go. Now see, four IDs were there, who came from PTC and they were here for they were here to appoint new IDs. New IDs were appointed. Now, all four of them took different paths of going, depending on each one's individual way of going, one person continued till 30th December, all of them see resigned in the month of November, so one person resigned in November itself, another person resigned a little later, another person continued till his term was over, and one person resigned now, again, a little later. Now, these two people who resigned, one person resign gracefully, she said that my time is over, I'm going away, I was here for a certain purpose, purpose is fulfilled, the person who had to complete his term, he also went gracefully. He also said, I was here for a certain purpose, my term is complete, I'm going away. There are two other people who were there and one of them resigned with bitterness, because whatever, maybe there in any case, he had to go. So, at fact, and when you are going 10 days before that, if you resign, it does not leave a very good taste that you are going 10 days before that and you go and you resigned. So, the second gentleman also was somewhere in between. He said that he came for a certain purpose, that purpose has been fulfilled, but one or two issues also along with this gentleman, he also raised. So, this is the reason why they have gone away, they had to go so they had to go. Now, one of them want

criticizing. Three of them, one of them mildly criticizing, two of them went gracefully, so they chose different parts of going away. They had to go anyway.

- Analyst:** Why the banks are choosing to sell out their stakes?
- Dr. Pawan Singh:** Banks do not have any stake in us. So, they are not selling any stake with us.
- Moderator:** So, moving to the next audience, if there is any other question.
- Himanshu:** Hi, thank you. Thank you so much for the opportunity. This is Himanshu from Elara Capital. So, I took two questions first on what is the company outlook on the GNPA and NIMs for the FY 23-24.
- Dr. Pawan Singh:** NIM would be at a similar level around 4% and NPAs I have told 220 crores. So, this also Sanjay can take you through the breakup of net amount and at what stage of resolution it is. So, you can give that slide that 220 crores breakup.
- Sanjay Rustagi:** As we have already discussed about the existing loan accounts, we have discussed about the major net NPA level is there in IL&FS Tamil Nadu and the Meenakshi it is showing 52 crores and IL&FS Tamil Nadu is 143 odd crores and IL&FS Tamil Nadu resolution is in process and it will take some time. The company board has approved one resolution which was submitted by the PNB securities and lenders are deliberating it and the CRISIL has done the RP4 rating so different lenders have different view and the resolution process is still going on. With respect to the Meenakshi Vedanta has successfully bid for this project and we are expecting closer either in this quarter or early next quarter and these Rs. 52 crores will be paid by either Vedanta in cash or in terms of the loan, structured loan and the amount will come over a period of three to five years and the rest amounts are very small amount like Asian hotel is Rs. 2.82.crore, KSK Mineral is Rs. 3.83 crore. The amount of Rs. 12.5 crores is already accepted by Chhattisgarh power company and once they released that payment to Goa Industrial Development Corporation, the PFS will get its share and which is equivalent to 3.83 with respect to the Konaseema Gas the project is under liquidation. There is a sale notice published by the liquidator and we are carrying almost only 15% of the value. The total loan which we have given is 100 crores, balance has been written off in the previous quarters. So, this is all about the status of the NPA accounts.
- Abhinav Goyal:** So, this is our credit standing and three figures are relevant for you. So, one is stress figure, second is gross NPA and third is a net NPA right. So, are 884, you know 588 and 218 now, I'm moving back to the previous slide. So, 888 is what is reflecting here account wise right. Now, if we reduce Danu Wind which is not a NPA and from which we are getting continuous money and resolution is in process of happening if we reduce that then gross NPA figure comes, right. Now 888 minus 308 so, whatever be the residual 500 something that would be our gross NPA. Now in gross NPA figure also if we reduce the provision figure net NPA comes, right. Now in net NPA, there are a lot of projects which are under process of resolution which Sanjay sir has

just mentioned. So, we are quite hopeful that there should not be any major credit goes to the company in fact, there could be revision, so account wise Sanjay sir has already been updated.

Himanshu: Thank you so much. So, I have one more question. Is there any projects which are there in NCLT right now.

Vijay Singh Bisht: If you see, project in NCLT you see this Athena was under NCLT and it was sold under liquidation, the amount which is now remaining is only small , RP kept some amount around 8 crores to 10 crores. So, our portion is only 76 lakhs is there. The second is ICOM which was resolved again through NCLT. Now, this amount refers to some collateral which the bankers have kept ... two, three properties. So, the account has been dissolved through NCLT, it is out of now NCLT but those properties which we have got as a consortium lenders, so, that is the amount which is reflecting our portion. IL&FS is again getting resolved through NCLT and this Konaseema, is also in NCLT.... there was no compliant bid now it is under liquidation. RP has given four or five auction bids. So, every time he reduces the amount by 10%. So, we are looking forward that at some point of time, it will be liquidated. So, that is amount which we have kept it around that is 16 crores. KSK is not under NCLT, it is a coal block cancellation, the case is being fought in a special high court cell in Bilaspur. So, due to Corona there was a long pending list for three years. So, it is taking a lot of time. Meenakshi has been recently got bids and would be resolved in NCLT as well, Vedanta is H1 bidder and our portion is nearly equal to the net book there. So, this quarter or at the most in the month of April, we will be able to resolve this because once NCLT gives a judgement. RP has already filed with the NCLT so, maybe this month or next month, the judgment will be there . So, we will receive. We have seen Vedanta is very prompt , in case of Athena they have taken it and they paid it within one week. This Asian Hotel is again in NCLT it is in a very initial stages, it is already admitted and it is in a very initial stages. NSL Nagapatnam again is a long case. It is again in NCLT where we have gone against the NCLT decision and up to Supreme Court and the Supreme Court has given a landmark decision which is in favor of lenders not only to PFS it is to all lenders because they were around 8 to 10 cases which were lying there but after PFS got positive decision, all those cases were resolved. It is, you know, pertains to pledge of shares whether the lenders loan is getting satisfied if you invoke the pledge. So, Supreme Court has once and for all they have resolved this issue that the invocation of pledge doesn't mean the satisfaction of lenders loans. So, we have got seat in CoC in NCLT but Incidentally we have also got OTS offer of around 90 crore, though 125 crores is already taken care by the provision. Varam Bio is again in NCLT, it is already liquidated and, but we are not getting any share because we also had some equity. So, we were the interested party in this.

Himanshu: Thank you so much all the best for the future. One last question. If I can ask from MD, just last. Would like you to clarify or elaborate just the expected date of the joining of the new head of finance, who's coming from a very highly respected organization, energy efficiency. That is one and second is why Mr. Mundra, independent director resigned. Was he instigated by somebody else, or he had any fair point? We read letters of resignation, this was a very short one just a couple of paras and we know him the way he has been interacting with us and others

seem motivated. So, this would actually clear our mind rather than go to him and ask, he would be happy to meet us also separately, but I felt this was a relevant and closing wishing you all the best and the success in your endeavors and just to convey to Mr. Mishra, he is on the board. Right and Haashir is associated with PTC India, we are looking forward to interaction with him we were expecting last quarter and now and tell him please come here in the same place. I believe the meeting is on 13 whatever the date is right? 11th to 13th, whatever, and ask him to talk with his team. It is very-very essential for you also, consolidation will happen and they have always being doing interaction, if you can personally convey today itself, they can plan and inform us in advance rather than coming to know on the suddenly a few hours before the meeting, once again, all the best and expect these two answers also, candidly, honestly, the way you are doing it and we would like you to stay for another term of five years, if possible.

Dr. Pawan Singh:

So, thank you for all your good wishes and good words and certainly convey. I not only convey I will really strongly take up this. So, two question I will answer one is Mr. Mundra's resignation? So, see one is that I have to be mindful of the fact that Mr. Mundra was not in my board. He was in PTC, he was in PTC, not in my board, he was not my director. So, his issues which I have read the way you have read, was a very small note. Generally compared to other directors, it was fairly graceful also compared to that, compared to that is a graceful, relatively graceful and he has mostly raised issues pertaining to PTC, which PTC has its own version, which they have already replied, which is available on the website. One reason which he has given his short notice, which PTC has said that only very few meetings were short notice and that was, and it was as per the companies act it was given. So, that is also been answered. Second is that he had asked about management continuity in PTC, which PTC again, I cannot answer on behalf of PTC so it will be improper for me to answer that and then he has just touched upon the issue of the risk management committee report, which was done but of course, the same time it did touch upon but he has very gracefully mentioned that he respects the majority. So, I think probably in any case his term was going to come to in next few days and all that and maybe, he felt that maybe there is a reason for him to cut out probably it is best known to him and PTC but he has not raised any issue pertaining to PFS in that way and of course, the gentleman he has said that he will join on 8th March so, that we are waiting for him anxiously that he joins on 8th March but of course I'm trying to persuade him to prepone it as much as possible.

Himanshu:

Thank you so much. All the best.

Moderator:

So, in case of any other question, we may take it Yes. So, that would be last one. So, this would be our last question and in case any other question left un-replied we are available here over to you.

Manoj Kumar Pandey:

Hello, my name is Manoj Kumar Pandey see, I have two-three questions. The first question is you have given for your book size you have given a target of Rs. 5500 crore disbursement for FY 2024. Suppose the indications which you have given this year you are going to close around Rs. 9000 crore. So, should I assume that Rs. 9000 crore plus 14,500 crore you are

going to close your book as a target for FY 2024. The second question is five years back your book size was almost put in 14000 crore rupees, which has gone down almost half to 7300 crore rupees. No doubt there were so many challenges. There were so many challenges you have you have resolved those challenges also and all these years you had been giving target of suppose disbursement 4000 crore, but none of the year you could achieve all those targets. So, we are apprehensive whether you are going to achieve all your targets and these last five years would not be repeated for the next five years our next two years to come okay and third question is your market value is almost less than 50% of book value. So, is management having any plan to work on so that the shareholders get the value of the share which is really the book value although you cannot influence the market value, but there are many things which could be done like buyback of shares or any other instruments which you are planning to do. Thank you so, much. I expect my answer from MD please.

Dr. Pawan Singh:

One is of course, your wishful thinking that 5000 crore plus 9000 crore we finish this year. So, I wish your wishful thinking would become correct, but there is one variable which keeps on coming in our way and that is sanction and disbursement to some extent it is in my control some extent, but prepayments are not entirely in my control. So, we have sizable prepayments which will happen. So, when I talk about book size, the sanctions not necessarily may result in close to 15000 crores of a book size may or may not. There will be pre-payments, which also have to be factored, but presuming that pre payments if we take it roughly, I mean again this is a estimated figure cannot give exact favor, so about 2000 crores so, 13,000 crores is what one should reasonably look at the number which we should try to finish it. We will try to do better all because now, see all this while there were let me tell you there were constraints in the systems. The promoters support, the board's non clarity on future of business of PFS, all that is behind us. So, maybe now everybody is at least directionally we are all together so that what happens in an organization if you're going three dimension then the result does not really come out that way so directionally, we are moving in the right direction, we augmenting our teams, strengthening our systems and processes. So, all that should reflect in our maybe as we cross the bottlenecks, which we have, then we have a different dimension, maybe we will revisit our targets also during the mid-year, probably we'd like to revisit how we have maybe with a new kind of culture, new values, new structure, new strength, whether we do business as usual or we do business different from as usual. So, that is there is very much at the back of our mind that whether we will certainly try to break the standard, we like to break the benchmark or standard which we have, we are trying to set year after year, book size reduction, of course, you have rightly said that we have come down and there are a number of reasons for that. As I said, you know, prepayments have been the principal reason for our 4000 crores kind of prepayment, which has happened last two, three years. So, but of course, that has also resulted in the fact that one good side of that has been that prepayments means the good quality of assets and amount has come back to us, but prepayments was not our challenge, it is industry challenge, I mean, people who have far better competitive rates of borrowing also had higher prepayment than what we faced. So, it was an industry challenge. There was a squeezing crowding of space, as we say. So, few projects, too many chasers. So, everybody wants to be there in the same phase and the banks also wanted to be in that space and so, that is why we are

also trying to re-engineer ourselves and be in the space where everybody's not there. So, we do not only want to be seen as a project finance company, but we want to be end to end solution provider and we have gained capability. So, we are working in that area and then of course there are, areas where others take little time to underwrite and we have first mover advantage because PFS was first to underwrite the renewable energy projects in the country, nobody knew what the renewable energy projects were, we were the first to do e-mobility projects, we were the first Indian financial institution not World Bank or IFC to do the sewage treatment plants in India, we were the first ones to do it. So, that advantage we have we will continue to do the first the green shoot underwriting will continue to do that that advantage. So, these are certain steps we will take to see that we are not outpriced or out competitive from the market that is what we are as a matter of strategy we have positioned ourself as and third question which you asked was that the valuation talk so, that of course is beauty lies in the eyes of beholder. So, you are the beholder. So, also your responsibility to see that the stock price goes up. But I the way I look at it, of course, you people are much more, you know, savvy to the market. I am not so savvy to the market, but whatever limited I know, because I was told that when normally your book value and your market price, one way of one of the indicator, there are several indicators, one of the key indicators to that is how much is your stress asset. So, from your net worth you minus that and then that should be your true picture. Now, having reduced my net NPA to roughly 200 crores and I have a backup which is going to come which is going to not only bring back that 200 I'm going to get the write off. So, I feel that earlier probably when the market was looking at it continues to look at us that way, but we have moved on actually we have corrected that what should be discounted, see every time we have been discounted 50% from the book value. So, now there is no reason to discount us at 50% because that stress asset that we have taken out. Yes, there is an issue on the growth side which you have a point and one of the reasons for valuation is my growth, which we will try to make up and we will definitely assure you that growth will be there from now onwards without having impact on the stress or bad loan book because that has been the biggest dampener for us because provisioning cost has been the biggest drain on my profit. I have been able to absorb close to 12-1300 crores of credit costs in the last four years I mean that we have been able to absorb so that 12-1300 crores was the in fact the minus of my book value. So, now having done that, again, I am back to that minus 1300 core that should not happen.

Manoj Kumar Pandey: That's the last one. Sir, is there any prepayment penalty because we are getting so much of 4000 crores for prepayment. So, is there any prepayment penalty and second one PTC shares were supposed to be sold. So, what is the latest on that because as he said, PTC doesn't want to meet us, thank you sir.

Dr. Pawan Singh: Regarding prepayment, there is generally a clause which is always there, but it also depend upon the consortium case also where the lead, the decision of lead five becomes important that what they have taken, but yes, in many cases there is a clause for this prepayment penalty. If it is done not under that the window because generally at interest reset time, there is a window of

30 to 60 days where the borrower can repay the loan without any prepayment clauses, if it is beyond that period or before that period, then, yes, prepayment clause is applicable.

Management: Regarding that I think investment part we've clarified that so far this is shelved I mean it is not on the pipeline

Abhinav Goyal: Thank you so much. So, before I request MD sir for having a closing remark, let me allow to introduce, we are having Mr. Gaurav Kaushik also from PFS team, he is a Senior Vice President and today we are having our PR partner Veritas, So, Mansi, if you can please stand up. So, in case you are having any query related to the media part, Mansi is here to respond, and we are having our PR partner also Mr. Tarkeshwar. So, in case any specific queries, they are also, they both are based in Mumbai only. So, local coordination has also been available to all of you and thank you to both of you as well. Yes, so Mr. Kaitav is also here is, he us our local representative. Yes. So, we all are except these three, we all are based in Delhi, So, your local coordination has also been here. absolutely no hassles, we are a fairly transparent company, whatever information or clarification been required, our representatives are here to clarify. So, over to you MD sir for having a closing remark. Thank you so much.

Dr. Pawan Singh: I've already spoken so much. So, I think whatever I had to speak is part of the I would only appreciate and thank that you have been supportive at the most difficult times most challenging times for the company and on the behalf of my entire all my colleagues who are present here who are not present here, let me profusely and on behalf of my board, let me profusely thank you for all the support and I wish and I hope with your good wishes and your support which has been forthcoming and the way we have known but we should be able to come back to you with numbers which are much more gratifying and satisfying to you in future. So, thank you once more and please join us for tea I request you to please after the session is over.

Note: This document has been edited to improve readability.