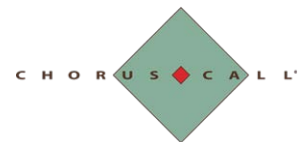




“PTC India Financial Services Limited
Q4 & FY '24 Earnings Conference Call”

June 05, 2024



MANAGEMENT OF PTC INDIA FINANCIAL SERVICES LIMITED:

- **CA MAHENDRA LODHA – DIRECTOR FINANCE AND CHIEF FINANCIAL OFFICER / MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER (ADDITIONAL CHARGE)**
- **MR. S. SIVA KUMAR – EXECUTIVE DIRECTOR, CREDIT**
- **MR. KALUR SRINIVAS – EXECUTIVE DIRECTOR, MONITORING**
- **MR. SANJAY RUSTAGI – SENIOR VICE PRESIDENT**
- **MR. ABHINAV GOYAL – VICE PRESIDENT**

Moderator: Ladies and gentlemen, good day, and welcome to Q4 and FY '24 Earnings Conference Call of PTC India Financial Services Limited. As a reminder, all participant lines will be in the 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 star then zero on your touchtone phone. Please note that this conference is being recorded.

Today, we are having management team led by CA Mahendra Lodha, Director of Finance and CFO, MD and CEO, additional charge; who is accompanied by Mr. S. Siva Kumar, ED Credit; and Mr. Kalur Srinivas, ED Monitoring. I now hand the conference over to Mr. CA Mahendra Lodha, Director of Finance and CFO, MD and CEO, additional charge of the company. Thank you, and over to you, sir.

Mahendra Lodha: Good afternoon, all our esteemed investors. So, we have already uploaded a detailed presentation on the website, and I will update the brief highlights of that financials. And we have already published our financial results for the Q4FY2024 as well as the FY2024.

So just to mention, during the FY2024, we have achieved total revenue of ₹ 776.28 crores and against that, we achieved PAT of ₹ 160.75 crores. Our capital adequacy ratio for FY24 is 43.07%. Net interest margin for FY24 is 4.82%. Debt-to-equity ratio for the FY2024 is 1.54 times. Total loan asset book as on 31st March 2024 is ₹ 5,395 crores. We have made disbursement during FY24 amounting to ₹ 585 crores. So brief snapshot, I will give for the yearly financials. The total revenue of ₹ 797.08 crores in FY23 and we achieved total revenue of ₹ 776.28 crores in FY24.

PBT in FY23 was ₹ 232.37 crores, against for this FY24, it was ₹ 215.98 crores. And PAT for the FY23, was ₹ 175.82 crores against which for FY24 is ₹ 160.75 crores.

Yield on earning portfolio for FY23 was 10.51% against that this yield on earning portfolio for FY24 is 11.38%. Capital adequacy for FY23 was 33.05% and for FY24, it is 43.07%. Return on assets for FY2023 was 2.05% as against that return on assets for FY2024 was 2.27%.

Gross net NPA for FY2023 was ₹ 716 crores against that gross NPA for FY2024 was ₹,489 crores. As against the net NPA for FY2023 was ₹ 306 crores against that net NPA for FY2024 was ₹ 142 crores. As far as net interest margin is concerned, for FY2023, it was 4.23% as against that, for FY2024, it is 4.82%.

If you see that quarter result for the FY2024 i.e Q4. Our PBT was ₹ 19.27 crores and PAT was ₹ 13.85 crores. And yield on earning portfolio for the Q3FY24 was 11.37% against the yield on earning portfolio for Q4FY24 is 11.91%. Capital adequacy ratio for Q3FY24 was 44.45%, as against that capital adequacy for Q4FY24, it was 43.07%.

As far as return on assets is concerned, comparable to previous quarters, during previous quarter Q3FY24, it was 2.69% and now for Q4 it is 0.83%. Net interest margin for Q3FY24 was 4.92% and it is same for the Q4FY24, 4.92%.

Few other things I would like to highlight. During the FY2024, we have sanctioned loan worth of ₹ 525 crores and then we have disbursed loan worth of ₹ 585 crores and outstanding credit at the end of the FY24, it was ₹ 5,395 crores and capital adequacy ratio was 43.07%.

Key operational indicators are net interest income for FY2023, it was ₹ 334.66 crores against that net interest income for FY24 was ₹ 340.59 crores. Yield on earning loan was for FY23, 10.51% against that yield on earning loan for FY24 it was 11.38%. Cost of borrowed fund for FY23 was 7.68% as against that now the cost of borrowed funds for FY24 is 8.70%.

Interest spread for FY23, it was 2.83% and now for FY24, interest spread is 2.68%. Net interest margin has increased from 4.23% to 4.82%

in FY24 as compared to FY23. Earnings per share for FY23, it was ₹ 2.74 and now for FY24 it is ₹ 2.50 per share. Cost-to-income ratio was 13.62% for FY23 and now for FY24, it is 12.62%.

Debt-to-equity ratio for FY 23, it was 2.09 and against debt equity ratio for FY24 is 1.54. Return on net worth, it was 7.47% in FY23, now it is 6.45% in FY24. Return on asset, it was 2.05% in FY23 as against in FY24, it is 2.27%.

So total result overview for FY24 is interest income for FY23 was ₹ 766.57 crores against that interest income for FY24 is ₹ 750.58 crores. And total income for FY23, it was ₹ 797.08 crores against that for FY24, it is ₹ 776.28 crores.

Interest and financial charges during FY23, it was ₹ 432.83 crores against this year for FY24, interest and financial charges are ₹ 411.07 crores. As far as provisions and contingencies are concerned, it was ₹ 80.69 crores in FY23 against that to now it is ₹ 87.57 crores in FY24.

Other expense in FY23 it was ₹ 51.19 crores against that now it is ₹ 61.66 crores. Total expenses for FY23 it was ₹ 564.71 crores and in FY24, which is ₹ 560.30 crores. Profit before tax for FY2023 it was ₹ 232.37 crores and FY2024, profit before tax was ₹ 215.98 crores. Tax expenses, including deferred tax, it was ₹ 56.56 crores for FY23 and for FY24, it is ₹ 55.23 crores.

Profit after tax was ₹ 175.81 crores in FY23 and now for FY24, it is, profit after tax is ₹ 160.75 crores. So, during the financial year, we have resolved few NPA accounts and our NPA amount has also reduced. Our Executive Director, Mr. Kalur is here, so he will just highlight in detail about that whatever NPAs we have reduced and we have resolved during this year. So over to Mr. Kalur.

Kalur Srinivas:

I think in the earlier investor conferences, this has been discussed in detail the progress that PFS has made in resolving some EWS accounts as well as some NPA accounts. In the last quarter, Asian Hotels was

resolved, although it was a small ticket valuation, but the principal amount is fully recovered. And we are in the process of resolving a couple of larger ticket transactions in the current financial year. And as and when there is sufficient progress and with the necessary internal approvals, the same will be communicated in due course.

Mahendra Lodha: Our Executive Director, Mr. S. Siva Kumar, Credit is also with us. So, he will highlight about the proposals in hand. We are moving ahead with further sanctions and disbursements in coming times.

S. Siva Kumar : Good afternoon, everyone. We have sanctioned around ₹ 525 crores during this year, during FY'24 and disbursed ₹ 585 crores. And we have in pipeline around as a ₹ 500 crores disbursement, that proposal has been sanctioned and we are in the process of making the disbursement after compliance with the pre-disbursement conditions.

And also, we have a healthy proposals in the pipeline. And we expect the sanctions would go up this year, but we've been all along cautious so that we will have our resources, which are available, which commensurate with our sanctions so that we meet our commitments.

Mahendra Lodha: We have with us our Treasury Head, Mr. Abhinav Goyal as well as well as our Finance Head, Mr. Sanjay Rustagi. So as far as the liquidity is concerned, company is having adequate liquidity in the form of HQLA and liquid assets and undrawn credit limits to meet the contingency. Now, I will hand over to Mr. Abhinav to just highlight about the liquidity position and the current position.

Abhinav Goyal: Very good afternoon to all. I am Abhinav this side. So, I refer to Slide 14 of our presentation, which reflect comfort in terms of liquidity we are having, and it's reflecting that around ₹ 1,324 crores, we were having surplus cash as on April 2024, which is sufficient enough to meet all our liability in near future as well as the additional disbursement requirements, which we would be having.

Now in terms of fresh borrowing, we have taken one additional loan, which is a long-term loan from Indian Overseas Bank out of which 50% has been drawn and 50% is pending for drawal. So, in time to come, when the disbursement will start happening, we'll take a drawl of that. In addition to that, we are in discussion with few lenders for having further credit lines.

Abhinav Goyal: I guess that is all initial introduction from management. We may open for a Question-Answer session.

Moderator: We have the first question from the line of Monica Arora from Sharegiant Wealth Advisors. Please go ahead.

Monica Arora: If you look at your slide in the corporate loan, in that contribution from others has declined during the quarter. So can you help us understand what could be the possible reason for this?

Kalur Srinivas : Which slide number did you refer to?

Monica Arora: This is a slide on the corporate loan.

Kalur Srinivas : You're referring to other sectors, right?

Monica Arora: Yes.

Kalur Srinivas: Yes. It could -- I think some of the reason would be some prepayments that took place during the last quarter because of which the exposure in related to others would have declined.

Monica Arora: Okay. And what is the comfortable debt-to-equity ratio that you were looking at majorly for FY'25?

Mahendra Lodha: So, we are working, teams is working for the further sanctions and disbursements. And for the purpose, it will go slightly higher because we are having sufficient capital adequacy ratio, so based on that we are working for that.

Abhinav Goyal: Monica currently, if you look at our portfolio, we are having a declining trend. But now we are targeting to have a good amount of disbursement in time to come. So, when the disbursement will start happening then our debt-to-equity ratio will go up slightly in line with the plans we are having. So currently, it is lesser than two. Our target is that it should be more than three in time to come. That is a near target we are having.

Moderator: We will take the next question from the line of Aniket Parab, an individual investor. Please go ahead.

Aniket Parab: Yes. So my first question is for FY25, how do you see the sector?

Abhinav Goyal: Sector is performing fantastically. And with the return of government, we are quite hopeful that there will be a lot of focus and investment in the sector.

Aniket Parab: Okay. And so just a follow up on the savings in the presentation I can see renewable segment has declined. So, what could be the reason for the same?

Abhinav Goyal: That, as mentioned just by ED Sir, that part of our portfolio has been repaid over a period of time. So that is the one of the major reason, it has been declined.

Aniket Parab: And how do you see this segment going ahead?

Abhinav Goyal: I think I replied your first question, which is having an answer. So, fantastically, we are looking huge opportunities are there in this segment with the focus of the government, there is a potential. A lot of potential I should say and with current year I guess you must have gone through newspaper. Delhi is very hot, Bangalore this water problem. So now the shift is, not only in India, Globally is to renewal segment and to have a recycle of the resources.

So, this is a segment where we are very active. So overall if I say that we are very much optimistic about the segment.

- Aniket Parab:** Yes. I wanted to know the NIM guidance for FY 25.
- Mahendra Lodha:** So, I think net interest margin may likely to slightly reduce in this financial year because depending upon the market scenario as well as the increased cost of borrowed funds. So we're already working on that how to optimize it.
- Abhinav Goyal:** Mr. Aniket there are two aspects of looking at NIM. One is in percentage terms as rightly mentioned by MD Sir that, it may get reduced in time to come to some extent, but at the same time, it will get compensated with the additional business which we are planning to do. So if you look at percentage term there might be some decline in what the ratio is prevailing as of now. But if you look in absolute terms, I mean, in value terms, there would be an upward increase. So that will be the contribution towards the profitability of the company.
- Aniket Parab:** Okay got it. Thank you so much. That's it from my side.
- Moderator:** Thank you. The next question is from the line of Ashwath Kumar an individual investor. Please go ahead.
- Ashwath Kumar:** Can you provide any update on CEO appointment?
- Mahendra Lodha:** So, the same is in the process. The board is already working on that for appointment of formal MD and CEO and as soon as it is finalized then it will be updated on the stock exchange as well as the other regulators.
- Ashwath Kumar:** I mean any expected time line, to the company we have been very long investors. So I just wanted to know how long it's going to take?
- Mahendra Lodha:** I think soon board and company is likely to announce as soon as all the formalities are done. So it's already at an advanced stage.
- Ashwath Kumar:** Thank you sir. And my other question was like when will be the next fundraising for the company like I mean is it after the appointment of CEO or the current management is going to raise the fund for disbursement?

Mahendra Lodha: No. Fund raising is already in process. We are already following up with all these banks even if as we mentioned and Abhinav also mentioned in the March end, we already got one sanction from one of the bank and we have drawn that amount and parallelly we are working with other banks also for the fundraising. So, it's already on. It is not like that we will start later on. We have already started the process.

Ashwath Kumar: Best of Luck sir. Thank you. That's all from my side.

Moderator: Thank you. The next question is from the line of Channa Malu Gowdi from an Individual Investor. Please go ahead.

Channa Malu Gowdi: Thank you for this opportunity. My first is to Mr. Lodha sir. Sir you previously few months back you resigned from your post and again withdrawn your resignation, it is a matter of the credibility as a CEO and the company. So why that decision was. my question.

Mahendra Lodha: Yes because of health reason at that point of time, I resigned and then later on in the interest of the company I withdrawn that resignation. Right now company is in the process of appointment of formal MD and CEO and that shortly company will announce as soon as it is finalized and then after following that regulatory guideline.

Channa Malu Gowdi: One more question sir. What amount do you got sanctions from the bank you have for first credit line, in the Indian Overseas Bank?

Mahendra Lodha: So ₹ 100 crores we already got sanctioned in March from IOB and parallelly we are working with other banks also and we are following up the process is already on for further.

Channa Malu Gowdi: ₹ 100 crores is very less amount the loan book has already came down to ₹ 5,000 crores like this and in previous concall only you said in fourth quarter we will reach to ₹ 9,000 crores, but still it is hovering there in the ₹ 5,000 crores?

Mahendra Lodha: Yes. So actually, we were working for the fund raising since long. And finally, we got succeeded to get at least from one banker at this point of time. And on the similar lines, we are working for further fund raising.

Channa Malu Gowdi: So, what's your target for this financial year?

Mahendra Lodha: We are looking higher amount like in the range of ₹ 1,000 crores-₹ 2,000 crores minimum.

Channa Malu Gowdi: Okay. So next ₹ 10,000 crores like this you will achieve?

Mahendra Lodha: Sorry?

Channa Malu Gowdi: For this financial year, end of this financial year, at least loan book will reach at least ₹ 10,000 crores?

Mahendra Lodha: No. we will increase the loan book from this level. Our team is already working because earlier a lot of challenge was there due to old matters, but team is working hard, and then we are expecting to increase that loan book.

Moderator: The next question is from the line of Rajesh Iyer, an Individual Investor. Please go ahead.

Rajesh Iyer: Congratulations for the great set of numbers. I just had a couple of questions. So, can you please help me with the FY 25 outlook, in terms of total income and PAT, like how much growth do we expect coming next year?

Mahendra Lodha: So our whole team of PFS is working to improve the performance on every front, and we are expecting that result better as compared to FY24 means we would like to achieve.

Rajesh Iyer: But would you like to give any growth percent guidance?

Mahendra Lodha: We are working. We are working on all these parameters and to improve the figures as well as the reserve for FY25.

- Rajesh Iyer:** Okay. And I was also going through the investor presentation and I saw that the transmission contribution has been decreasing over the quarter. So if you could just highlight the reason and what is the outlook on the sector?
- Mahendra Lodha:** I think it is on account of some procurement. I will hand to Mr. Siva Kuamr to even mention it in detail.
- S.Siva Kumar :** Transmission sector is one of the safest in the power chain. And we had a slight decrease because one of the operating asset has got prepaid because they moved to the INVIT model. So as such, it is a very safe sector, and we are looking for further opportunities. And we have a couple of them, and we are examining it and hope we will get sanctioned this is a sector, but it's a good sector.
- Rajesh Iyer:** And by when can we see a recovery in this?
- S.Siva Kumar :** We are working on that, and we have a couple of projects, we expect the sanctions would come through as early as possible maybe within a couple of months.
- Moderator:** The next question is from the line of Aniket Parab, an Individual Investor. Please go ahead.
- Aniket Parab:** I would like to ask one question that can you please throw some light on the appointment of new MD.
- Moderator:** I'm sorry to interrupt, sir, your audio is not clear. Can you use the handset, please?
- Aniket Parab:** I would like to ask that can you please throw some light on the appointment of new MD as you were searching for it.
- Mahendra Lodha:** So, the process for appointment of formal MD and CEO is already on, and it's at an advanced stage, Board has already taken initiative for the same and after complying that regulatory formalities, Board will shortly announce that as per the regulatory requirement.

Moderator: The next question is from the line of Raess Basha, an Individual Investor. Please go ahead.

Raess Basha: Yes, I could see the Board meeting got postponed few times later while in the presentation. I mean, is there any right reason for that? Because I could see it got postponed for 2 times.

Mahendra Lodha: Yes, we were supposed to announce our results early because we have already finalized the date, but by the time some working was there and the matter was discussed with the Audit Committee and Board and that's why it got postponed. And then finally, we declared the results on 30th May, well within the timeline.

Moderator: Ladies and gentlemen, as there are no further questions, I would now like to hand the conference over to the management for closing comments. Over to you, sir.

Mahendra Lodha: Yes. So once again, thanks for our esteemed investors to be present here for the investors conference and investor presentation. Thanks once again.

Moderator: Thank you, members of the management. Ladies and gentlemen, on behalf of PTC India Financial Services Limited, that concludes this conference. We thank you for joining us, and you may now disconnect your lines. Thank you.

Note: This document has been edited to improve readability.