

PTC India Financial Services Limited
Q2 FY20 Conference Call
October 24, 2019

Moderator: Ladies and gentlemen, good afternoon and welcome to the PTC India Financial Services Limited Q2 FY20 Conference Call. 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 ‘*’ then ‘0’ on your touchtone telephone. We request our participants to ask maximum 2 questions in 1 turn and thereafter you are requested to please return back to the queue for follow up questions. We have with us today, Dr. Pawan Singh - MD and CEO, Mr. Naveen Kumar - Director (Operations), Mr. Sanjay Rustagi – CFO and Mr. Abhinav Goyal – Vice President. I now hand the conference over to Dr. Pawan Singh - MD and CEO. Thank you and over to you, Sir.

Dr. Pawan Singh: Good evening, to all the invitees and it is my great privilege to interact with you, take your feedback and discuss with you the results which have happened. And how the results are reflecting of the patterns which we have evolved over a period of time and how this whole pattern which we have evolved over a period of time is going to unfold in future. I will also give you little bit snapshot of how the economies spanning especially in context of infrastructure sector, renewable power and the issues of NBFC and how we have been effected or insulated either way. And also on the, as I said that we have reset our business model and how are we going to pan out or shape our growth and our operating results in future. So, as all of you know post IL&FS the NBFC sector has been facing some extra ordinary challenges which

it never faced before. And as we have seen that it has spread from one quarter to second to third and of course, I would say that it has become marginally better or little bit better in the fourth quarter. But I would also say at the same time that the challenges for NBFC have, we are still not at all good but then at least we can see a light at the end of the tunnel. So, this is the difference which has happened over last 4 quarters.

As far as our company goes, we have been able to meet the new asset liability challenges quite effectively and we have been able to maintain our, whatever requirements, regulatory requirements are there for various time buckets we have been able to maintain that. And we have been also we have taken this opportunity to kind of revise our business processes and model and we have focused more on consultation and the operation part. And the reason was that we said that let's build up some momentum on the consultation, improve our operation processes, our operating margins and having built up a model then take it forward. So, I think we have been able to, last 2 quarters we have been working on that and we think that now we are on the correct path. And from now onwards we can gain momentum and with things as I said would settle down for NBFC and we are in the space which is called sustainability finance which is our focus area hither to and the Prime Minister has made announcement of 450 gigawatt of renewal energy against 80,000 MW at present in next 10 years and since our 60% of loan book is in the renewal space, it provide huge opportunity for us to grow carefully in future. And also we are talking about the circular economy which is green economy but circular economy which suits our model. There are areas of water recycle, there are areas of sewage treatment plant which we have started making entry or had made entry. So, we feel that the future policies absolutely dovetail with our own business model and we should be getting a good opportunity grow and develop.

Let me take you through a snapshot of our operating results. I will give you more of a qualitative perspective and the details of course, I will handover later on to the Sanjay Rustagi, who is our CFO. But the idea which I would like to tell here is that as I said that we have focused on improvement in the operations and these results to quite a bit of extent reveal that. So, we have been able to improve our yield from 10.29 to 10.60 which is over 30 basis point in one quarter. We have improved our net interest margin by close to 50 basis point over the previous quarter. We the return on net worth has gone up from 3.01 close to now 8.65. At the same time the cost to income ratio has come down from 9.8 to 8.47. We have slight reduction in our net NPA from 4.14 to 3.92. There have been no further slippages. And if I have to give you a snapshot of how my loan books looks net off that is my existing loan book where if I take out the legacy assets, the current loan book which is the business loan book, the yield on that is 11.93 up from 11.50 in the previous quarter. And the spread goes up to 2.84 from 2.37 in the previous quarter and the net interest margin goes on 3.52 to 2.99.

The point which I am trying to make is that my business model will be reveals this kind of a result gives my current business model, which will be more reflected in my future results as we work on increasing our loan book and also reducing our stress assets which are now reaching closer to the resolution. Business opportunity as I said is available either to we were focusing more on consultation, more on improvement of operational parameter probably now that we have gathered steam we would be moving faster forward and the growth part of the book would start happening in the next 1 or 2 quarters. So with this, opening remarks I will request Director (Operation), Mr. Naveen Kumar to give you an overall idea on how the business has looked and how the business has worked for us? How the business is going to unfold for us in future.

Naveen Kumar: Good afternoon, friends. I am Naveen Kumar – Director (Operation). It is a privilege indeed to interact with you all. To share you with the operational aspects in regard to PFS, the cumulative sanctions of loan by the organization is of the order of about 18,000 crores against active 140 loans. We have executed loan documents to the extent of 133 loans out of a total of 140 loans sanctioned by us which covers an amount of about 17,400 crores and total outstanding as on 30th September, 2019 is around 12,840 crores. Disbursement has already commenced against 125 loans out of this 140 loans and action is being taken to start the disbursement in respect of the balance loan accounts in the near future. If we see in totality the various categories of loan accounts as on 30th September, 2019, the generation projects constitute about 63% of the sanction portfolio, distribution project about 12%, road projects about 9%, coal, mining and water around 1.7%, transmission is around 7.4% and corporate loans and loans to holding company is around 7%. And as Dr. Pawan Singh has also mentioned there is a significant improvement in the financial & operational parameter vis-à-vis the first quarter as well as in the half year with respect to yield, cost of funds, spreads and NIM, etc.

Regarding our future operations, in the next about 1 or 2 years period we are endeavoring to take up renewal energy projects, road projects, transmission projects as well as structured finance for corporates and holding companies in continuation to our present business as usual. And apart from that we shall also endeavor to fund projects in other infrastructure segment also which may include city gas distribution projects, transportation projects, sewage treatment plants, some fresh biogas plants, electrical vehicle charging, etc. So, under electrical vehicle charging, we may explore funding opportunities for the charging infrastructure, funding of the e-buses procured by state transport utilities. Then for CBG, we are proactively interacting with Indian Oil Corporation to understand the financing to compress biogas projects under their SATAT scheme which is a sustainable alternative

towards affordable transportation. We may also consider some of the non-infra projects on a highly selective basis depending upon the viability of such projects. At present the portfolio is not very much significant in this domain but in the future we will endeavor to consider such kind of projects.

As a practice we carry out business with the better performing and strong entities in the respective segments and also certain structures where adequate comfort to lenders are provided in terms of termination payment, payment security mechanism clearly defined event of the force majeure clauses payment risk mitigation, etc. Coming to the down selling front, in the changing market scenario and other business strategy we emphasis already initiated down selling churning activities on a selected basis to improve the overall yield for the company. This was also considered important in view of the prevailing liquidity crunch in the market. During second quarter of current financial year, we have obtained sanctions from the lenders to down sell our existing loan accounts to an extent of Rs. 328 crores. The cumulative down selling is of the order of Rs. 728 crores during the current financial year. The down selling was done primarily of the accounts where the rate of interest was lower and the funds which have been mobilized by way of down selling are being redeployed towards high yield proposals which may be as high as say 13% and even more than that wherever the opportunity is there. So, we proposed to continue these business strategies subject to the internal requirements as well as taking into consideration of the market dynamics.

As far as the project monitoring and loan accounts monitoring is concerned there are certain challenges with respect to the payment cycle with few DISCOMS, Andhra and Telangana you all know very well. But in almost all the cases rather in vast majority of the cases either the project has got surplus cash or DSRA is there or promoter is endeavoring to bring sufficient cash to address the cash flow

mismatch. Out of that about 9 to 10 loan accounts out of total 140 loan accounts, problem has been experienced with regard to DSRA creation largely due to the reason which I have just mentioned about the delay in receipt of payment from AP and Telangana DISCOMS. But PFS is charging penal interest in such cases and suitable timeline and sanctions are also being given depending upon the merit of the case. We keep a close eye on the project performance with respect to PLF, billing, payment cycle, monitoring of TRA account and operational expense to ensure timely servicing of debt for which we have monitoring set up in our organizations. In case of any abnormality we take all the necessary steps with borrower to keep the things in order. Then we do have early warning signal framework in place.

We have implemented sector specific rating model for renewable transmission, road sector, port and structure debt accounts. Appraisal department, the credit department initiates the rating assessment which is reviewed by the risk team. This is following a maker and checker concept. On the basis of the rating done, pricing of the debt facility is decided thus allowing a risk based pricing and early warning signal framework which I have just mentioned is linked with the internal credit rating mechanism through which we make an assessment based on operational and financial parameter of the loan accounts on a quarterly basis. And various features which are considered in this regard are promoter strength, performance of the project, payment from off taker including DISCOMS, financial condition of the borrower. And this helps the company to identify the stress in loan account right at the initial stage itself. Then talking about the consultancy and advisory services, apart from earning the fee based income from our normal lending operation, this is one of the options available with us. Our consultancy department has started doing well and we are making a consistent effort to make the further improvement.

In the last quarter, company has won the contract from NTPC Telangana Transmission Company, Central Coalfields Limited and UNDP for Government of Vietnam and then recently a project from NTPC for integrated waste 2 energy projects to be set up in Varanasi. So, having won the first international assignment in this domain in Vietnam PFS is aggressively looking at international assignments and has already submitted its proposal to various clients located in Vietnam, Uganda, Sri Lanka and Thailand. And PFS has got itself empaneled with organizations like GAIL, BHEL, NTPC, MPPCL, PFCL, IREDA, etc. We have also signed MOUs with the premier institution like Energy Efficiency Services Limited, TERI, IREDA for undertaking advisory processes jointly only. So, this is all I wanted to share with you, thank you so much.

Dr. Pawan Singh: Sir, thank you. Now, I will request CFO to kindly take you through the numbers. Over to you Sanjay!

Sanjay Rustagi: Good evening to all. I am just briefing giving the snapshots of the financials number for the quarter end second quarter 2020 versus the second quarter 2019. The net interest income for the quarter this year stood at around 100 crores as compared to 91 crores in the correspondingly previous year. The total income for this quarter is 354 crores as compared to 353 crores it is almost same. The profit before tax stood at 68 crores and profit after tax stood at 44.24 crores. Yields on the earning asset have improved to 11.93% as compared to 11.08% in the Q2. The net interest margin stood at 3.13% as compared to the net interest margin of 2.65% in the previous corresponding quarter. There is no incremental slippage of loan account in NPA . With respect to the performance, with respect to the previous the first quarter of this financial year, the net interest income stood at 100 crores as compared to 89 crores. So, there is an improvement of close to 10%. The total income for quarter 2 is 354 crores up from 352 crores. The profit before tax is 68.11 crores as compared to 23 crores. This is, as we

made some provision in the previous quarter. Profit after tax is 44.24 crores as compared to 15 crores. Yield on the earning asset has improved up from 11.50% to 11.93% in this quarter. The net interest margin also improved from 2.68% to 3.13%. During the year, during the quarter we made a disbursement of 1123 crores making the total disbursement of 1,580 crores for the first half year. With respect to the key numbers for the half year end September the total loan book outstanding is 13,211 crores it includes the non-fund base commitment amounting to Rs. 381 crores. And this is all about the financials number.

Dr. Pawan Singh: Thank you, Sanjay. So, we have the numbers here and now we would be ready to take questions.

Moderator: Thank you very much, sir. Ladies and gentlemen, we will now begin the question and answer session. The first question is from the line of Ajay Kumar, an individual investor. Please go ahead.

Vijay Kumar: Just one question, sir. Just wanted to have an understanding on future performance of the company? Hence, what do you see, how do you see the future performance of the company? And what are the upcoming areas that the company is looking for exploring for diversification?

Management: See, as I made a statement in my opening remark that our focus has been on improvement of operating parameters and that is where we wanted to concentrate. So, that when we move forward, we move forward with the margins. And our focus was more on the topline and the bottomline. Bottomline in terms of again margins and that is what we try to achieve and probably consistently 2 quarters we have been able to do that. That gives us quite a bit of confidence as to that we have been able to do it successfully despite the constraints and challenges which were prevailing in the market. To that extent, yes the confidence allows us to take this model forward and also take this model forward with the conviction that we can grow forward

accordingly. What was more heartening in the whole thing was that on the earning assets we have been able to get lease close to about 12% and this is a model which we wanted to achieve. So probably will, our focus now is to make this model sustainable. And as I said with the tightening of market there are challenges but then there are also opportunities and give us opportunity to do cherry picking. And the yields which we have been able to get or higher pricing of the loans which we have been able to get is because of the cherry picking which we did. Sanjay pointed it out that we have moved to a different kind of pricing model. We used to have reference rate pricing model where we used to give discounts and many times we would be lending little over marginal cost of borrowing from that we have move to a base rate pricing model where we have decided that we will cover our, cost of borrowings will cover our overhead expenditure. We recover the asset liability gap providing, will also cover the standard provision and a certain return on equity and then we come at a price. And we will do business at this level and we have also put a constraint on ourselves that will not do business below the base rate which is right out of the bubble which I just told. So, having provided the structure, having provided the business model on which we will be working we have also re-priced our loan. So, on the reset debt all our loans are getting re-priced at the new value. And that is one of the reasons the higher yields are reflected. Future business as I said we are doing again based on this model and we are trying to get higher spread than hither to what we have been getting. And third reason is that we have now moved entirely from project finance to costing project finance. I would not say that we have move to corporate lending, but we have moved to costing project finance. The costing project finance is where I give financing to holdco company, which is there we got, then it has an operating company below that and we ensure that the money goes to our operating company. And we ensure that the money comes from an operating company and not only necessarily from the bridge refinancing which happens or from an equity infusion which happens

on the later date. So, we have uniquely placed ourselves not only in terms of product that we are doing sustainable products. But we have also placed ourselves uniquely in terms of providing financing in the niche area. And that is why going forward this is an area we will be continuing to grow in future and the constraint which has been put on our competitor give us further opportunity to expand and we have by and large been able to handle our liquidity ratios. And we expect certain efforts which we had made in past to get new kind of financing or original type of financing which started happening. So, partial credit enhancement which we had talked 2-3 quarters you must have heard about it but since it was first of its kind transaction in the country. Neither SBI had done it nor rating agency CRISIL had done it before nor had we done it before. So, first of its kind we were able to provide the structure. We were able to get a AA plus rating for that and first tranche LIC has given us subscription approval for 250 crores. And before 30th November we have to do that order and which provides room for doing roughly about another 1,750 crores of borrowing. And recently PFC also sanctioned us about 500 crores of loans. We have only drawn 200 crores, 300 crores is available with us. We have cash credit lines which are available. We are also negotiating with some of the DFIs for further debt raising. And so, we feel that liability issue is settling down for us and we having develop the model both from angle of operational efficiency and also from the angle of product development as I mentioned. We have the confidence and wherewithal to move forward. And the impact of this, I had mentioned in June quarter that the some impact of this is felt, small impact marginal impact but you will find a greater impact in the next quarter. With same kind of, we feel that in future quarters you will be able to feel a still greater impact of the operational efficiency measures which we have adopted.

Moderator:

We moved to the next question that is from the line of Amit Kumar, from Rane Investment Private Limited. Please go ahead.

Amit Kumar: I have 2 questions. The first is the, what is the liquidity position of the company that is, as on date and how much is the unutilized by clients remaining with the company?

Management: As of 30th September, 2019 we have a cash position close to 284 crores that is appearing in our balance sheet with respect to the undrawn line. We have close to 600 crores of undrawn line, so total it will we have a liquidity close to 850. Apart from this there are undrawn of PFC as Dr. Pawan Singh told and there is a PCE which LIC is ready to subscribe upto Rs. 250 crores, so.

Amit Kumar: PFC is 300.

Management: 300 crores and 250 that PCE Backed Bonds which LIC has committed to.

Amit Kumar: And sir, second is actually recently there is a typically order in the case of Prayagraj Power. So, what could be the impact of this on the company performance?

Management: Yes, so see Prayagraj we did back of envelop calculation and Prayagraj, coming of Prayagraj two things will happen. So, what happens is my yields go up, my spreads go up, my NIMs go up because today roughly about 350 crores close to about 350 crores is acting as a denominator in my balance sheet. And that is not giving me any returns, so that denominator goes away from my balance sheet and I have been able to utilize little over 50% of the amount. So, on the numerator I get 150 crores, I start getting yields and returns. So, of course it means additional cash flow to me up to 150 crores. So, I expect Prayagraj itself will be impacting my yield by close to about 10 basis point.

Moderator: Thank you. The next question is from the line of Amit Jain, an individual investor. Please go ahead.

Amit Jain: This is regarding the improvement in NIMs you have already told that you are working on the resetting of rates on the resetting dates. But apart from that what steps you are taking to improve NIM?

Management: See, as I said that the basic step which we have taken is that we have now a business model in place that our pricing strategy is based on a cost plus pricing model where we have defined that whatever business which we do will be at a threshold level, will not be doing business below a threshold level. So, the impact of this has been felt in the yields currently and I said that some of the accounts will get reset later on. So, impact of that will be felt in the some of the accounts which will get reset later on. And also, secondly as I said that we have also moved away from only pure project finance to quasi project finance, where we get additionally about 200 basis point additional yield and about 100 basis point additional fee income at an average. So, all that portion of that will, the pie of that will start increasing that the portion of that pie will start increasing and the impact of that will be felt and similarly as I resolve my stress assets the denominator becomes better and better 350 Prayagraj and we are very close to resolving another 175 crores of asset hopefully in this quarter. So, all that will knocked out from my denominator then they will give me additional cash flow.

Amit Jain: Sir, on stressed assets, are there any, I mean, what is your view on the next two quarters? I mean, is there any new accounts coming up there or?

Management: No, as of now see because most of the stressed assets, if you look at my stress book thermal is close to about little over 13% and if I look at my thermal, so half-half which I took at my NPA numbers which are about 943 crores, total NPA which I have. Now, almost all this NPA except one is a thermal case. So, we are not doing any thermal and we have reduced the number from 30% to 13%. And by next 2 quarters we hope to bring down this number with Prayagraj going away, it will come down to about 10% and next two quarters it will be reduced to

about 4%-5%. So, these slippages because of the systematic failure will not be there. There could be one or two challenges because renewable 60% of our account and others which is over 20% of my account there are no NPAs. But renewable once in a while like my colleague, Director (Operations) mentioned that suddenly the change of government in Andhra Pradesh has created a little bit interim kind of a challenging situation which of course, Courts have been very proactively supporting, Government of India has been very proactively supporting, the various trade associations of wind and solar manufacturers that have been very proactively taking it and it is close to a resolution. So, there could be certain delays but then there will be no denial. So, I do not find that any slippages would be happening as we go forward maybe a solitary case here and there for a while again getting restored back that possibility may adjust in future. But generally we do not expect any deterioration in asset quality.

Amit Jain: So, probably by year end you target, I mean the NPA would be less than 5%, around 5%?

Management: Yes endeavoring to reach that level, yes.

Moderator: Thank you. The next question is from the line of Kartik Chug from PLF Finance. Please go ahead.

Kartik Chug: I just had a couple of question for you. So, what is the current gross NPA?

Management: Current?

Kartik Chug: Yes.

Management: At 7.35% and net NPA is 3.92%.

Kartik Chug: And is there any further resolution of NPA account in current quarter?

Management: There is a case Shalivahana which may get resolve in this quarter.

Kartik Chug: And any plan for rising further equity?

Management: If you look at our capital adequacy ratio it stands at over 20% skill which is pretty good for us. And regulation allows us to go up to 15% if we have tier I and tier II it can, further be improved. So, from that angle we do not face any challenge. But what we are contemplating is that since we have to have a growth, number one. Number two, we cannot wait for capital adequacy to reach the brink. Number three, we as the government has embarked upon a very ambitious policy and we do not want to miss the bus. And we also want to not miss opportunities because of certain restrictions being put by RBI on the single group exposures especially where group is well established, would have been with us for 7-8 years and very good track record. So, their business story if we are not able to participate it would be a constraint. Keeping that in line, yes, we are, my board has approved raising of 500 crores and we are in discussion and I cannot give you exact timeframe as to one month or two month but this 500 crores we are going to, we are contemplating of raising this 500 crores of equity.

Moderator: Thank you. The next question is from the line of Lalit Garg from Global Securities. Please go ahead.

Participant: So, you have already mentioned about two resolutions that you going to have probably have in the next six months. Can you throw light on what else resolution that can come up in this financial year?

Management: See, the two resolutions which I mentioned are the ones where, it is more of a bipartite kind of a loan where we have a single borrower and single lender arrangement. There is another case like this, where the single borrower and single lender inventories there. There also we are, of course a combination of not only single because some of its asset is directly charge to us and some of the asset is part of a larger consortium. So, the assets which we have direct lien that we should be able to resolve this year. The other one also is at a very advance stage

but hopefully that should happen this current year. But then we are little reticent on that because the NCLT has done the hearing and order has been reserved. So, we are waiting for NCLT order to come and we have the assessment of what is the kind of recovery which will happen that is known to us and that will be one asset. Other assets are generally one which have part of consortium lending and there are mostly in various stages of resolution by NCLT and that may happen over because NCLT has time frame of one year, in some cases close to one year but little less than one year. So, in some cases it has crossed half the year, some cases it is closer to one year. So that is where, resolution we expect in six months to another one year time resolutions would happen.

Moderator: We move to the next question from the line of Phillip from Mint. Please go ahead.

Phillip: How much growth rate is your company looking at in the coming quarters?

Management: So, there are two ways looking at the growth, one is in terms of the topline and also growth in terms of asset base. So as I said our focus would be topline and also asset base because topline can entirely be achieved without the asset growth. It would be combination of both. So anything from, we expect a growth of 15% in the current year.

Phillip: I mean on the asset base?

Management: That is I am talking about the asset base.

Phillip: And in topline?

Management: Topline we are expecting a growth of 25%.

Phillip: on the sources of finance, are you exploring alternate sources? I know this little bit different but given that financing is tough in this

environment, particularly for long term financing. Sir, could you explain some light on sourcing of finance going forward?

Management:

So, sources of finance could be a combination of traditional sources and new sources. So, the traditional sources is, we had bank clients, we should continue to be there, number one. Number two, we had financial institutions domestic supporting us because they have been, they are the ones who have been all time friends because this stood by us in all times because they were the ones who supported us whenever we needed liquidity. That is going to be there because even if we are comfortable we will try to maintain relationship with them because they are the ones who have been there in the backbone. They have been the n minus one kind of supporters. And then of course we, commercial paper has write down and deliberately also we are not doing commercial papers because we have been trying to improve our asset liability match and we have brought down our asset liability long term to short term ratio from 36% to 20% which we hope to bring down to 15% in couple of months. And then we have borrowings from, external commercial borrowing which we have and there we are already having some relationship with some of the existing financial institutions like your DEG, OEB, FMO and IFC that we would like to expand further. And add the new international institutions to our list and probably there are markets which we have not explored. So, we are now started looking at markets outside India, not necessarily limited to the institutions I have mentioned. And one thing we did lot of active policy advocacy with the government and probably we would like to take little bit of credit of that that the recent ECB guidelines will got modified where Rupee refinancing has been allowed through external borrowings. So, this gives us opportunity because we wanted to, so far we are not tapped the Green bond market, we have not tap the masala bond market, we have not tap the bond market in Europe or elsewhere in South East Asia. So, we will be tapping that because those bonds made sense only if there was certain kind of a size which was

available. So, now that the money can be raised both for my growth and for my refinancing probably we will be able to raise big ticket borrowings from International market.

Participant: So, one last question is the yields and loans have improved but what extension methodology change to such an increase or could you shed some light on it.

Management: I had mention, as to we are moved from a reference rate model to a base rate model, where we have moved from price to discount model to cost to plus model. So, we have decided that our pricing will be my cost of borrowing at least it would also mean certain overheads, it would also mean my certain return on equity, it also provides for certain provisioning's and my overhead expenditure. This model enables me to price myself better which has resulted in better yields and some of my existing loans assets which I have, I have said that we are repricing it just on the new model. Some of that, some of the loans whose reset dates had already fallen have got repriced. Some of them will get repriced in future as we go forward during the year and that is why I was saying that that will get reflected in future yields.

Moderator: Thank you. The next question is from the line of Akshay Chandak from SMC Global. Please go ahead.

Akshay Chandak: Sir, so you said that to improve yields we are actually moving into a floor model right. So, floor model to lend to that. So, as that rate what incremental checks have you put to ensure quality of our incremental book? What checks are we put in?

Management: Yes, that is a good question. So, while we have not only got into the repricing model which we have developed over a period of time. What we have also done is that we have moved away because we used to have a risk gridding model which was there from ICRA, which was there since the inception of the company. So this year we have move

from ICRA's model to CRISIL model. It is not that the institution has no link to it but the ICRA model which we followed was largely design to cater the projects and hydro projects. Whereas now we are doing more renewable and we have moved into other areas like road annuity. Recently we moved to sewage treatment plant, a solitary case of transmission lines here and there, we have port projects. So, now that new model covers everything and what we have also done is that the model which we have developed now takes into consideration the current risks situation which is prevailing in each sector of the economy. And what we do is that generally, not generally but in all cases wherever there is grade is high we do not do such cases. So respective of fact, whether I am getting a very high yield or not getting high yield the risk rating model we follow in all cases and what also we do is that we are multilevel credit appraisal system whereby this scrutiny happens. So, there is the internal credit committee and then this independent risk rating on which nobody gets a black box kind of a thing and the number throws up and which is fairly independent risk department also is reasonably independent in our company and then everything goes to the board for the approval. So, we have various levels of checks which we maintain should not at the expense of quality of asset. And as I said, though we have moved in certain cases to whether we will be doing a certain percentage of lending which will be a quasi project in nature. But we have ensure that it is not entirely a corporate financing, we are very cautious about end use, we are very cautious of money being paid back from the project and limited to our existing promoters. So, these are the safeguards which we are following. So our growth as I said growth as spread and yield would be backed by high quality assets and in this challenging environment as I said gives us an opportunity to cherry picking which we are doing.

Akshay Chandak: Player in renewable energy projects, right? So, going into other projects, well that actually sets our risks right? So what is your take on that?

Management: See, what happens is that we are not running everywhere. So, if you look at my other projects it is not that totally we are going into all related areas. We are infrastructure finance company, so we have confined ourselves to infrastructure finance company. We confine ourselves to the concession or concession type of agreements like PPN. So, we have moved to a sector where there are concession agreements which are either equivalent to or superior to the concession agreements which we follow in case of renewable energy. So, we have moved to HAM sector, we have moved to Namami Gange sewage treatment plant, where there are annuity payments and half of it is, to grant in half of it is through, a large part of it is through grant and most of it is through your annuity payments. So, it has a superior concession agreement. So, these are the areas which we have selected. So well we have identified that the project risk is at least equivalent or in most cases less than what we do normally in case of renewal projects.

Moderator: Thank you. The next question is from the line of Lalit Garg from Global Securities. Please go ahead.

Lalit Garg: Sir, my next question is more on the academic line. I remember we did some ARCs, we got some security receipts. I want to know, where are those security receipts standing in our books and what could be the tax treatment for that.

Sanjay Rustagi: The security receipts, if you see with respect to the March the total security receipt outstanding is close to 95 crores which has been reduced to 85 crores. So during the six month period we have recover around Rs. 10 crores from the security receipts, so close to 11,000 .

Moderator: Thank you. Ladies and gentlemen, there are no further questions. I now hand the conference over to Dr. Pawan Singh for closing comments. Over to you, sir

Pawan Singh: So, let me thank you for having come here and given us a very patient hearing and it was good to share with prospective investors and lenders who are there and of course our rating agencies who would also be there into this conference call. It was good to interact with them and we got an opportunity to explain what we have been able to do and we got an opportunity to show our plan, our conviction and also tell where we are going to take things in future and forward. And thank you for asking some very valuable questions which also, some of them are very thought provoking. And I appreciate you for the time which you gave and effort you made and hopefully we meet next time and then what probably we will be able to demonstrate, what the line or track we have taken in the more clear and distinct manner or in an improved manner. So, thank you very much, appreciate once more, thank you!

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