

Transcript

Conference Call of PTC India Financial Services Limited

Event Date / Time : 8th February 2021, 04:00 PM IST

Event Duration : 1 hour 44 mins 09 secs

Presentation Session

Moderator: Ladies and gentlemen, good evening and welcome to PTC India Financial Services Limited, Q3 FY21 earnings conference call hosted by S-Ancial Technologies. From the management 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. As a reminder, all participants will be in the listen only mode and there will be an opportunity for you to ask the questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing * and then 0 on your touchstone telephone. Please note this conference is recorded. I would now like to handover the floor to Dr. Pawan Singh. Over to you sir.

Dr. Pawan Singh: Good evening. I hope I am audible.

Moderator: You are audible sir.

Dr. Pawan Singh: Good evening and welcome to our Q3 results for the current year. Let me give a bit about the background under the situation where we have been operating. We all know that this has been a very difficult year for the country and the world as a whole. The post pandemic things didn't look good for neither the humanity as a whole and followed by that the economy and the toll of which was also being felt all around and we have seen that after long years of very positive growth, the Indian economy had to see a sizable negative growth in the current year. The good part of course was that the third and fourth quarter little bit of recovery was seen from the angle that negative growth was forecasted, negative growth was neutralized to some extent. And the recent forecast of RBI which has come for the next year gives a little optimistic note and the rate is close to about 11% growth for India in 2021-2022. And with the RBI forecast, we also see that the COVID problem is getting addressed, also the vaccination coming, number of cases getting substantially reduced and also most of the big cities moving towards herd immunity and the rural India by and large remained not so much affected by the pandemic, so things have started to look very optimistic. And followed by that, after a long time we had a very positive budget and which was very well received by industry business, economy, everywhere. And it has given a ray of hope and optimism all around in the economy and the visibility we have seen, starting from the equity market, the way it has reacted and general sentiments have been very, very good after that.

And for us, it is especially pleasing, because two areas we operate on. One is infrastructure and the second is sustainability. And both have been given full attention. In fact, one way we call it a growth budget and another way we call it the development budget, especially in the infrastructure space. And as we have been one of the infrastructure finance companies, who have survived the vagaries, after the liquidity challenge and the COVID challenge, so we used that particular period, as I mentioned in the previous two quarters, more for consolidation, improving our internal controls and systems and processes and working on our operational efficiency and improving on our operating margins, which we are able to do. This period we used for the period of hibernation and we have used it very effectively to kind

of set our house in order. And we were able to come out with the liquidity challenge, one of the few institutions, very well. We have maintained our credit rating during this period, one of the rating agencies was sharing with me that as many as forty NBFCs have been downgraded. But, all the credit rating agencies maintain their rating in our books and we were able to come out of this challenge. And in fact, because of the challenge which we were facing, the crisis which was going on in the society and the economy, the Q1, we hardly did any sanction, zero sanction and disbursement was only 100 crores.

Q2, little bit of breather was there and we did sanction of 350 crores and disbursement of 334 crores. And Q3 is the period where we felt that now that probably we are well poised to take off and we have done a sanction of 1419 crores and disbursement of 882 crores. Only thing is that disbursement we could do as we started responding only when the quarter started and the disbursement, we were able to do towards the last week, most of the disbursement were made towards the last week of the quarter. So, the benefit of what was there was not so much reflected in the previous quarter. The benefit of this disbursement will be reflected in the current quarter and the quarter as we move forward. Similarly, in the Q4, already we have sanctioned 1356 crores and the throw forward of the sanctions of Q3 and the sanctions which we did recently, we are hoping to do a large portion of disbursement in the current quarter.

We have a pipeline of close to about 2000 crores. We have what we call internal credit committee (ICC), about 2000 crores worth of proposals have been cleared in ICC, which are likely to be taken up for appraisal, which is under appraisal and hopefully we will try to take it up for investment approval either in business committee in the board meeting in the current quarter itself.

So, what it looks like for us is that, we have now started to move with great impetus from third quarter onwards, especially towards the end of the third quarter to growth momentum space. And with the kind of investment happening all around and especially in infrastructure and sustainability infrastructure, we have a huge opportunity to provide, lending opportunity, which is available. And what is also very heartening, because earlier we had concession agreements limited to maybe road HAM projects, and of course PPA was something which was equivalent of that kind of concession agreement which was prevalent in power sector and renewable energy, it has now moved to several other sectors. So, we find that water, sanitation as well as e-mobility also have moved to concession model of public policy or payment mechanism. And that gives us opportunity, because this is an area which we specialize and so that is why it gives us lot of comfort that we will be able to play same dominant roles in these areas as we have played in the renewable energy in the past.

And it will be heartening to note for you that we have done close to, out of the 1400 crores which we sanctioned recently in Q3 and about 1356 crores which we did in Q4, almost about 1000 crores relate to water supply, electric buses, decentralized solar generation and so on. So, this is a new area and this is an area where the model is very close to what we do and we are committed to sustainable development financing. So, this is an area which is likely to get a push and we may continue to play a very important role. And as I also mentioned that we have in the previous quarter also and I repeat this in the second quarter also that we have tried to decarbonize our balance sheet. We have tried to become clean, green company and the thermal assets which used to be 30% two years back have come down close to about 11%. And going forward because my stresses are also coming from thermal, so as we resolve these assets, some of it has got resolved, but unfortunately it could not fully be captured in our Q3 results. But, the agreements are now happening, so probably will be captured in the Q4 results, which will help us to bring down our toxic assets and stress assets as well as thermal assets further down; which kind of vindicates our commitment to being clean, sustainable, infrastructure finance company in the country.

Now, what also gives us lot of confidence and it gives us a kind of an elbow room or muscle to thrust ourselves forward towards growth is from the fact that we have maintained a very good capital adequacy ratio, close to about 23.33%. And we have a very improved debt equity ratio, which is 4.09%. And of course, as I said that since we are focusing on operational margins and you will find that my net interest margin from Q3 of 2020, has improved on the earning loan book has improved from 3.38 to 3.53. And the spread on the earning loan book has moved from 2.66 to 2.86. This could have been slightly better also, because one case where we went for IL&FS, where I said that the impact of which will be seen in the current quarter, as we are going ahead with the agreement, which was approved by my board in the last quarter is the impact of that. So, there about, roughly about 11....

Moderator: Hello sir?

Dr. Pawan Singh: Going forward from next quarter onwards this would help. Then of course, the disbursement which we had made in, towards the end of is close to the number which I gave, about 882 crores, which was made almost in the last week of the third quarter, now some of that will be available for the entire quarter. And the sanctions which were made 1419 crores and 1356 crores in Q3, Q4, we are trying to do substantial portion of that in addition to this 882 crores. But, disbursements are on anvil and next maybe fifteen to twenty days, a large portion of disbursement will be there and which should be captured in our future earnings as we go forward. As far as the resolution of stress asset is concerned, we are committed to that and we are all committed to not only making our balance sheet clean in terms of, clean and green in terms of asset characteristic, but also, we want to make our asset as stress free as possible. And towards that, 183 crores of IL&FS Tamil Nadu has been resolved. And the impact of this, which the board has approved, our agreement is happening. So, in this quarter we will have the benefit of interest flowing into this 183 crores, we will start earning income on that.

And also, one case Dirang Energy, 71 crores, so where we had the settlement has happened and only agreement could be executed two days back. And this also, the impact of this will be felt. So, of course the quarter writes back advantage of roughly about 23 crores in the previous quarter. And in this current quarter we hope to get these receipts of equity share in lieu of the listed company, Patel Engineering. And we also hope to get some cash out of it. So, which will again augment my cash base, cash collection in Dirang Energy. So, to that extent we are hopeful of getting about 32 crores to 33 crores in the current quarter, in cash terms. As far as our three large assets, which will take care of most of my NPAs, this with the three assets and that is where we are inching towards, almost inch towards the close end. And this I would like to mention that is Athena Chattisgarh. We made a very substantial provision. One of the reasons for dampening of my quarter results were that we made a large provision in Athena Chattisgarh, close to 54 crores in this quarter. And because of that, out of 189 crores, this amount of 167 crores already has been provided for and which leaves 22 crores on the net balance. And so whatever residual value will be there, that should take care of close to this 22.19 crores.

In NRSS Transmission with 206 crores, we have invited bids. And all large transmission players in this country have shown interest, including Adani Transmission, Sterlite, your Tata Power and some ARCs, some investment companies, they have also shown interest. So, we are opening the bid towards middle of this month and hope to finalize the whole process by beginning of March. So, this quarter we hope to get it resolved. Of course, it will require regulators' approval and that may take little time. But, we will be pressing hard to get regulators' approval as early as possible. As I have told in NSL Nagapatnam, 125 crores we already have offer close to 90 crores. And the residual value of the loan is only 87.50 crores. So, this also is under consideration and as depending on the board decision, we would be able to take a call at this value, a little improved value or whatever comes out.

And then there is one case which is the Meenakshi Energy, there also the bids have been invited and hopefully this quarter, this also should get settled and resolved. So, by the end of this quarter we would have, out of my NPA account, a very small percentage would have been left, maybe only 22 crores of Athena and small 3 crores of Himagiri and Konaseema, again 23 crores and which also is in advanced stage of resolution. And then that would be all which would be left. So, it will be a different balance sheet as we look forward by end of this quarter or maybe at best if there is slight, which we don't anticipate, but if little bit of as I said, one case there is a regulatory issue. So, it may go to early of the next quarter. But then, hopefully most of it should get resolved in the current quarter itself. And with that we will have a very different balance sheet and the growth numbers which I have thrown up should give you a kind of indication where we should be heading for and the quality of book we will do. And as I have said that we have brought down our cost of borrowing almost close to 80 bps over the corresponding quarter of the previous year and we have by and large maintained the yield on the earning book to what it was, so NIMs and spread are likely to be in the benign zone.

And so, the way we look at it is that probably this is the time where PFS has concentrated, built up its systems, processes, its own risk management systems, its credit underwriting capabilities. It has built up its monitoring system, early warning system and so on, which we took time concentrated our long term to short term ratio is almost now in 92% to 8%. And we are one of the few rare infrastructure finance companies and that is why we were able to tide the storm of liquidity challenge which even best of the infrastructure finance companies found it either not to withstand or found it very difficult to withstand. We were able to do it, because of a very, very negligible portion of market borrowing. And then of course we have very, very dynamic system of our cost of borrowing pricing and because of that we are able to take the advantage of market reality.

So, having given you a total backdrop sense of direction, where we are, how we are moving, sometimes numbers only conceal more than they reveal, so it was very important for me to go beyond numbers and give you a qualitative analysis of how things are looking at. And I would also, from my side make a point that our company should be now looked more from a directional angle and more from qualitative analysis as we go forward and I leave it at that. And thank you for giving me this opportunity.

And I will request Sanjay to take you through the figures and important key figures. And after that of course Naveen Kumar ji, Director – Operations, will tell you about, little bit about our business strategy and especially the work, his team, especially in the monitoring side and on the risk rating side and credit underwriting side, the improvements which he has been able to bring about, probably little bit I will request him also to throw a light on that, so that it gives little bit of comfort to the investors. Thank you so much. So, Sanjay over to you.

Sanjay Rustagi: Good evening everyone. I am just giving highlights of the December 2020 financial results. Totally, the loan book as on 31st December 2020 is close to 11000 crores. It includes the non-fund base limit exposure of 351 crores. The capital adequacy ratio as on 31st December is 23.33%, which includes the tier-I capital of 22.94% and tier-II capital is 0.39. Debt to equity ratio has been improving continuously and it is at 4.09 times and as far as the profit for the quarter is concerned, the profit before tax is 32.90 crores and profit after tax is 20.85 crores. The net interest margin for this quarter is 3.53%. The cost of borrowed fund is being reducing quarter to quarter and it has been reduced to 8.39% in quarter three 2021. Interest spread has also improved to 2.86%. the company has received additional credit line facilities amounting to 650 crores during this quarter. As on the December 31st 2020, company is maintaining a HQLA in the form of fixed deposit with the nationalized bank and other banks at 480 odd crores.

Moderator: Hello? Hello sir? Hello Pawan sir.

Dr. Pawan Singh: I think some problem.

Moderator: I will reconnect him sir.

Sanjay Rustagi: Yeah, hello?

Moderator: Yeah, you are audible now.

Sanjay Rustagi: I don't know when I lost.

Dr. Pawan Singh: No, no, please continue.

Sanjay Rustagi: So, the profit for Q3 versus Q3 2020 and the total income for Q3 stood at 269.39 crores. Yield on the earning assets stood at 11.25%, as compared to 11.36% in the previous quarter. Net interest margin is also around, in the similar line, 3.53%. This is from the financial side. Now, I request Mr. Naveen Kumar, Director – Operations to say a few words.

Naveen Kumar: Good evening to all esteemed participants. I hope I am audible.

Dr. Pawan Singh: You are very much audible, at least to me, I don't know about others.

Naveen Kumar: Dr. Pawan Singh, our MD and CEO and Sanjay Rustagi, our CFO have covered, I will say everything in quite a comprehensive manner. And from my side, I would like to share some of the views. To recap a few recent past events like liquidity crunch in the market, merger and acquisition, then of course the onset of COVID-19, leading to industrial slowdown, these all impacted the operations of NBFCs, including that of PFS. This impact continued in a very significant manner till quarter two of the current financial year. During the quarter one and quarter two, very few renewable and road projects were awarded by SECI, State Government, NHA etc. , there was an adverse impact on the business operations of NBFCs. Various lenders in this situation, resorted to a moderate growth strategy.

PFC has been able to effectively navigate through this turbulent environment consistently, changing its strategy with regards to the dynamics of the environment. To share with you the outstanding loan portfolio of PFS, the renewable segment, constitutes around 45% to 46%. Thermal, which used to be on the higher side earlier, is now of the order of 9% or so. Transmission and distribution forms around 21% of the total portfolio. Other infra sector, constitutes about 12%. In the corporate segment, corporate loans, they constitute about 10%. So, this is the overall portfolio based on the outstanding loan amount.

With some improvement in the environment that we have experienced in the recent past, PFS has been quick enough to respond to it. And in December 2020, six to seven new loans were sanctioned by PFS and disbursal to the tune of about 750 crores to 800 crores was made for these new sanctions made by PFS , that indicates that earlier, because of the difficult situation, we were going a bit slow because of the non-availability of the opportunities for extending the financial assistance. But, as soon as some improvement in the environment was detected, immediately we came into action and we grabbed certain good opportunities for extending the financial support. Then PFS has created a good pipeline of projects also, at present which is of the order of about 2000 crores or so. And our focus is on development of the infrastructure and also to give stress to the sustainability aspects also, as MD and CEO has also mentioned.

We are acting very fast to identify the good projects for ensuring the enhancement of our loan portfolio further. Not only this December 2020 we went ahead to extend the financial support to the new projects, in January and in the beginning of February of this year, we have put up various proposals to the respective competent authorities with estimated loan amount of more than 1350 crores. And the project proposals which have been covered are from electrical and mobility segment, sewage treatment area, renewable energy projects and corporate loan segment only. And out of this 1350 crores to 1400 crores loan proposals, the electrical mobility constitutes about 30% of the total portfolio, sewage treatment, is around 12% to 13%, renewable energy projects, mainly solar, constitute about 35% and corporate loans, they are of the order of 24% to 25%. As I have mentioned, our focus is there on electrical mobility, sewage treatment and renewable energy projects and waste management side also.

So, in continuation to our endeavors to resolve the stress assets, we have taken certain very good initiatives. MD and CEO, has covered everything in detail in this regard, I would like to add that the major reasons for emergence of the stress assets was due to conventional projects, especially the large thermal projects. And another reason was that we have been a party funding to the projects, where many consortium members were there and our contribution in that was very small and most of vital decisions, they were taken by those lenders who were having the major chunk of the funding done from their side. So, now we will be acting in a very careful manner and we will try to avoid such kind of situations to the extent possible, after our balance sheet becomes clean, then in that situation there will be a very less probability of adding some more stressed assets to that. And we are acting very fast in this regard to clean our balance sheet from the stressed assets.

Then there are proposals of about 2000 crores or so in the pipeline against which at this stage we feel that we can make the further disbursement of about 1500 crores or so by the end of this financial year, and coming to the other side, as MD and CEO had mentioned regarding our monitoring endeavors, as I mentioned in the past also, our monitoring strategy is being revised consistently. It is a bit different from the other lending institutions, in the sense that we try to assimilate the review of the physical progress as well as the financial progress of the projects. Whatever loan proposals are there, we do the stringent monitoring based on the experience regarding setting up of the project, the implementation of the various activities, and the other project parameters and technical features, which are associated with that. Generally, what I have seen, that the approach is to review the financial progress status or just review the status of the TRA account, etc., it is limited to that only. But, in PFS, we are giving our attention to both physical and financial progress aspects also. In this regard, as I had already mentioned, we had created some very good formats also. Even the fresh officers or those officers, which are having relatively less experience, they are also in a position to keep a track on the development in the projects which are taking place and suggest the corrective action which are to be taken.

And, regarding the early warning signal framework that has been established by us, as you know, it helps the company to identify the stress in loan accounts, which are having a grade of OR7 and above, at an early stage itself. And because of that we are able to identify loan accounts having problem in the initial stage and during the previous year, many such projects have been prevented from slipping into NPA category by taking early steps and corrective measures. These measures are like, facilitating reduction in O&M cost even up to 40% to 50% in such loan accounts, improvement in their capacity utilization factors, and facilitation provided for receipt of VGF funds and closure of some loan accounts by ensuring early repayments by them. Risk grading model is incorporated in February where on recent date the nodal officer from monitoring unit, it initiates the work flow, which is approved by the monitoring head. Then further it is reviewed by the risk team nodal officer and post that all the checks and satisfaction, they are approved by the risk head. So risk grading is an annual process, and each account is assessed once in a year, but for this EWS accounts where

grading is OR7 or above, this process is run by the team every quarter. So, this kind of arrangement, helps us in keeping a track on our loan account, we get a fairly good idea regarding the time when the things are going out of control and whatever corrective action is required, we take it immediately. So, this helps us in keeping our portfolio in a very good shape.

So, these are some of the things, which I wanted to share with you, and I will stop here while mentioning that we in PFS, we are able to maintain sustainability in our operations even in the difficult situation as we have done especially during the last about one to one-and-a-half years. Thank you so much.

Dr. Pawan Singh: So, thank you Naveen ji, we will be happy to take any questions as we go forward.

Question and Answer Session

Moderator: Thank you sir. Ladies and gentlemen, we will now begin the question and answer session. If you have a question, please press * and 1 on your telephone keypad and wait for your turn to ask the question. If you would like to withdraw your request, you may do so by pressing * and 1 again.

First question comes from Adithya Mundra from My Temple Capital. Please go ahead.

Adithya Mundra: Sir, what would be the sanction break up for this quarter sector-wise, like thermal, renewable, urban infra, and the special situation loans that we have been doing, and then maybe I will go with the second question.

Dr. Pawan Singh: Yeah. So, the sanctions which we have done because the number for Q3, we have shown 1419 and 1356, so this primarily consists of immobility, that is electrical buses manufacturing, water distribution.

Adithya Mundra: And sir, electric bus manufacturing would be how much percentage, approximately?

Dr. Pawan Singh: Exact number I will give you, but it should be close to, manufacturing will be less, but that will be roughly about 80 crores, but the electric buses supply would be close to 400 crores.

Adithya Mundra: Okay, understood sir. Yes sir, please go ahead.

Dr. Pawan Singh: And water distribution will be another 100 crores and the centralized solar will be another roughly 250 crores. And of course, there will be HAM projects; there are conventional PPA backed renewable energy projects.

Adithya Mundra: Okay, that would be the remaining is it?

Dr. Pawan Singh: Yeah.

Adithya Mundra: Okay sir.

Naveen Kumar: Just to...may I supplement here...

Dr. Pawan Singh: Yeah, please.

Naveen Kumar: As MD and CEO has shared these figures with you, and one general thing I wanted to say, see, we consistently try to look out for the opportunities and the proposals are mobilized and are considered in our internal credit committee meeting and depending upon the preparedness of those projects and whether they are fine as per our policy guidelines, we shortlist them and then we carry out the detailed appraisal, and then they are taken to the competent authority, which may be the business committee and the board of directors for loan sanction. So, even if at this stage, I know that say loan proposal was 2000 crores or say 1500 crores they are available with us, but how many proposals will see the light of the day, it purely depends upon the viability estimation during the appraisal process and then the decisions taken by the board of directors. So, saying with 100% confidence that this proposal will finally get approved, maybe a bit difficult. I hope you can understand that considering this aspect, it is very difficult to predict accurately, I mean to say that, how many loans and which particular segments, what figure will be finally emerging. Thank you.

Adithya Mundra: But sir, these are all finally sanctioned ones, right?

Naveen Kumar: Pardon, beg your pardon?

Adithya Mundra: These loans are...the breakup that you just gave, those are the final sanctioned amount, right? Or...

Naveen Kumar: No, the loan amount, which have been sanctioned as on date, of course about that we can give the percentages, but for the loans which shall certainly be sanctioned by the end of the financial year or during the end of this quarter, how many more in which segment we will be sanctioning, that will be a bit difficult to tell because of the reason I have just explained.

Adithya Mundra: Understand sir, understood. And sir, directionally how are we moving towards, like you said, more renewables and clean urban infra, am I right?

Naveen Kumar: Hmm, hmm. See, as I mentioned that we have taken the loan proposal amounting to about 1400 crores in our recently held board meetings, in which electrical mobility, they are 30%, sewage treatment about 12%, renewable energy about 35%, and corporate loans about 25%. These proposals we have already taken to our board of directors, that is why I am able to give the percentage of that.

Adithya Mundra: Understood sir.

Dr. Pawan Singh: Some of the illustrated cases I can tell you, which will give you a little idea as to where we have moved. So, one is port project, JSW, which is 300 crores, then there is decentralized Solar, which is 80 crores through the Future Group, then there is Leena renewable energy again 287 crores, that is wind, then we have one transmission line, then we have one sewage project about 86 crores, then the decentralized solar about 75 crores, then we have e-mobility close to 70 crores, then we have another e-mobility 25 crores, then we have another decentralized solar 110 crores, then we have conventional solar another 150 crores, then we have another manufacturing, e-vehicle manufacturing, which is 213 crores, and then we have two 167 crores this is e-mobility, that is your distribution e-mobility. So, this will give you a very clear idea. I had to get these figures to tell you, so sorry about the delay, but I had to get.

Adithya Mundra: Yeah sir, understood. Thank you. Sir, what is proforma gross NPA and net NPA for this quarter?

Management: Yeah, proforma gross NPA is 8.44 and 4.46, but I said the two cases of ours, especially the one Dirang Energy, which got resolved last quarter, the agreement happened only now, about two, three days back, so that...of course, in terms of write back, it is available, but in terms of reduction in the gross NPA number, that has not been factored. So, if I was to take that, that will be factored today, and that amount is roughly about 72 crores, which I will have to factor, so that can be taken out when I do gross NPA. And net NPA is 4.46 and again the net NPA number also would improve if I were to take this particular number off. But then, going forward, what I have told you is that three to four of our large assets are now going to be finalized, as I told you, and so hopefully by end of this quarter, numbers should look entirely different.

Adithya Mundra: Sir, one final question. Sir, I believe in the last con call or maybe the con call before that, I think you had mentioned that there will be lot of focus on this special situation as such also, in the sense, which are in the line of urban infra and clean energy, but which are more bridge financing and so what is the sanction status of those in this quarter?

Management: So, what I was giving you was the object-wise requirement. Now, object remaining what I have told you, some of them fall in the category of the kind of debt you were talking about. So, that Sitesh, my Credit Head is here, so I will ask him to just give you the breakup of the nature of structure of the loan.

Sitesh Sinha: Good afternoon. So, see, we since last couple of years, to improve our business operations, we have started looking at high yield product, so this basically is the funding to mezzanine purpose at holdco level for capex investment in their same subsidiary companies. So, under that, and that we have sanctioned more than four, five projects worth amount close to 1000 crore in last two years, and especially in this year we have also sanctioned three such proposals which is close to 900 crores, up to Q3, and we are really keen to focus for another couple of proposal in this quarter, so which will be turn around quickly not only increase in our book size, as well as our the return on assets, because in that we are earning higher rate of interest on NIM margin on that and these assets has a tenor of not more than four years. So, that is why we are not also taking long term risk in this type of proposal.

Adithya Mundra: Alright sir, and sir as on date, out of the 11000 crore of book, you are saying it is approximately 2000 crores is these kinds of...out of 11000, is my understanding correct?

Sitesh Sinha: See, if we talk at the Holdco level, at private companies, yes, it is close to 900 crore book size is there, so I will give a precise number, so it is close to 900 crores, it is outstanding. And similarly we have also given that not only Holdco, this is some structure for that activity level altogether, so altogether close to 900 crores is outstanding where we are earning higher yield and with lesser tenor.

Adithya Mundra: And sir, this four to five projects of approximately 1000 crores sanctioned in the last two years, include the 900 crores of this year, or that is over and above.

Sitesh Sinha: No, some of the 900 crore, one or two projects is under disbursement, yet to disburse, some due diligence is going on, legal due diligence. We have signed the agreement, but disbursements supposed to happen on compliance some milestone. And some of the loan has already, see, two years back we had sanctioned

suppose 250 crores to one company, which was tenor for not more than one-and-a-half years, so that company has repaid our loan timely, so that's why outstanding is, if you see, is lesser than that, 900 I am telling you, otherwise if the tenor would have been higher, our outstanding would have been higher.

Adithya Mundra: Understood. Alright sir, that's it from my side. Thank you.

Moderator: Dear participants, you are kindly requested to restrict with one question in the initial round. The next question comes from Vipul Shah from Hind Global. Please go ahead.

Vipul Shah: Hello?

Dr. Pawan Singh: Yeah, please go ahead.

Vipul Shah: Yeah. Sir my question is like, when resolution of balance stress assets is anticipated?

Dr. Pawan Singh: So, I was telling you, because I had taken you through various numbers, so actually the chunky cases which costs you more than 80% of my stress assets, and there, as I told you that one case, which is not in NPA, but coming in stage 3, 183 crores IL&FS Tamil Nadu, which has been already, in fact, board approval is already there for the previous quarter, and we are about to sign agreement in next couple of days, so this quarter we hope to resolve this particular account. And we also hope, by end of this quarter, the interest payment will start coming as it was classified as amber category and in amber category the NCLAT had kind of put a hold on debt servicing. There is a huge cash balance available with the IL&FS Tamil Nadu in their TRA Account, so as soon as this sanction is approved, which is at advanced stage, we should start getting. So, this is one which is already resolved, but to make it effective, it will take another few days in this quarter. Dirang Energy again, I said, 71 crore, which I said that resolution has happened. Agreement to be signed only three days back, so impact of that will be now felt. As on date, you know it is already resolved. In case of NSL Nagapatnam, I told that already we have against a provided value of about 87 crores, we already have an offer of 90 crore from the borrower and that is under the active consideration of the board. So, in this form or maybe better form, this should also meet the light of the day. And, in the NRS Transmission, that is the transmission project, this is a 206 crore loan, there we have already called for bid, so bid we are opening, very good response, as I said, from all top transmission players, Tata Power, Adani Transmissions, Sterlite, some ARCs, some equity players. So, by middle of February we are opening the bid and by end of February we hope to finalize this. It may take another few days to get regulator's approval, which we will push. So, this also we are hopeful of settling this quarter which we are very, very optimistic, but at best we can flow to the early next quarter we will take another one month, but we will try to finish it in this quarter itself. And that takes care. And then there is Meenakshi Energy, that is worth another 150 crores. So, Meenakshi Energy again, the bids have been invited and 13 bids and here also by end of March the finalization of the bid process will be completed, so this also should get resolved in the current quarter. So, out of the entire thing, this 250 crore is already resolved, IL&FS and Dirang, and your this Meenakshi and your NRSS and NSL Nagapatnam which again is roughly about 480 crores, that also in this quarter we are hopeful of seeing the light of day. And NRSS, as I said with regulatory approval, may take some time. So, this quarter or maybe early next quarter we hope to see all this cases going out of our books. So, that takes care of most of my unprovided NPA account from my books.

Vipul Shah: Yeah, okay. So, one more question was there, like, we have adequate liquidity with us, so why haven't we utilized it for disbursement?

Dr. Pawan Singh: Yeah, that is a good question. I was trying to tell to you that Q1 zero sanction and 100 crore disbursement. Q2 350 crore sanctioned and 334 crore disbursement, Q3 we have 1419 crore sanctioned, 882 crore disbursement, which happened towards the last fag end of the quarter, so impact of this will be felt in the current quarter. So, you remember that Q1 while we were about to disburse, the Covid lockdown started, so everybody was very cautious. Q2 also the caution was still...people were still trying to not to do, so again 350 only sanctioned, 334 disbursement. But after Q2, we are back in the business and as I said, Q1, Q2, we were utilizing and one or two quarters preceding that also we were utilizing for setting our house in order. You know, systems, processes, all that we were building, and Mr. Naveen Kumar mentioned about early warning system, so we implemented that. We implemented a new risk rating model. We started our re-pricing of loan book base, we shifted from price discounting model to cost plus model, so whatever...so this helped to improve our NIM and spread quite a bit. So, we were moving...and then of course capital conservation was also an issue, because liquidity...so liquidity has improved because of the measures we have taken. And then the liquidity is, I would say, this is one of the best times or better times in terms of liquidity. And I said that my short term to long term is close to now 93:7, which would be a dream kind of asset liability balance sheet for anybody. So, with that we have reached, and I said, we have very little market borrowing, which gives additional comfort to us. So, that's why we have embarked now on the...having all that, as I said that this was a period of hibernation for everybody, for human being, as well as for my company also. So, we have used it...from a time of hibernation, we have used this period for more for consultation than for capital conservation, building up our liquidity framework, and all that. And now that push has started and 1419 you see here and 882, and Q4 as I said already at the beginning itself we have done sanction of 1356 and as my colleagues have pointed out, close to 2000 crore already has been ICC cleared proposal, which will be taken up in the board in the current quarter itself for sanction. So, we are back on a robust growth front and the Q3 was there and more towards the end of the Q3 and then Q4 and going forward again this kind of thing, and then because now the opportunities has also started to flow, because opportunities also had shrunk as Director of Operations had mentioned that in this period the bids were also not happening, clarity on certain items were not happening. One didn't know which way the assets will unfold, then this moratorium issue had come in between, and we wanted to see which way this is going to play out. So, all these factors led to a little cautious approach, and also our own objective of building systems, processes, internal control systems, that was our emphasis, which we were able to do. And that is why Q3 onwards we are now on a serious growth path.

Vipul Shah: Yes sir, okay, so that answered my question. Thank you.

Moderator: Thank you sir. Next question comes from Deepak Kumar, individual investor. Please go ahead.

Deepak Kumar: Hi sir. Sir, can you give me the adjusted book value after removing deferred tax assets and revaluation figures?

Dr. Pawan Singh: Yes, sure. Sanjay will share with you.

Deepak Kumar: And what is the provision coverage ratio also sir?

Sanjay Rustagi: With deferred tax assets and...just give me two minutes...in the meantime...

Dr. Pawan Singh: Yeah, so I can take the second question first, and I will also not only give you a number because number, as I said, gives you only a very...you know, it conceals more than it reveals. So, my provision coverage ratio is close to 50%, but what is also very important is the underlying asset. As I said that since all these three assets

are...you know, two have already gone out and three assets are on a very, very advanced stage of resolution, and we also are quite fairly certain about the kind of value we will get. So, we feel that this provision is fairly sufficient. And then, of course, Sanjay will take you to...if you have any other question, then we can answer that, or Sanjay will...he is just working on that number and he will pass it on to you.

Sanjay Rustagi: Yeah, it is Rs.30.29 per share.

Deepak Kumar: Approximately Rs.30. Okay, so Rs.30 is the book value. And sir, what is the future outlook for the loan book sir for the next three years?

Dr. Pawan Singh: Future outlook, as I said, see that is what I have...see what happens is, future outlook is dependent on how my outlook is spanning now and the next quarter and beyond that. So, as I said, that Q3 we did sanction of 1400 crores and 882 crores kind of disbursement. Then in Q4 we have done sanction already of 1356 crores and 1850 crores is what we are going to sanction. And last portion of this will also get disbursed. And Q4 disbursement 1356 crores is also going to be added. So, you can add these numbers, we will have the base line for next year, that is for '21-'22, and we hope to...after that base line, we hope to have a substantive growth. And the way we have grown in for Q3 and Q4, probably the similar type of growth you can expect in the coming quarters as we go forward. So, it should be quite a substantive growth as we do it. The single numbers you can extrapolate for the other quarters as we go forward.

Deepak Kumar: Thank you sir, thank you.

Moderator: The next question comes from Abhishek Kundu, individual investor. Please go ahead.

Abhishek Kundu: Hello?

Dr. Pawan Singh: Yeah, please go ahead.

Abhishek Kundu: My question is for Dr. Pawan Singh, our MD and CEO. Sir, first of all, let me thank you for giving elaborated information about the status of company, but my concern is you have not mentioned that actually it was noted from July onwards that PFS is going to be....there will be a change of hand from PTC to some other bidder will take away our company. So it is my concern that ultimately my whole house to whom I am putting into...in the right manner I am cleaning it and who is going to finally take away our company? This is my concern and after Q2 results in the month of October, you told in one of the TV interview that by end of November, things will be clear but nothing is clear. So sir can you throw some light? You will appreciate that is our right to know; we being the equity holders, it is our right to know what is going on? We cannot be kept in the dark in this respect.

Dr. Pawan Singh: Absolutely. No denying the fact that you should not be kept in dark. Only thing is, some smoke around this I would like to dispel. There is something...PTC is there, they are proposing to sell our stake. So it is PTC selling the stakes. This question is....they will also have a concall after a week and they will be the best person to answer. For me to answer on their behalf may not be appropriate, number one. Number two, you said that I have gone and said; again I think there is an overlap between us and PTC, so it would be best if you can take up these questions in the PTC's Investor Conference which will be very soon because 12th they have the accounts which is going and you can always take it up. They will be able to address but what we can promise you here is a growth, we can promise you a margin, we can promise you a cleaner balance sheet, we will promise to

you and this country a clean, green infrastructure with a good governance company which is available. This is what we can promise and which will be kept.

Abhishek Kundu: Your promise is alright as long as this style of functioning continues. If somebody else takes it over and their strategy is something different, then my apprehension will be there. My concern will be there, so that is a very vital point which I want to know. Today what you are thinking, may not happen in the future if somebody else takes it over! It may be better or it may be worse.

Dr. Pawan Singh: Sir again I say that it would be best for you to ask this question there because....and I am sure you will get a very good reply there and you will be satisfied. That much I can assure you.

Abhishek Kundu: Okay sir, then I have nothing to say. Thank you.

Dr. Pawan Singh: Yeah because you will appreciate it will not be appropriate for me to answer this question fully because I am not the right person to answer it. Best is that you will have an opportunity please go and ask there and you have a right to ask this question and I am sure your doubts and queries will be answered.

Abhishek Kundu: I thought I am an equity holder of this company – PFS so it is better to ask the PFS Management. How can I ask some other management?

Dr. Pawan Singh: Because the equity stake is....we are not doing it, it has been done by PTC. It's an arm's length issue, so they will be able to address it.

Abhishek Kundu: Okay sir, thank you.

Moderator: Thank you sir. The next question comes from Nitin Kumar an Individual investor, please go ahead.

Nitin Kumar: Hello sir, thank you for giving me the opportunity. How much additional funds are we expecting from institutions?

Dr. Pawan Singh: Can you repeat your question?

Nitin Kumar: How much additional funds are we expecting from institutions?

Dr. Pawan Singh: Abhinav will reply this. He is the resource mobilize person.

Abhinav Goyal: Hi, so currently we are into discussion for 1400 crores of additional lines with various domestic banks that is under advance stage of sanction. That is in addition to enough liquidity which we are having as of now in our hands. Now, as regards to foreign institution DFI borrowings, we are into discussion. In fact we were at advanced stage for 215 million from the various global institutions. But unfortunately because of COVID-19 the position is on standstill since Europe is still to open fully and US is also working under pandemic situation. Probably in a couple of months things will start re-taking up and then we may again take it forward. Now, banks....Rs.1000 crores we are quite hopeful that we may get it with a month or so and balance thereafter. In addition to this we are having existing lines of around 1500 crores as of now, unavailed banking lines which can be utilized for meeting any liability and further disbursements.

Nitin Kumar: Okay sir. My other question is that on resolution of NPAs are we incorporating any robust systems so we can have less number of NPAs in the future?

Dr. Pawan Singh: Yeah, so that is a very good question. Specially my colleague Mr. Naveen Kumar had very elaborately touched upon this. So one is, most of these NPAs if you look at, they are coming from the thermal case. Thermal we have moved away as Sanjay pointed out that thermal is less than 10% and we are hoping to bring it down to even as low as less than 5%. In my renewable energy, yes there are solitary cases of stress here and there but they are not cases where it is related to systematic risk. It is related more to do with an interim...somewhere some cash flow problem or something like that, some tariff disputes which get eventually resolved. Inherently there is not so much of a problem other than in thermal assets. One or two hydro we had, we have Rihand and Himagiri we have already settled and we have been able to get very good value for those assets. What has happened is that...two, three things I will tell you. Internally as we have moved away from thermal we have changed our risk grading model and all that, number one. Number two, we have had three levels of check. We have proposal first being scrutinized by the department, business development, then it comes to internal credit committee, there it is again dealt by all functional heads and the two functional directors. After that it is cleared and goes for detailed appraisal. Then we run it through CRISIL risk grading model and only cases where there is an investment grade we take it forward. After that there is a qualitative analysis by our risk department apart from CRISIL's risk rating and after that we are able to.....then we take it to the Board. All proposals either get approved by the Board in risk.....sub-committee of the Board. Nothing is being approved at Management level. So our system of checks and balances are very robust now. As I have said that we have moved away from a more realistic risk grading model CRISIL and we have made it very dynamic.

Plus in the monitoring system what used to earlier happen is that as we were learning our ropes, and only when cases used to come in SME II or they were coming closer to NPA that monitoring issues start. That is only one way of looking at it. Now what we have done is, we have designed an early warning system and we have got a snake and ladder approach where so many variables are used and what happens is that if in two, three variables we find any problem, straight away it is reflected in our early warning system and we almost have every month a risk management committee of the Board meeting on taking a review of this early warning system. Apart from that we have our internal what we call...committee of directors on loan recovery and all these early warning system cases are taken up there.

So we have had not only multiple level of controls and checks at the time of appraisal but post appraisal also. Also what is very important is when we get a little bit of early warning; it is not that early warning so we work alongside the existing promoter. Wherever required we see that if something has to be done, change of promoter has to be carried out or we have to go through some bidding process and get a new promoter or probably need arises that this has to be sold to ARC....So we are able to take much advance action. Also what happens is that practice makes you perfect. So over a period of time, I have a separate stress team, very, very competent team. Two years back 2400 crores we have been able to....as on date if I talk, 1600 crores of stress assets we have been able to resolve. So we are able to take very quick action. The team not only has adopted, unlike many banks you find they have only one model. Generally they try to go to NCLT and get rid of the cases. We have taken not one size and some cases we have gone for Samadhan, some cases we have gone for one-time resolution; some cases we have gone for ARC, some cases we have gone for change of promoter to bidding process, some cases we have also gone for one-time resolution. So all combinations have been tried, all methods have been tried, all experiences have been tried and also our learning has been that delaying stress cases for resolution only makes it worse. So the experience is that, stressed asset is like an ice cube, taken out of the refrigerator. If you keep it in your palm, it will very quickly melt. This has been our experience. So we take as quick action as possible.

Prevention of course is the first thing; prevention both in terms of monitoring, early warning system and labeling the accounts as green, yellow, red and so on. And then we also given

the existing projects, we have continuous our internal grade risk rating system and also our developers are asked to take rating annually from time to time after the project is complete. So with these measures we are very confident that our quality of asset....and then of course we are domain guys over years. See what happens is, failure again is not a bad thing. By failure we also learn as to what not to do. So our failure in certain cases has also taught us that we are not designed to do large gestation period projects, huge projects, consortium lending we are minority partners, all that we have stopped doing. So with all this experience behind us, with all these measures behind us we are hopeful of meeting a very good quality asset book going forward.

And specially what has happened is on the policy....again loan is a reflection of the country's economic health. If many loans are defaulting, one of the reason is also the reflection of the country's economic health and the way the company's infrastructure has progressed and the way the regulatory policies have panned out. So similarly government also has become quite matured in terms of regulatory practices and the concession agreements which are now available for HAM scheme where we lend or the concession agreement which is there for Namami Ganga which is still better than HAM projects or the concession agreements which are available for ports or even recently immobility, each one is far better than the previous one. And good part of the concession agreement is that all these concession agreements whichever come later are improvement over the previous agreement and what is very important is that most of these regulatory changes which have been made are being made in consultation with the lenders. So lenders interest is always protected. So going forward these are some of the strengths which have happened which should work very well for infrastructure sector and we will only be doing cherry picking. We will not be there everywhere. We are not like the SBI or PFC or REC where they have a large balance sheet and experiment can be tried. We are very, very selective, choosy, and we are very cautious of our capital being used and that is why we have stresses which are of historic in nature or legacy in nature. Our current book does not suffer from this kind of a challenge or a problem.

Naveen Kumar: One basic thing that I would like to mention about this particular query is, all lenders, financial institutions they are funding one or the other kind of projects. So how they become sure that this project is going to be a good asset for them to create or not? It is based on their capability to make assessment about the credit appraisal, monitoring practices and then of course there are certain things like force majeure events or certain things which is beyond the control of the lenders. So basically, no one can say right in the beginning itself that it is guaranteed that this project will be perfect kind of project to fund. What I am trying to say, it is the appraisal, monitoring practices you are following, your systems and procedure and the kind of projects you are selecting makes the difference for example as MD has also very rightly explained that for conventional kind of projects which we used to fund earlier, now we are becoming very much selective in deciding whether we have to fund the projects or not. Then we don't want to be the minority lenders in a very big group. So the sum total of all these things ensures that our portfolio remains healthy. It is all your capability to make a realistic assessment and judgment. This is what I wanted to add.

Nitin Kumar: Thank you that was a detailed description. That was all from my side. I will get back into the queue.

Moderator: Thank you sir. Next question comes from Vikas Kumar from Creative Ideas, please go ahead.

Vikas Kumar: Good evening gentlemen, I hope you can hear me?

Dr. Pawan Singh: Yeah yeah we can hear you.

Vikas Kumar: Thank you very much for the opportunity. I hope....I will try and elaborate this question. I want to compliment the management first of all for.....better things. There are two things that I want to emphasize on. Number one, you have very rightly said that dis-investment is a part of PTC India not for you. But as a child whatever our parent is doing, if it affects the health of the child, then the child has every right to know as to what is happening, number one. Number two, when we had a discussion after the first quarter concall, you elaborated that you are looking for 500 crore rupees of equity infusion. Is there any plan of that sort? Kindly address that and then I will put my other question.

Dr. Pawan Singh: The child has every right to know, I am not denying that. But who allows the child to exercise the right; is the parent. So again I will say it is best that this question is put to my parent. They are the best people to answer. We update and current with the latest and they will be able to do it. I am sure they will do it very nicely and very correctly. Coming to the other part of equity raising, 500 crores, yes my Board's authorization of 500 crores is there and of course today our capital adequacy is quite good...23.33 and my debt equity ratio keeps improving. So immediately I will not require equity but if I get value for equity holders to put money which I am not saying that we will not stop exploring that. We will continue to do and if we get marquee partners, we will be certainly open to getting equity investment in our company. But immediately that is not so much of our concern. Our concern was liquidity challenge. Our concern was to make our operational improvement, put our systems and processes in place and having done that now our immediate concern is to grow a healthy loan book in which you have seen where our focus is now.

So even if I go to investors, I personally feel it which I think would be logical that when you go to your investors, you should go with a clear balance sheet, greener balance sheet, sustainable balance sheet, a balance sheet with better margins, quality marquee effective underlying below it and a very good democratic growth experience so that you get the best value.

Vikas Kumar: Thank you sir. The other part is, as of now what is the net interest margin? I hope the cost of your funds are going down due to this Corona, a lot of interest coverage has come down. So what is the net interest margin you are working on as of now and secondly when we are talking about.....okay let's go on by one. Let's answer this first.

Dr. Pawan Singh: So my net interest margin compared to the previous quarter on the running loan book has improved from 3.38 to 3.53 and my cost of fund has come down from 9.20 to 8.39.

Vikas Kumar: 8.39? That is still substantially high sir.

Dr. Pawan Singh: Sorry?

Vikas Kumar: Is it still not very high? Have you tried taking up the cost of acquisition of funds from abroad because they are...last month only IRFC has taken up bonds for 2.4% only.

Dr. Pawan Singh: But who takes the hedge? The customer? Today the dollar is flying into India but tomorrow dollar may flow out of India. So who will take the hedge cost?

Vikas Kumar: That hedge is not going to be over 6% sir. I am just to elaborate, I am not challenging. I am just putting the point across, not trying to challenge sir. It's like...I am just throwing an idea that the hedge you are talking about will not be 6%. As of now if your interest rate is 8.6% and funds are available at 2.4, it is a huge margin to hedge as well.

Dr. Pawan Singh: This is not the best way because I am a borrower and I know how it works so I must make comparison between domestic source of borrowing and foreign source of borrowing. Hedge cannot be ignored. So today's hedge cost I don't know, by far it should be close to 5% if I look at it. If you add that it will be 7-1/2 and if....

Vikas Kumar: Sorry to interrupt....5% on 2.4% comes out to 1% only sir. It cannot be 5% of the.....additional 5% will be 2.4% sir.

Dr. Pawan Singh: Sorry for interfering here. I don't want to make it a class for

Vikas Kumar: Yeah I agree. Neither am I.

Dr. Pawan Singh: Take my word, I have worked 11 years as Director both in Public Sector and I am an ex-railway man so I know what IRFC does, so we will leave it at that. We will have a hedge of discussion on another day.

Vikas Kumar: Better point sir. Another very small issue I wanted to raise was...when we had a concall after the first quarter results, you did not mention (we were already in Corona period) but you did not mention anything about the disbursement and the future two quarters being stressed and disbursements being low at that time. Today, when the third quarter results have come we are saying that disbursements have not been able to take place. Either we didn't take into consideration these factors or we ignored them?

Dr. Pawan Singh: See all of you will agree with me, I think everyone present here and the entire humanity will agree with me that this was a totally unprecedented times and we are going through a challenge, we didn't know where we were going, in which direction. So for anybody to make a very clear cut prediction was very, very difficult at that stage. So that you will have to....

Vikas Kumar: Q1 was very peak sir, very peak of the Corona.

Dr. Pawan Singh: Yes at the peak of Corona. I think at that point of time we and the Board also took a call that go slow. So that judgment cannot be probably questioned because in hindsight everything looks better but at that point of time, you are taking a decision and when the world was under calamity, it was very, very difficult to.... That way we consider ourselves fortunate that at least now even from Q3 onwards we have been able to come back from the red which I think is quite good because.....we have been able to come back not only because of the fact being business optimism but also because of the fact that the learning for everybody was that the corona we learnt as a business which is good for environment because we moved from thermal to renewable. Those members who were there in the other space have placed a lot of problems. We are a few lenders who did not face any problem because of the corona in terms of the quality of book or asset. There was no challenge arising out of that and that was precisely because we had maintained renewable and sustainability. So our own vision of lending to sustainability got strengthened in the corona period and we realized what is good for the environment is good for the economy and good for the company.

Vikas Kumar: Sir thank you very much. I just conclude with two points. First, I hope PTC India management team including Mr. Amitabh if they can hear to this, might be forthcoming far more than you guys have been, that's number one because they have not. Last concall when I was there, with them, they refused that there was any proposition of 500 crore equity infusion in PTC India Finance. Number two, my best wishes to the team and that a spoilt brat with a lot of NPAs is being improved upon and being handed over to a new

incoming team in the form of a very obedient child, with a clean balance sheet. That is distasteful for the current investors that is all I can say. Thank you very much.

Dr. Pawan Singh: No, no your last point I would like to clarify because this point is not very clear to me, if you can elaborate a little because we should not part with a little bit of smoke around this. We work here, so if I am able to clear your doubt...?

Vikas Kumar: Mr. Pawan, all I want to say is that the management has been very forth coming but the only point is that at the brink of it, when a company is improving, it has been sold out that's what is upsetting. It should have been taken up by the current management to a far greater heights than saying we can't manage it and try to improve the company. Either you don't improve the company and hand it over or improve the company and take it forward.

Dr. Pawan Singh: I appreciate your good word. I hope you carry it forward to my promoters. It will be nice for us as well as for you.

Vikas Kumar: I do sir. I always do.

Dr. Pawan Singh: Thank you.

Moderator: The next question comes from Adithya Mundra from My Temple Capital. Please go ahead.

Adithya Mundra: Hello sir, thank you for taking my question again. Are there any restructuring assets in our loan book? Assets which are under restructuring?

Sanjay Rustagi : As far as there is no change in the terms of the repayment and the change of the rate of interest...however there is one account Madhya Bharat which is a standard restructured, because of DOC timelines nothing else.

Adithya Mundra: How much would that be?

Dr. Pawan Singh: Let me clarify. It is a hydro project. RBI guideline says that if the date of completion extends beyond two years, then that is standard restructured asset. It is a standard restructured asset and I think Madhya Bharat will be completed in September; so by September it is about to be ready and commercial action will start, so no concern on that. So Madhya Bharat is the only extension of the date of completion. It is a standard restructured asset and next year somewhere in the middle it will be completed.

Moderator: Sir there is no response from his line sir. Shall I go ahead with the next question?

Dr. Pawan Singh: Yeah please go ahead.

Moderator: The last question comes from Nujella Kumar from NTPC. Please go ahead. Hello Mr. Nujella?

Nujella Kumar: (Inaudible)

Naveen Kumar: Sorry your voice is not clear.

Dr. Pawan Singh: Others can be muted so we can hear you clearly.

Nujella Kumar: (Inaudible)

Naveen Kumar: Your voice is still not clear, we are unable to hear.

Nujella Kumar: Hello is it okay now sir?

Naveen Kumar: Yeah, now it is slightly better but Mr. Nujella there are breaks.

Nujella Kumar: Okay, am I audible now sir?

Naveen Kumar: Now it is better.

Nujella Kumar: My question is on the return on assets. The return on assets, year on year it is decreasing as I see, that might be because of the NIM also getting scheduled year on year. So is there any strategy on improving the return on assets sir?

Dr. Pawan Singh: Yeah, that's a very good question. In fact the strategy because assets – denominator and numerator, so it is income and asset base. That is where we are trying to take out stressed asset because I talked to you about close to roughly 150, 300, 500, 625 crores of my stressed asset getting rid out of my balance sheet, most of it in this quarter and at best early of the next quarter. So roughly about 600 crores of my asset which is dragging the whole ROA down will be taken out and that will have a very, very significant impact because there is also a substantial income which will start flowing on this particular asset. Second thing is on the numerator side, we are trying our best to improve our net interest margin and you will find my net interest margin has gone up from 3.38 to 3.53 and that is where we are blocking both and reducing our cost of funds which we shared that it has been brought down from 9.20% to 8.39% and as on date it is close to 8% or so. Our endeavor will be to further reduce our cost. We have also shifted from a model because our earlier loans were given on price discounting model and where we were almost lending at my cost of borrowing and small spread. Now I have re-priced our entire loan book. My loan book is based on my cost of borrowing, my return on equity, my asset liability match and standard provisioning. With this my spread and NIMs both are likely to be better. And then this particular quarter one asset IL&FS which got dissolved, 11 crores worth of interest income was not taken out so this is a one-time thing which will get reversed in the next quarter. Secondly, my 860 crores of disbursement which happened or which I didn't get any interest income because it happened almost in the last week of the quarter. This quarter the entire amount, the benefit will be available plus the additional disbursement which we are doing and the additional sanction which we are doing. We said Q3 we did one line out of which 900 crores we have disbursed and already Q4 1356 crores is there. So there is dual of Q3 and large portion of Q4 will be disbursed in this quarter. So we hope to have a good increase in net interest income NII and also a reduction in the asset base. So, yes, ROA is our focus area. Our entire strategy revolves around ROA apart from our trying to be clean, green, sustainable finance Company; along with that ROA is another thing which we go to our entire team. I am glad that you touched this topic but we are as much sensitive to this particular topic as you are. Thank you.

Nujella Kumar: Thank you sir. One more small question sir and that is related to...like nowadays every...like PM Modi has inaugurated smart city plans. Regarding the smart city plans most of the urban infrastructure like you will be having....As of now I am seeing a lot of technology up gradation is happening across the country. All the urban cities may now be having high tension lines. Those may be replaced with underground lines instead of having the heavy transmission line. So are we planning something from PTC India Financial Services for any loan disbursement in this area sir?

Dr. Pawan Singh: We are in any case....transmission line we are already doing lending so it fits into our business model. When a proposal like this comes, we will certainly

look at it. The only thing is that it should be backed by a clear revenue model because we don't take up projects here where the revenue certainty is doubtful. So unless there is a clear cut availability of revenue because all the loans we give are cash flow backed so we don't generally give multipurpose loan or unidentified book. One is I must know where my money is going and I must know a very clear source of reasonable strong counter party who will make payment for that. So if the transmission line of this kind is there and there is a counter party and there is a strong transmission agreement certainly we would like to finance that, why not?

Naveen Kumar: Recently we have moved a proposal also where we have requested for some more concessions as far as consideration of transmission proposals are concerned. Of course it is for the state level utilities; but since your question was oriented towards IT , that is why I mentioned this.

Nujella Kumar: Okay sir.

Dr. Pawan Singh: So any other clarifications? Any other point?

Nujella Kumar: Yeah, just now recently we have gone through the budget presentation from FM Sitaraman. On the same basis, like we will be having multiple operators....power distribution companies will be in every state or every city or anything is possible. So basing on this point, are we planning something strategically so that we can put our internal ICC whatever you mentioned just now, are we planning something to disburse some amount in the next....coming financial year sir? Are we planning something on this?

Dr. Pawan Singh: Vibrant distribution companies certainly because in any case distribution companies are fitting into our model. We have done private sector distribution also in the past. We have done state government good rated institutions in the past. If there are other operators who start coming in the distribution business and also probably as carriage and content concept changes; depending on again we will have to do our due diligence for the revenue certainty and all that and if good promoters in distribution companies do come to us, we will certainly like to finance them. As you rightly pointed out this budget has thrown open window for infrastructure finance companies. Fortunately for us because outside the PFCs and RECs not many infrastructure finance companies could survive the heat of liquidity challenge. So we are one of the few who have survived. IL&FS got destroyed, Dewan Housing Finance finished, Piramal does not do infrastructure, Srei Infrastructure Finance Company has moved out of infrastructure. So we have held our foot high. We have also learnt to do what portion of infrastructure. As I said we do only cash flow financing. We have also learnt how to do, what to do. So we want to be in this niche area as the opportunities galore and not many players will be there; we will definitely like to leverage on this opportunity. Probably my own expectation is, as this budget unfolds new India, probably you will see a new PFS from the first quarter next year.

Nujella Kumar: Okay sir, thank you and that's it from my side.

Moderator: Next question comes from Adithya Mundra from My Temple Capital. Please go ahead.

Adithya Mundra: Hello, sir thank you for taking my question again. Last time for some reason my line got disconnected. I think we were discussing the assets which are under restructuring. After my question, I couldn't hear you so....

Dr. Pawan Singh: Sanjay was answering that. We said we have only one case of Madhya Bharat and that is the hydro project; that is not restructured in true sense of the word. We have a word called standard restructuring where when timeline extensions are

given to existing projects beyond two years, beyond the control of the projects so we call it standard restructuring. So we make additional 5% provisioning. So we have made 5% provisioning here. The underlying project is hopeful to be completed by the middle of this year and everything is going fine with this project. Once the project gets completed this 5% we have provided, we will be able to write back.

Adithya Mundra: What is the outstanding amount?

Sanjay Rustagi: Close to 130 odd crores in this.

Adithya Mundra: And sir what are the stage 2 assets in our books?

Sanjay Rustagi: Stage 2 assets is 827 crores.

Adithya Mundra: Alright sir, thank you.

Moderator: Thank you sir. That was the last question. I now hand over the call to Mr. Pawan Singh for closing comments. Please go ahead.

Dr. Pawan Singh: Thank you for a very, very interactive, fruitful, innovative session. We always look to interact with you because we also get feedback from the market. It was a learning for us. The good thing is that our country, especially the world is hopefully coming out of this...civilization's one of the worst challenge and now as we say....a saying which is mostly used in Buddhism but I use it here, that after great evil, great good follows. So I am quite hopeful that as we go forward the coming years will be very good for the economy and all of us. All the best to you and your families. Thank you so much.

Moderator: Thank you sir. On behalf of S-Ancial, good day everyone. Ladies and gentlemen, on behalf of PTC India Financial Service Limited this concludes the conference call. Thank you joining with us. You may disconnect your lines now.

Note: 1.This document has been edited to improve readability.
2. Blanks in this transcript represent inaudible or incomprehensible words.