



“PTC India Financial Services Limited Q2 FY-22 Earnings Conference Call”

**November 11, 2021**



**MANAGEMENT:**        **DR. PAWAN SINGH – MANAGING DIRECTOR AND CEO**  
                                 **MR. VIJAY SINGH BISHT – EVP**  
                                 **MR. SANJAY RUSTAGI – CFO**  
                                 **MR. ABHINAV GOYAL – HEAD INVESTOR RELATIONS**  
                                 **MR. ANIMESH ADHIKARI – AVP**  
                                 **MR. ANKUR BANSAL – AVP -BUSINESS DEVELOPMENT**  
                                 **MR. SITESH KUMAR SINHA – HEAD CREDIT**  
**MODERATOR: MR. KUNAL SHAH – ICICI SECURITIES**



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**Moderator:** Ladies and gentlemen, good day and welcome to the Q2 FY22 earnings conference Call of PTC India Financial Services Limited hosted by ICICI Securities Limited. As a reminder, all participant lines will be in the listen only mode. There will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “\*” then “0” on your touchtone phone. Please note that this conference is being recorded. I now hand the conference over to Mr. Kunal Shah from ICICI Securities. Thank you and over to you Sir.

**Kunal Shah:** Thank you, Mallika and good afternoon to everyone present on the call. Today we have with us Dr. Pawan Singh - Managing Director and Chief Executive Officer and the senior management team of PTC India Financial Services to discuss their Q2 and H1 FY22 earnings call. Over to you Sir.

**Dr. Pawan Singh:** Thank you Kunal for arranging this call and giving us the opportunity to interact with our investors and today in my presentation I have been accompanied by Mr. V.S. Bisht - EVP, In- Charge of Monitoring and Disbursement and Resolution of Stressed Asset; CFO - Mr. Sanjay Rustagi, who's well known to you, he has been supporting me on previous con calls; Mr. Abhinav Goyal, who is in-charge of the Investor Relations, Staff Officer, Mr. Animesh Adhikari and also the Head of Business, Mr. Ankur Bansal and Head of Credit, Mr. Sitesh Sinha. We have full quorum today from our side and very happy to answer any of the queries as they come.

So, first of all, once again I welcome you and also it looks like that the challenge which we faced, the COVID issues and all that is largely behind us and the economy is now looking quite buoyant and improved



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from what it was. For us, the shot in the arm is that, the COP26 is to be over and our stand on business have been largely vindicated by COP26 and the India's commitment to net zero target was laid down. And since our business model itself is on the basis of what the COP26 promises, basically towards sustainability and being environment friendly. And, as we have told you, we have already taken advance movement in this direction and we are trying to become quite a bit of, we are not only a net zero company, but we are trying to be a green infrastructure finance company.

A couple of things before, numbers which will speak for themselves, but directionally let me give you some little bit of backdrop and idea where are we moving, how we have moved directionally. From our perspective, directionally couple of things, number one - that we have decarbonized our balance sheet and moved from thermal to green infrastructure financing, renewable occupies close to 45% of our loan book. Then we believe in the additionality in sustainability; and e-mobility, water sanitation, water distribution, e-charging, manufacturing of solar panels and now, recently, we would be embarking also on the manufacturing of wind turbines. These are the areas where we have started to additionally fund.

We also, for the first-time in the last quarter, we assisted first airport financing in India and that was the goa airport. Of course, we came as a last mile financier when all the lenders of the project were over and the project is of national importance to be commissioned by August next year. So, business wise, we are moving in a direction, we are grossly benefitted from two sides, one is that COP26, not only makes the developed nations commit huge funds to the emerging economies like ours, whereby we hope to be one instrument or institution through which



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this fund will flow to the development, which will happen in the green infrastructure. Second is, from the business side, since there will be a flip to green infrastructure, give a good business opportunity to us and we are that way very comfortably placed.

Second thing is that, one of the things which have been haunting us is our legacy assets and the outcome of legacy assets on our operational or financial performance over the years. I'm happy to report that, the provisioning challenge, which we used to face and credit cost which used to be the heaviest burden on our financial performance is behind us. And, we have, last quarter and this quarter; also last quarter means the quarter, behind the present quarter, the provisioning numbers have really drastically reduced and likely to be consistent in this form going forward. As we move forward, it is likely to be in the same direction. The credit cost, which used to weigh down heavily on my profits, which also used to weigh heavily on my return on net worth, on my return on assets, that is going to be over and it's almost over and my Net NPA numbers have fallen down to as low as Rs. 281 crores.

As we will explain in detail that probably this Rs.281 crores is the last mile of the stressed asset and recoveries are all on the anvil. That is why you will also look at my provision coverage ratio has jumped up, from, Q2 46% to 66% in the Q2 of '22. This is second thing, which I would like to say. Third thing I would like to present before you is that, which question normally comes is that whether PTC would divest or not divest, so on that there is fair amount of clarity that PTC, for now, is not coming out of us. And, our capital adequacy is very good, 27%. And the thinking is that, PTC would expect us to grow very fast, expand very fast and give them good returns on their investment and which we have already started to do in this quarterly result and the betterment of that is expected



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in future. Fourth thing, which I'd like to tell is that the weight of liquidity challenge, the COVID 19 and all that, which also used to be a drag, which led to a very, if you look at my half yearly sanction figure of the last year, it was only Rs.350 crores, which has gone up to over Rs.2000 crores in the current year for the six months.

We are poised to now grow; business is going to grow at a much faster rate than what we have perceived. It will not be as we say Hindu rate of growth, but it will be definitely very high; now India growth rate is of course the highest. So, I can always say that we'll have that kind of a much higher growth rate for our company in the coming years. I've told the opportunities are going to unfold in many ways. This is what, the story behind the whole numbers and all that is there. Some quick figures, of course, CFO Sanjay will take you to the detailed numbers, but one or two things I cannot hold myself because having shown that kind of an increase, I'm tempted to share that with you upfront and most important being ROA jumping from 1.1% to 2.20%. And specially the reduction in the absolute numbers of NPA falling down; net NPA falling down from Rs.500 crores to Rs.280 crores. And my return on net worth now coming very close to double digit number and significant improvement in the NIM and spread and as I've said that we are highly focused on the business growth I'm talking of and that we have been able to maintain and we'll be able to sustain it. With that backdrop, I request Sanjay to take you through the details of numbers and we will be happy to take questions, me and my team would be happy to take any questions. Thank you, Sanjay.

**Sanjay Rustagi:**

Good afternoon, everyone. I am just giving the financial highlights for the PTC India Financial Services Limited for Q2. First I am giving the comparison between Q2 22 versus corresponding the last year quarter.



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The profit before tax and the profit after tax for the Q2 22 stood at Rs.69.96 crores and Rs.52.47 crores, as compared to Rs.48.46 crores and Rs.31.85 crores in Q2 of the previous financial year. The yield of the earning portfolios stood at 10.57% in Q2, the debt equity ratio has improved to 3.21x times in Q2 as compared to 4.30x in the second quarter of the previous financial year. The net interest margin earning portfolio is 4.1% as compared to 3.70%. The spread on Q2 number is 2.99% as against the 2.82%. Cost of the borrowed fund has reduced drastically to 7.58% as compared to 8.53%. If we talk about the comparison with the previous quarter of the same financial year, the profit before tax has improved to Rs. 69.6 crores to Rs.60.93 crores. Profit after tax has increased to Rs.52 crores from Rs. 45.60 crores and the net interest income has improved to Rs.89.60 crores as compared to Rs.79.62 crores. For the first financial year, if we club together the Q1, Q2 of this financial year versus the Q1, Q2 of the previous financial year, profit before tax has improved to Rs.130.89 crores against Rs.91 crores and profit after tax has improved to Rs.98.07 crores against Rs.58.42 crores. The yield on the earning portfolio stood at 10.76%. The net interest margin on the earning portfolios stood at 3.98% as compared to 3.52%, and the business disbursement during the first half is Rs.1,687 crores during the first half year. Capital adequacy ratio as on 30th of September, is at a very comfortable level of 26.06% against the regulatory requirement of 15%, the return on the net worth for the quarter ended September 21 is 9.52%. So, these are all the financial numbers. Anyone has any question can ask now.

**Dr. Pawan Singh:** Thank you Sanjay. So, we will be able to take questions and also give clarification, explanation as we go forward.



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**Moderator:** Thank you Sir. Ladies and gentlemen, we will now begin the question-and-answer session. Anyone who wishes to ask a question may press “\*” and “1” on your touchstone telephone. If you wish to remove yourself from the question queue, you may press “\*” and “2”. Participants are requested to use handsets while asking a question. We have the first question from the line of Aditya Mudra from My Temple Capital Advisors. Please go ahead.

**Aditya Mudra:** What will be your stage 2 assets?

**Dr. Pawan Singh:** Rs.558 crores.

**Aditya Mudra:** This will be basically in which industry, which sector?

**Sanjay Rustagi:** It’s solar and the hydro project is there.

**Dr. Pawan Singh:** Yes, let me explain this. I'll give you a breakup of this because, numbers reveal very little, then they confuse quite a bit. So, let me go through this. So, out of this Rs.558 crores, there are three large chunks here, which constitutes almost Rs. 500 crores, you can say, little less than Rs. 500 crores. Madhya Bharat is Rs.160 crores and Kundli Manesar is a road project, it is Rs.189 crores, and Vento power is a solar project Rs.143 crores. Now let me give you the snapshot of where it is and what is happening. In Madhya Bharat, it’s hydro project. The project is now complete in June. The COD has been completed and the power flow also has started. And hopefully this quarter, this will come out of the stage two and then this Kundli Manesar is a very important project which connects Delhi, it’s a kind of a ring road outside Delhi. It's a bypass around Delhi which is very popular road, which connects Western India with the Northern India. And there's a heavy traffic on it. Here also because our project was little bit delayed, the PCOD had not happened.



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This was, again, was inaugurated by Prime Minister few months back and this is Rs.189 crores and now the Haryana Government, the secretary level committee and chief engineer level committee have cleared it. Very soon the cabinet will meet and give the COD date. So, this will also come out of the stage two and third is Vento Power Infra Limited. This is Rs.143 crores. Here it was basically, it belonged to the Essel group. Because Essel group was not able to infuse equity, but tariff for this project is very good. The PPA is with SECI and we are trying to find change of promoter, which should happen in two to three months' time, not more than that. Since the project has SECI PPA and it's a solar project this will also move out. So, there are no areas of concern as far as stage two is concerned. All of them will move out. And of course others are some small Rs. 2-3 crores here and there.

- Aditya Mundra:** Over and above are there any restructured books?
- Dr. Pawan Singh:** There are no restructured books.
- Aditya Mundra:** In this quarter if you could give a breakup of the sanction for this quarter, September quarter?
- Dr. Pawan Singh:** Sanction for this quarter was Rs.541 crores were the sanction, Rs 433 crores is the disbursement. After that, we have done another Rs.1800 crores of sanction.
- Aditya Mundra:** But this Rs. 541 crores what would be the breakup, like which sector would be the major ones?
- Sitesh K. Sinha:** Out of Rs.541 crores, we have sanctioned to couple of renewable energy projects for renew and the hero group. That was majorly Rs.541 crores and one loan to Discom, but in Q3, we have substantially sanctioned as



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Dr. Pawan Singh has also said Rs.1800 crores. So, that includes new sector, we have forayed that is the airport, which we have sanctioned Goa airport, other remaining sanctions are related to the, again, are wind and solar portfolio and another loan we have sanctioned to Rs.74 crores to the electric mobility, which is pan India the company is, deploying the buzz mostly in Southern part of India. That will become operational by next June 2022, that we have sanctioned Rs.275 crores, all these together makes close to Rs.1800 crores in this Q3.

**Aditya Mundra:** Major part is Goa airport, e mobility, and there was one more which I missed.

**Sitesh K. Sinha:** Renewable energy portfolio, Goa and one is E mobility sector. Goa airport is only Rs. 170 crores.

**Aditya Mundra:** Ok. This quarter, that is, September quarter is majorly it is renewable energy out of Rs. 541 crores.

**Sitesh K. Sinha:** Yes. It is all power and renewable energy only.

**Moderator:** We have the next question from the line of Saumil Mehta from Mehta Advisors. Please go ahead.

**Saumil Mehta:** Firstly, congratulations on the impressive set of numbers with the reducing NPA and high disbursements figures. I just wanted to understand what sort of guidance can you provide for the disbursements figure at the end of this current fiscal year? Also, apart from that, there is continuous improvement on the borrowing cost of the company, especially for the last few quarters. Is there a further scope for reduction in borrowing costs in the near term?



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**Dr. Pawan Singh:** Current year, we have the budget figure. Rs. 5,000 crores disbursement we are hopeful of doing it, not only hopeful we will do that. We have already achieved 50% and normally third and fourth quarter traction is the maximum, so we'll do it and do it, probably, try to do it more. Reducing the cost of borrowing, that is a constant endeavor because one thing is very clear, when my financial results improve, we construe to get a lower cost of borrowing. So, I always say, I teach finance also, that's my hobby; I always say that, good balance sheet leads to a good balance sheet. So, results which we give the clearance of stressed assets should help us to bring down my cost of borrowing. Third, which I want to very clearly point out is that I was, before you, I was talking to you, the team of India-US business Council was here, and I was talking to them. Now after COP26, the developed countries are going to commit huge quantity for India. We can be a very strong intermediary as we are poised very well because we have the flexibility of private sector and we are also seen as something which the government supports. We can be a very powerful intermediary and we are quite hopeful of tapping very cheap international finance in next few months as they go by and of course domestic cost of borrowing also we have to review and we hope to get some reduction in this quarter as well.

**Moderator:** The next question is from the line of Vivek Singh who is an Individual Investor. Please go ahead.

**Vivek Singh:** I have few questions. Is there any challenges on liquidity front, how much further credit line the company is expecting in the near future? And another one is there any progress for resolution of fresh loan accounts like NRSS, ILFS and NSL when it will get resolved? Can you throw some light on it?



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**Abhinav Goyal:** As regards your first part, we are not facing any liquidity challenge, in fact we are facing enough surplus liquidity in our company. We visualize the situation earlier when COVID came in and we started pressing the banker and with our great efforts and the continuous follow-up, extending the relationships, we were not only able to reduce the cost but also to get extended credit line from banks. So, if we talk about the last quarter, we got Rs. 1000 crores additions from Bank of Baroda Rs.500 crores and from Union Bank of India another Rs. 500 crores at a very competitive rate and now probably SBI has also sanctioned and we are about to get confirmation from their side and Canara Bank is also working for another Rs1,000 crores, Jammu and Kashmir Bank for another Rs. 500 crores, Bank of Baroda for another the Rs. 500 crores. So, the combined credit line would be Rs. 2500 crores and that will be a long-term line. If you look at our long-term to short-term utilization that is also very fantastic. As of now we are having FD of around Rs. 300 crores in form of HQLA to meet any contingency. The second part will be addressed by our Executive Vice President Mr. V.S. Bisht.

**V.S.Bisht:** Regarding this stressed assets, as we have told in the last investor call, that we are at the final stage of resolution of two stressed assets and our Board has cleared one of them and it is about this NRSS and we are issuing LoI and executing the document and then we will file in the CERC because as you are aware that this NRSS is a transmission Scheme and the transaction needs to be approved by CERC, as there is a change in the management team in the promoter. So, we are going ahead with this and hopefully once CERC approves it, the normal time it will take getting it approval from CERC and then we will enter into the entire document, so we are hopeful that during this financial year we will be able to clear it though PFS board has already cleared it, only the nitty-gritty of documentation is remaining. This second stress account is



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about IL&FS, it is in the NCLT, as you are aware. And the next date of hearing is 8th December. There is a good amount of money lying in the TRA which is around Rs.1800 crores lying there and the consortium are looking to get favorable judgement from NCLT. Once the NCLT gives decision, then we will be able to get 10% of our loan plus interest from them in one chunk. And we are hopeful of getting a favorable decision. I think the third one was about NSL, though our board has taken a view, but, we are awaiting some, clarity because it has been referred to RBI for some issues. In case if we don't get any clarity from RBI then again we will go back to the board. We have got good one-time settlement. The principal amount is Rs. 125 crores against which we have already got OTS offer from the promoter of around Rs. 90 crores. So, it is a good recovery and we have already gone to the board twice. once clarity emerges then, most probably in the next Board meeting we would, again go to the board and the board may give approval. So, Rs.206 Crores plus Rs.125 crores, it takes care of around Rs.330 crores of our stressed assets.

**Dr. Pawan Singh:** Just to add what Mr. Bisht said, NSL has said has updated the position, so already we have Rs.90 crores offer, Rs.125 crores were the loan amount which we have already provided for. So, this is the Rs. 90 crores which should come back to straight away to my bottom line and second he talked about this ILFS, ILFS the resolution plan is all approved by lenders and now it is only to get a stamp of NCLT and I think in the first week of December and will get the stamp, then the cash flow will start that is the upfront payment but the loan amount remains with us and then we will continue to get our regular payments. This plant is operating at a PLF of nowadays over 70-75%. So, good cash flow that Rs.1800 crores is lying in the TRA, once the stamp is put then the cash flow will start coming to us. If we had to rank in terms of, we are almost there, all three



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are almost maybe few days here and there but they are almost at the fag end of the resolution, it's the question of days may be maximum a month or two and we should be able to clear this large portion which is ILFS, which is Rs. 164 crores, and NSL, I will say 90 crores because that is the value which we are going to get and NRSS, we have already got the offer of Rs.134.50 crores. So, that makes it close to Rs. 400 crores, is what we are going to fully resolve and that will take care of my bulk of stressed assets.

**Moderator:** The next question is from the line of Manoj Pandey who is an individual investor. Please go ahead.

**Manoj Pandey:** My question is about the business growth of the company which is not happening. Every year '15-'16 financial year when your loan book was 14,200 crores and now after 5 years your loan book is only Rs.9,200 crores. If we take it on annual average basis your business growth has declined every year by Rs.1000 crores. Now in this environment when the government is emphasis on infrastructure side but the company is not able to grow its business. How do you foresee, how this could be reversed?

**Dr. Pawan Singh:** Mr. Pandey I am happy that you raised this question and I really wanted to address this. I was just waiting to address this point. And in fact your point is very valid, that there has been some de-growth, but let me also tell you, substantial portion of this de-growth is the resolution of stressed assets, which we took out of our balance sheet. That has been one of the reasons for de-growth which, we were carrying assets which was not giving us any return. So, that of course is positive thing which has happened. Second thing which I wanted to point out is that last year we did only, total sanction for six months was only Rs.350 crores That was



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because of the Corona issue. Because of that we were not able to, meet any growth target and prior to that, the NBFCs are facing huge liquidity challenge. And it was capital conservation in fact many of our peer group has gone. It has disappeared from the market. Your ILFS has disappeared, SREI recently disappeared, Dewan Housing disappeared, ultico disappeared, Piramal has moved away, Aditya Capital has moved away, Edelweiss gone. So, perhaps the only private sector NBFC infrastructure finance company which is holding its flag high and I do agree with you on the growth side it did not happen, but we were also focusing on capital conservation and improvement on the operational parameters. Now having achieved that capital conservation, having improved non-operational parameters, and having focused on profitability more than the growth, especially in the time when there's a liquidity crisis, there is a COVID crisis and of course resolution of stressed assets, it was the wise thing to do I think in the hindsight, I think we have been very and today that we have these numbers before us the kind of numbers, which we are going to sustain the provision coverage ratio, credit cost which we have been able to reduce because of the resolution of stressed asset. I said this year against last year, half year which we did Rs.350 crores sanction. Already we have done Rs.2300 crores sanction and further in this quarter we have done, close to Rs.1,800 crores, already Rs.4,100 crores sanction we have done. Last year entire year it was Rs.4,200 crores, half year itself we have done, if you take one month more, we have done Rs.4,100 crores, so we are going too far exceed. Now we are on a growth path, so you can catch us when we come to you after the final results, I will expect you to be there and I will wait for you and perhaps I will show you a substantial growth in my number.



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**Manoj Pandey:** As an investor we would like to see that at least the company's loan book grows at 15% per annum, that is not happening but the input which you have given, we should expect at least 50% loan book will grow?

**Dr. Pawan Singh:** So, you will find, as I said, we already have done a sanction of Rs. 4,000 crores which we did for the entire year, as I said again, third and fourth quarter, the quarters where we push the most sanctions compared to first two quarters. You can expect a very substantial increase in my sanction number and disbursement number, so you can expect a good kind of a growth and that our capital adequacy is and of course I will ask my BD head to give you a pipeline position as to what is the pipeline position. Mr. Ankur is here and will give you what is the kind of pipeline which we have for growth.

**Ankur Bansal:** We have around Rs.3,500 crores plus pipeline as on date which is also getting built up over the time and out of this Rs.3,500 crores it is fairly diversified into renewable energy, into manufacturing of solar glass, into EV sector, into waste management, into water desalination sewage treatment plants. So, we have a fairly good pipeline and that too in diversified sectors. Apart from that, apart from the pipeline, we are also focusing on the ROIs and the yields of the loans also, we are fairly getting good yields which is also reflecting in our NIM margin of around 4% which has been shared by our CFO shortly back.

**Manoj Pandey:** One last question. Management have fared very well and the company has come out some challenging things. Another thing which I find is that the company has very less visibility in some of the sectors and only one head office is operating from Delhi, do you have any geographical expansion plan, at pan India business?



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**Dr. Pawan Singh:** See, our business is all over India. It's not limited to, none of our borrowers are from Delhi, zero. Most of the borrowers are from either Western India or from Central India or Southern India. We have very little borrowers from Northern India, and we have no borrower from Delhi. So, we have a geographical and since we are infrastructure finance company, its chunky loan so it's not retail loan that we have offices everywhere to do collection and we are highly digitalized and the highly automated all our collection system, payment system is latest and up to the mark. I think we follow the best NBFC practices. But we do agree with you that, we have to also, so we have, extended arm, we have, one office, combined with PTC at Hyderabad, which is manned by a very senior person, ex-NTPC Executive Director. We also have an arm, somebody representing us in Mumbai. We can give the contact details of that person, but as you rightly said, that we will expand and Mr. Pandey does that showed the way we are not trying to grow, you will not only find us in India, maybe you will find us across the border also.

**Moderator:** We have the next question from the line of Darshil Mehta from DM Investments. Please go ahead.

**Darshil Mehta:** Can you share the status of renewable infrastructure debt fund management, which was mentioned in last investor call?

**Dr. Pawan Singh:** Yes. So, on that it is Green Growth Institute, Korea. So, they are giving us technical assistance. They are helping us to set up this fund and giving us all technical advice as well as, also incurring all the expense, on behalf of us. As a part of developmental activity or process, now see our board in principle has given us green signal and Green Growth Institute has already appointed, KPMG as their consultant to raise equity. KPMG is very actively looking for and scouting for equity partners in this



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regard. And they are in touch with many multilateral bodies. So, we are progressing, quite well. And again I am coming back to the cost of repetition with COP26, I think, kind of support should come to Green IDF, should be very promising. We are, in the right direction and things look quite optimistic.

**Moderator:** The next question is from the line of Viral Shah who us an individual investor. Please go ahead.

**Viral Shah:** Yes, I just read in your PPT that you have provided financial assistance to Sunshine sector. So, just, wanted to know your vision and what's your plan to diversify more into the sector. How do you see this sector more profitable or just your vision on this sector?

**Sitesh K Sinha:** It is sustainable infra financing sector. It is related to water. We are, diversifying water sewage treatment, waste management, E mobility, those three areas we have picked up, because of the counterparty comfort where all three are the sovereign fund promoted. Like NMCG in water treatment. It is from NMCG. E mobility it is from DHI subsidy. Based on that annuity-based model, we have picked up these three diversified areas and in the last one or two years, and we have also planned to grow in the same sector, much more sanctions in the sector in another couple of years and we are proud to say, we are one of the early mover advantage in water treatment as a long-term loan product. Similarly, for E mobility sector we were the first lender to be able to disburse in the e mobility sector as a long-term financing arrangement. Keeping of that waste handling management is also, we have analyzed and sanctioned one of the proposals and another like Ankur Bansal said, another one or two proposals also in pipeline. Hopefully we will able to do some outstanding on those waste management systems. In waste



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management we are picking up those only municipal corporation or a state local body, which is a financially, they have the healthy position of the finance. Based on that we are doing the diligence. Apart from that, of course the promoter who are doing this, all this investment in this sector, we are also analyzing their balance sheet, their past track record, their strategic tie up with the technology partner or the financial investor. Based on that, we are taking a credit call on sanction of the sector. Moving ahead we will also be interested to see similar kind of business model is appearing in this, another sustainable area. We hopefully that next is the hydrogen generation. That will take time, another quarter time or six months' time to pick up the real business proposal, but we are interested and we are analyzing such sector movement, for those new upcoming sustainability or developments.

**Ankur Bansal :** Just to add like with PM's vision of like promoting domestic manufacturing of solar modules, we are also analyzing a proposal into a solar glass manufacturing, which is coming in a very renowned SEZ area in India. That is also adding to our sustainability credentials that we're also supporting, manufacturing of local developers also into solar module manufacturing, so that is also one area we're looking at right now.

**Moderator:** The next question is from the line of Srinath who is an individual investor. Please go ahead.

**Srinath:** Previously you mentioned about Danu wind at one of the three accounts, what happened about that?

**V.S.Bisht:** Actually, the Danu wind, as you are aware that there is some issue of, the state Discom, which is pending in the high court. And, we are just awaiting the decision. Once the decision is given, of which we are very



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hopeful to get shortly., Otherwise the plant is already operational and there is no issue at all in the plant , the only issue is with the state discom not paying its obligation to the power utilities. we are hopeful of getting a favorable decision shortly.

**Dr. Pawan Singh:** In fact, what has happened is that the High Court in last November, when the last hearing was recently held and in that they have said that they have to immediately clear dues up to 2.40 clear up to November, latest dues they have to clear. See there are that is one of two areas. One is the delay in payment and second is the tariff. They are paying Rs. 2.40/- and original PPA is over Rs.4/- but they are paying it to Rs. 2.40/-. So, 2.40/- they have paid up to January, January payment has happened, which is not worse than in any other state, only thing is for differential tariff they have gone to High Court. Even at Rs.2.40, if the payment is in time, this account will be regular. But there were two issues. One is that payment here also that at Rs. 2.40/- has to come in time, number one. Number two, better than other states. But then the differential tariff, the high court is seized of the matter and the Government of India is also seized of the matter and they are likely to do next hearing in this month only or early December. And, we are hopeful, on the backend we got an offer also from the ARC, which is, closer to the loan value, but we are contemplating, if the order comes in the favor, then we will not go ahead with ARC proposal, but we will continue with the account. And, otherwise as Mr. Bisht mentioned that there's a power flow happening, there is no problem, it's a completed project and power flow is happening.

**Srinath:** So, in what timelines you will resolve all the remaining stressed assets, because that disinvestment process is delaying, I think only because of this no clear balance sheet?



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**Dr. Pawan Singh:** No, delay has nothing to do with disinvestment. Disinvestment is not happening, I made it very clear at the beginning. Now PFC, PTC is not disinvesting and that is another reason why we are going to grow faster because of the disinvestment in uncertainty, we had also, the growth, one of the reasons apart from liquidity, COVID-19 challenge was that PTCs disinvestment also was weighing on the minds of the board here and there. That was also one of the reasons that is why you will find that suddenly once this decision has been taken. There's a huge jumping in our sanction and disbursement number. You will find that, this whole, company has been re-engineered from the angle of sanction and disbursement. Unprecedented growth we will be able to, have as once this, the overhang or shadow of disinvestment processes is behind us and I am categorically saying that now for the time, PTC has very clearly said that they are not going to disinvest. They're going to support us and they are going to see that we grow. So that they also get good financial returns, good returns from whatever investments they have made in PFS. So, they are looking forward to that. As far as resolution goes, I've clearly clarified you what is the status of Danu, other assets which I've said, my NPA, net NPA at the beginning only I said has been brought down to a number of, from last year from, Rs.510 to Rs.281 crores and this Rs. 281 crores again I'm telling you these are under final stage of resolution and if I add to the NSL recovery, which will happen, so our recovery will be higher than the amount of Rs. 281 crores. Including NRSS, NSL so if I take all that, the recovery will be higher than the 281 net NPA number. It's going to be net-net a gain for us. On the stressed assets we have done remarkably well. There are certain things which are at the fag end of the resolution as Mr. Bisht very clearly mentioned that next maybe a month or two, three big assets are almost at the last stage of resolution. You will find that resolution. So, stressed assets we have



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handled fairly well, quite well. We have brought it down substantially it used to be close to Rs.1800 crores, from that we have brought it down to a net NPA of Rs.281 crores. So, and that also said that it is towards, so I don't think that is a cause of worry or from any account. If it is to be seen, it is to be seen as a positive thing and not as a matter of concern and it's cleaned up. One of the reasons why PTC is also very happy with us having cleaned up the balance sheet, they are looking forward for good return. That is why they put this on hold for a while.

**Srinath:** So, in your opinion PTC India is going to cancel the disinvestment process or no?

**Dr. Pawan Singh:** I said that at least for the time being, they're not looking at it and they're looking to support us so that we grow and give them good returns.

**Moderator:** The next question is from the line of Ashwini Bhat who is an individual investor, please go ahead.

**Ashwini Bhat:** My question is if there is any update on the dividend proposal from the management side and I also had one more question. So, are you having any planning to have raise an equity of 500 crores, has the discussion materialized on the same yet?

**Dr. Pawan Singh:** On the dividend front, see we have been maintaining, of course last year, because of this NSL provisioning, we were not able to declare dividend, but we have been declaring dividend. Of course, it can be a little premature for me to now say what dividend we will pay, but you can look out at the kind of dividend payout ratio, which we have been maintaining and what I'm showing you is now the profitability. We have already touched close to Rs. 100 crores and two quarters should be better than the previous two quarters. I think you can look at our payout ratios



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and you can satisfy yourself. Regarding second question, your 500 crores, we have a very decent debt equity ratio. We have a capital adequacy of 26%. We were always waiting for, things to improve so that we can enter and raise capital. Meanwhile, what we are doing parallelly is that we are expanding our book. We have ample room for expansion with the current debt equity ratio and current capital adequacy ratio. As we expand, because I said that the kind of, what was, building our growth was the liquidity, the COVID-19 and the uncertainty of PTC disinvestment and all three are behind us. We have shown in the first two quarters what we have done, the next two quarters will be higher number that I can promise you, at least with certainty and confidence. And so as we grow, the numbers improve, the valuations improve and parallelly we would continue to now engage in the greater, because now travel and all have also started to begin. We are engaging ourselves in a greater intensity to raise capital, but our capital would be not only just raising money, but we want to bring value on the table. Who so ever I bring should be a strategic partner, we should add to value, and we should be able to help management to take this company to the next stage. Thank you.

**Moderator:** Ladies and gentlemen, due to time constraint, that was the last question. I would now like to have the conference over to Mr. Kunal Shah for his closing comments.

**Kunal Shah:** Thank you, Dr. Singh and the entire senior management team of PTC India Financial Services for answering all the questions patiently and giving all the clarification. Thanks, and all the best for the future quarters. Thank you.



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**Moderator:** Thank you very much members of the management. Ladies and gentlemen on behalf of ICICI Securities Limited that concludes this conference. Thank you for joining us. And you may now disconnect your lines.

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