

Transcript

Conference Call of PTC India Financial Services Limited

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Presentation Session

Moderator: Good evening ladies and gentlemen. I am Moumita, moderator for the conference call. Welcome to Q1 FY2022 earnings conference call of PTC India Financial Services Limited, hosted by S-Ancial Technologies. As a reminder, all participants will be in the listen only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing * and then 0 on your touchstone telephone. Please note that this conference is recorded. I would now like to handover the floor to Mr. Karan Thakker of S-Ancial Technologies. Thank you and over to you sir.

Karan Thakker: Thank you. Hello everyone. On behalf of S-Ancial Technologies, I welcome you all to the PTC India Financial Services Limited Q1 FY22 earnings conference call. From the management we have Dr. Pawan Singh, MD and CEO, CA Sanjay Rustagi, CFO, CA Abhinav Goyal, Vice President and Head of Investor Relations, Mr. Vijay Singh Bisht, Executive Vice President and Mr. Sitesh Sinha, Senior Vice President. I request you to refer the investor presentation available at the company's website, which will throw much more light. Starting with statutory declarations, certain statements in this concall maybe forward looking. These statements are based on management current expectations and are subject to uncertainty and changes in circumstances. These statements are not guarantees of future results. Now, may I request Dr. Pawan Singh to take us through the opening remarks, subsequent to which we may open the floor for the Q&A session. Thank you and over to you Pawan Singh.

Dr. Pawan Singh: Good evening and thank you everyone for being here in this presentation. And I am happy to be connected to you. The last time when we met, of course the COVID situation was little at its peak and hopefully things are now better now. Delhi has opened quite a bit and I came to know that recently that Mumbai also has become almost normal. So, this is good news for all of us. And let us all pray and hope that things improve and normalcy prevails in everybody's life, so that this situation, unprecedented situation which we faced in our lives and our near and dear ones doesn't happen and also the business goes in the normal.

Fortunately, for us, though the COVID situation was not bad, because of the nature of business, which we do, we were not subject to any challenge or vagary arising out of the COVID situation. And not too even in the Q1 or even in Q4 of the last year and Q1 of the current year, we were not subject to any vagaries or challenges. So, for us the challenges were not felt in either the fourth quarter or the last quarter of the previous year or even in the first quarter of the current year. And that is primarily because of the nature of the business which we do, where either our payments are linked to concession

agreement, largely related to annuity payments or related to renewable, where we have almost 47% loan book, where they are must run category and the payments are coming in time. And similarly, thanks to Aatma Nirbhar package which gave the State position of the counter parties, State discoms were also good and they were able to make payment in time.

Last year, in the third and fourth quarter, we became optimistic and we pushed our sanction and disbursement and we made up for the sanction and disbursement for what we were not able to during the first and second quarter. And we were able to do sanction close to about 2,500 crores. And this year we have started with a very good bang and we have done in the first quarter itself, we have done sanction of close to 2,328 crores and we have done disbursement close to 1,330 crores. So, perhaps this is one of the highest disbursements made by PFS in the first quarter in their entire, I think, entire tenure. So, going by that we are very optimistic of the business. We have a good pipeline of business in place. And we are hopeful of doing, normally the first quarter is little slow and then from the second, third and fourth, as we go by the quarters, the disbursement and sanction picks up. So, we will be able to outnumber the sanctions and disbursements, what we have achieved in the first quarter and normally speaking, should be able to grow over that. And we have a good pipeline of close to 2,000 crores, our projects under consideration for approval.

As far as, our focus also has been three-four pronged. One is that we are a focused, as I said last time, we are a focused infrastructure finance company. We are trying to become carbon neutral infrastructure finance company. We are committed to sustainability. And as a part of the process, we have tried to decarbonize our balance sheet and thermal assets. And we are close to about 10%. We are trying to bring down further. And the buzz word for us has been additionality in sustainability. So, other areas which we have picked up recently is your e-mobility, water sanitation, the desalinization plant, then the third party PPA or the CNI segment of the wind and transmission, decentralized power, solar and wind. These are the areas which we have started looking at and we have started making business. So, the whole pattern, we are trying to make the asset class more sustainability oriented. And the policy of the Government also is supporting sustainability, infrastructure in a big way. Also, what we have been trying time and again is to build up a sustainable model in terms of our operating parameters and that is why the focus has been to maintain a good spread and admit in good quality of assets. And that is why spread from last quarter 2.98 has gone up to 3.31.

And the important thing is that the lenders case in PFS and against sometime back when the long term to short term ratio was almost 60:40, it came down to last quarter, it came down to 89:11. So, that is the kind of long term to short term ratio. And we have a very good, of course my CFO will give you the exact number, but we have a very good HQLA position and undrawn limits available with us. Now, these benefits are from two angles. One is that it gives us the liquidity support at any point of time, that we can fall back on borrowings line of credit which are available to us. And when we are over bought, we are also able to bring down the cost of borrowing. So, if you look at our cost of borrowing, we have brought it down almost 100 bps from the Q1 of 2021 to Q1 of 2022. And our cost of borrowing today has become fairly competitive. It is 7.65. And our assessment is based on the fact that as we are, large part of our borrowing comes from our reference rate model, where it is linked to the bank's base rate. And with the falling base rate, we are expecting further improvements in the borrowing cost, which will again reflect in our spread and NIMs. So, this is, we want to become a good spread margin

and good NIM margin and which of course also reflects in the return on assets and you will find that recent return on assets from the last quarter or the first quarter of the year 2021, for the year 2021-2022 has gone up from 0.91 to 1.67.

We are a very efficient company, so our cost to income ratio is 10.18. And the capital adequacy, we are now very healthy capital adequacy of close to 24.49. And we have a debt equity ratio of less than 4. All these provided a good elbow room for us to growing our book further. I would not say that capital NBFC should be averse to capital, but we have a very good cushion available to grow our book, both from the debt equity ratio angle and the regulatory capital adequacy angle. On the resolution of stressed assets, of course there has been no further slippages and there is a marginal improvement both in terms of net NPA and gross NPA. Gross NPA has come down from Q1FY21 it was 952, which has come down to 821 in the Q1FY22. And net NPA which was 551 in the Q1 of 2021 has come down to 294. And I would reiterate the point that all these 294 crores, we are on the stage of settlement. And last time when I had come to you, I had kind of given an indication that probably in this quarter or early next quarter, hope this will be resolved. But, because of COVID situation, most of my officers were affected and even the cases where the elements were to be decided by tribunals NCLT and NCLAT, that meeting of NCLT and NCLAT was not happening and which has started only now. So, there is what was to happen maybe in early part of this quarter or later part of the previous quarter, probably will go to the end of this quarter or early part of the next quarter, which but of course now things are operational. So, we hope that there could be few days here and there, maybe some operational point which may come, but we are moving towards realization of this value. Some of it will come in the form of full cash, through one time settlement and in some cases the cash flows will start.

There are two accounts which I will mention, which is not part of NPA, but it is a large account, where it is getting reflected in our stage-III. And that is 161 crores in IL&FS Tamil Nadu and roughly that is the book value and Danu Wind, again 300 crores, which is the Andhra discom, where delays in payment and lower tariff. In both the cases, in IL&FS, yesterday only the final hearing of NCLT has happened and NCLAT has happened. And we are preparing the documentation. And as soon as the notification from the NCLAT comes, the documentation will be pressed, there is good amount lying in the TRA and we expect, because this was in the amber category, as you know, IL&FS had put all its assets into three categories, green, amber and red. It was in amber, so there was no cash flows available. So the cash flows will start pouring in and not only that, they have enough amount even to service the debts .

On the case of Danu Wind, we have two routes which are available to us. One is the ARC route, where bids would be similar to what my book value is and second route is through the Central Government is intervening. High Court has almost completed the hearing. So, High Court may give a order very soon. So, as I said that as the courts were not functioning and it got delayed by a quarter or so. Here also we are very close to the resolution either end of this quarter or the beginning of this next quarter. So, on the stressed assets, there are no fresh slippages which have happened. We are able to maintain. We have developed a strong early warning system, whereby we are able to, we don't really go by aging analysis. Only as I have been repeating it time and again in our con call, we have a mechanism where any major parameter, which was taken at the time of credit underwriting, if it goes for a change, we are able to signal out early symptoms of stress in the project and we are able to take corrective action. And many

of the cases where which are falling in the early warning system have moved over from the early warning space to normal space, which we have in the books.

So, the sanction for the first quarter has been close to about 1,757. Disbursement close to 1,300 crores. And of course, provision coverage ratio stands at 65%. So, having given a snapshot of what we have done, as I said that, and this time, I must say that we have been able to, our business has been able to capture the normalcy of business in the sense, that the provisioning cycle which we used to face is largely behind us. And I was telling you that from the next quarter onwards, the provisioning numbers would look totally different and this is likely to continue now as part of the financial results. So, that is how we are PAT of roughly 45 crores in this particular quarter. And also, I would like to highlight that in the one of the cases where we have made provisioning for one of assets which we have, we have made a provisioning of 90 crores in the last quarter. That also there is a one-time settlement, subject to certain clearances, board approval, RBI clearances, we may go ahead and settle that.

So, this what in a nutshell I have been able to give you as the road mark, where we stand and how we have positioned ourselves, in which direction we will be moving, on that I have been able to provide you. I hope so to your satisfaction. But, we will be very happy to take any query. But, before that Sanjay will give you little, I have tried to give some numbers, but Sanjay will try to top up some detailing of the numbers. Sanjay, who is the CFO of PTC India Financial Services. Over to you Sanjay.

Sanjay Rustagi: Thank you sir. Good evening All. I am just giving you the snapshot of the financial numbers for the quarter ended June 2021. With respect to, if we do the comparison between this quarter versus the previous year corresponding quarter, the total income for this quarter stood at 253.95 crores as compared to 298 in the previous quarter. The profit before tax and the profit after tax is at 60.93 crores and 45.60 crores. Yield on the earning assets stood at 10.96%. And the debt equity ratio has improved to 3.95 times in Q1 as compared to 4.34. The net interest margin has been improved to 3.81% as compared to 3.54%. And the spread for the Q1 stood at 3.31% as compared to 2.80%, in Q1 2021. The cost of borrowing has been considerably reduced to 7.65% as compared to the 8.76. And if we compare with the preceding quarter, that is of March 2021, the total income stood at 253 against 274. The profit before tax is 60.93 as compared to the loss of 30.54 crores. And the spread for the quarter improved to 3.31% as compared to 3.98%.

As on 30th June 2021, our book is close to 10,426 odd crores. It includes the non-fund base commitment aggregating to 343 crores. The capital adequacy is at a very comfortable level at 24.49%. And the return on the net worth for the quarter is at 8.46%. So, these are the financial numbers.

Dr. Pawan Singh: I am accompanied also by Mr. Sitesh Sinha and Mr. V.S. Bisht. Mr. Sitesh Sinha is making his debut today at the investor call. And he is the Senior VP of Credit. And Mr. Naveen Kumar, who is superannuated and till he is there, so he is holding the fort as far as the credit is concerned. And I am also flanked by Mr. V.S. Bisht, who is EVP and in charge of disbursement. Very important department and other areas, the senior most executive of this company and also first employee of this company and also in charge of stress asset resolution, which is one of our flagship programs, which we always talk about. So, I will of course through the Q&A mechanism, because time is short for us, I will give you more time for Q&A. But, wherever required,

you will get on the spot answer from Mr. Sitesh Sinha and Mr. V.S. Bisht. So, you can start with the Q&A.

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.

Ladies and gentlemen, we will wait for a moment, while the question queue assembles.

The first question comes from Mr. Mangesh Kulkarni from Almond Global Securities. Please go ahead sir.

Mangesh Kulkarni: Thank you very much sir. I just wanted to know about the portfolio, where we have seen a sharp drop in our renewable portfolio from around 4,475 crores to 3,210 crores. So, can you give some clarity on this?

Dr. Pawan Singh: So, I will ask Mr. Sitesh Sinha to give little clarity on this and then I will add on.

Sitesh Sinha: Our CEO is also saying that our objective in strategy is going towards the diversification and more towards the sustainability, new upcoming areas like water treatment and e-mobility. So, in this quarter June we have sanctioned more towards those sustainability projects. That is why, in fact we have disbursed towards more those kinds of projects, like e-mobility we have disbursed 100 crores and water we have disbursed another 50 odd crores. So, that makes the reduction in solar and wind portfolio. But, since this will, it is not by design we are reducing, because we are also focusing on other areas. That is why the share of our pie of this solar and wind is reducing. But, that doesn't mean we are off letting or we are reducing intentionally the exposure because of growing concern, it is not like that. We will remain the focus in the renewable energy sector, which is the part of overall sustainability goal of the country as well as the PFS.

Mangesh Kulkarni: But sir, is there any repayment in this, because sharp drop of around 1,200 crores.

Dr. Pawan Singh: Yeah, I will address that. There has been, as I said that the first quarter itself, we have had an almost 1,800 crores of prepayment and this was an industry phenomenon. And we were not averse to it. This prepayment is also part of the historical trend which happens. And in the first quarter normally prepayments are high. This is also because of the fact that bunching happens towards the end of the year. And many of that, it gets thrown to the next quarter or beginning of the next quarter. So, it is primarily a throw forward from the end of the financial year, which happens in the first quarter. But, this trend may not continue in the subsequent quarters. As of now, we have lower numbers with us for the, as far as prepayment is concerned. But then also let me tell you that prepayment is a common thing in infrastructure assets and particularly as you rightly pointed out in the renewable assets and what happens is that many of these

borrowers once the project is complete, it has two-three years of satisfactory operations, they either go for bond issuance or ECB borrowing and they give us new projects, where we do lending. And the churning of assets happens. So, what happens, in the first quarter, there will be some kind of, there will be no direct correlation, though we did about 1,300 crores of disbursement in the first quarter. But, prepayments were also about 1,800 crores. So, that is one of the reasons why you will find the decrease in the renewable assets. But, what Sitesh pointed out is also very important, because we don't only want to be in renewable space. And we want to be seen as a complete sustainable infrastructure finance company in the entire value chain, because the renewable sector, which is based on mostly PPAs by discoms, of course they are must run and the payments come here on priority, compared to normal power supply, but still it is not better, not a very wise thing in the long run to only keep all my exposure in the constituents, which is the counter party is distribution company. So, that is why as he pointed out, the new loans which we have done is purely in the areas of, like whatever new loans we have done, it is solar we have done 16%, wind we have done 21%, transmission 11.3%, road, again 23% and State power again 14%-15%. So, this is how we are trying to do our funding. So, we as a matter of strategy also, we would like to, of course I am not saying that it will not be our backbone, it will continue to be our backbone. It cannot be entirely renewable dependent company. It has to be sustainability focus. It has to be what we call additionality in sustainably focused company. And these are the areas where, like for example, e-mobility is next big growth story which is going to happen, the way solar unfolded the e-mobility and that is where we are, we have been the pioneers and we would like to expand ourselves. Another area which is coming up in a big way is what we call, battery charging, which along with wind or solar, the battery charging facility, so that you have, the problem with solar and wind is that they are available, the PLF is low and they are available for limited time. So, battery storage is new area which is coming up and economically also this is going to be viable. And Government has already announced 4,000 megawatts of schemes, although it is 4,000 megawatts is a big amount, but they called it a pilot scheme. So, that is another area which we are looking at. And another area which is coming up, that is again sustainability related, where automated meters through annuity payment model, which is being followed in some of the States. So, these are the areas we will try. So, we will try to diversify into areas that will not depend on, very much depend on counter parties. Renewable of course is a good area to lend. It will continue to be a good area. But then it is always better to strategize in advance and not wait around for things to go wrong. So, what is where we are coming from and that is how I gave you both operational reasons and strategic reasons, why renewable has sunk to that extent. But, today also my loan portfolio if you look at, the renewable constitutes almost 32% of my loan book. But, if I add to that the corporate loans which I have given to the renewables, the number may look a little differently. And in that case the number may be higher than what we are doing. And also, since what we are doing, that will add another 8% to it. So, it becomes close to 40%. So, what we are also doing in renewable space is that we are doing product differentiation. So, product differentiation means, what we are doing is that though it is going to renewable project, but we are trying to give it to the sponsoring company, which has a better credit rating, where the money is utilized as a first mile financing in the projects. So, there we are able to get good spread, because in the renewable space, everybody is entering, it is a gold rush which has started. So, every lender is trying to enter into that space. So, that is why prepayments are happening and many bankers are also entering into this space. So, that is why we are trying to differentiate product and give this type of, even renewable space, we are giving this kind of a product to the existing renewable companies. That is close to about 8%.

Mangesh Kulkarni: Okay sir. Thank you very much.

Moderator: Thank you, sir. The next question comes from Mr. Dhruv Halagodi, an Individual Investor. Please go ahead sir.

Dhruv Halagodi: Good evening sir. Why there is continuously negative growth in the interest income or the sales number sir? And what about your disinvestment process, since long time we are waiting? So, in PTC India concall, we are asking the same question, they are not answering to us at least they are not taking our questions also. As a shareholder of your company, it is our right to ask what is the status of the disinvestment process. So, please tell us the reason behind the delay of the disinvestment process sir?

Dr. Pawan Singh: So, first question regarding the earning decrease which has happened, but profitability increase has happened. So, earning has been compensated by the expense and the stress asset provisioning the credit cost which used to incur quite a bit so that has covered that. So ultimately your concern on earning is very important but also my point to you that ultimately it will be PAT number which is more important. So, PAT number is 46 crores and the point I am trying to make here is that we work on all fronts, increasing the earning, resolution of stressed asset and that is why this significant improvement in the credit cost. Not only improvement in this quarter. What I am saying is that the provisioning cycle is behind us, so I have told in the last con call also that from the next quarter you will find that the credit cost has substantially come down. So, the focus area for us as I said was consolidation and consolidation was resolution of stressed asset, liquidity management so that we are over bought and we don't face because post IL&FS, it was a big change for NBFC's to improve their liquidity position so I said that it is liquidity which was 60% long term 40% short term is now at 90% long term and 10% short term and of course we have good credit lines available and that has resulted in bringing down the year cost. That is two reasons which attribute to the profit which we have. But there has been some compared to the first quarter of the previous year there has been some marginal decline in the interest income. Not substantial but marginal. That is primarily because it goes back to the answer which I gave to the previous question. The prepayment happened 1,800 crores, disbursement happened 1,300 crores, about 500 crores the gap was there that is the reason why. But I said that this gap will be arrested in the second quarter. In the second quarter what happens is that my disbursements start over taking the prepayment and third, fourth quarter the disbursement go far ahead with the prepayment. So, the earning make up which we have raised will get made up. So, all these don't happen at the same time because when you are starting at various fronts, the other fronts which have given the result in the PAT. In term yes which is marginally climbed over the first quarter will also because of the prepayment which happened, hopefully this quarter we should be able to take care of it. The decline may not happen the way you are seeing it.

Dhruv Halagodi: Regarding disinvestment sir?

Dr. Pawan Singh: Disinvestment because it is a PTC shareholder and he is disinvesting. They are the right people to answer it. I am not the right person to answer it. As far as I am concerned, as of now I don't have any tangible information on this. If I have any tangible information at any point of time, I will be happy to share.

Dhruv Halagodi: At least process is going on or no sir?

Dr. Pawan Singh: That is for PTC to decide, whether they drop or they don't drop. As far as I am concerned, as of now, I don't have any tangible information. If ever any tangible information is available to me, I would have definitely shared it with you.

Dhruv Halagodi: Okay sir thank you.

Moderator: Thank you sir. The next question is from Mr. Varun Singh, an individual investor. Please go ahead sir.

Varun Singh: Hello sir good afternoon. I have a few questions. I would like to know how much sanction and disbursements are we expecting in Q2FY22, I mean the current quarter?

Dr. Pawan Singh: I think, let Mr. Sitesh Sinha answer that.

Sitesh Sinha: In Q2 we are expecting sanction around 1,000-1,200 crores and out of the total including previous quarter sanction we will be able to disburse close to 1,500 crores in this Q2. So that is our target we keep. Post that we are inching towards that target in the mid of the quarter also.

Varun Singh: Okay thank you sir. Another question I have is, please provide the breakup of disbursement segment wise.

Sitesh Sinha: For Q1?

Varun Singh: Yes.

Sitesh Sinha: In this Q1, disbursement we have done close to 1,254 crores and that includes the solar 5.7%, wind 5.7%, transmission 8.85%, road is 30.17% and electric mobility 7.97% and another renewable energy, Dr. Pawan Singh explained through different instrument; that is close to 21.64% and remaining, the similar instrument we have also applied not on hurry in other area like road and port. So that constitutes about 19.93%. This makes 100% for 1,254 crores.

Varun Singh: Okay, thank you sir. Another question is sir, what is the status of one-time settlement offer of one of the loan account you had quoted last year?

Dr. Pawan Singh: I will ask Mr. Bisht to answer that.

Vijay Singh Bisht: We have got OTS offer on one of the account, but there were some queries from our board and we are trying to interact with our borrowers also and there has been some issues on that. But we are very hopeful that we will be able to solve it. We have got a positive offer but that we are just going through the queries of the board but I think within a short time we will be able to finalize it.

Varun Singh: Thank you sir. If I may ask you one last question. This year the cost of borrowing has been reduced. Are we expecting this trend to continue in the coming quarters?

Dr. Pawan Singh: Yes, in my opening remark I had mentioned that our borrowing is linked to base rate, mostly dependent on that. Also, what we are doing is that since we are over bought in terms of liquidity, so the spread on base rate also has come down substantially for us. So, we expect in the coming times, because today also RBI came with their monetary policy, and based on that the trend which is looking like, I think we should be able to hold on to this trend in coming times surely.

Varun Singh: Alright, thank you so much sir.

Moderator: Thank you sir. The next question is from Mr. Rajesh Chowdhry from Zenith. Please go ahead sir.

Rajesh Chowdhry: Yeah, good evening. First of all congratulations on a great set of numbers. My question would be, can you expect the sales to go as 10% and profitability to increase by 20% CAGR on year-on-year basis?

Dr. Pawan Singh: Sorry I will ask you to repeat what you said.

Rajesh Chowdhry: My question is can we expect the sales to go by 10% and profitability to increase by 20% year on year basis?

Dr. Pawan Singh: See what happens, I will answer it this way. As Sitesh Sinha pointed out, we have a disbursement target of close to 5,100 crores. If I have a disbursement target of 5,100 crores, and expect pre-payments on the little bit on the aggressive side also, about 3,000 crores suppose I presume that pre-payment happens. Roughly my books I have to grow by 2,000 crores. 2,000 crores gives me an average spread of 2%. Now that should answer your question both in terms of growth and I have an yield of close to 10.98, so you can add 10.98 into the growth number, you will get the growth number and you will also get the growth and the PAT number. Both you will get.

Rajesh Chowdhry: Okay, thank you. I must also admit that this being COVID times, I think your team has worked very hard and that is reflected in the results.

Dr. Pawan Singh: We appreciate your remarks, thank you so much. It makes us feel good and encouraged.

Moderator: Thank you sir. The next question is from Mr. Vijay Pawar from Senora Capital. Please go ahead sir.

Vijay Pawar: Hello, am I audible?

Dr. Pawan Singh: Yeah, yeah.

Vijay Pawar: Congratulations sir for a good set of numbers. I just had a couple of questions. Sir the first is are we expecting any further provisions in these stressed accounts in the coming quarters?

Dr. Pawan Singh: Yeah. So Mr. Bisht would you like to take that?

Vijay Singh Bisht: This provisioning is a going process and as MD has pointed out, we are in the fag end of the provisioning cycle and we think that going forward apart from the standard provisioning there would be some minor amount of provisioning. It will be there but it will be on the lower side and we are also looking for one more account to be resolved very shortly maybe this quarter or at the most the next quarter we will be able to resolve that. I think by that we will be at the end of all those large accounts which are legacy accounts which we were having about hydro and thermal, now we have left out only those accounts which are in the liquidation stage where the provisioning cycle is nearly complete.

Dr. Pawan Singh: I think Mr. Bisht has answered your query.

Vijay Pawar: Okay and my second question is Mr. Naveen has retired since last month, do you have any replacement for him?

Dr. Pawan Singh: We will get back to you as the board is working on that. I have two able men whom I have brought today Mr. Bisht and Mr. Sinha. They are very competent but of course new director operations board will certainly find in a short period but I have a very competent team. And as I said Mr. Bisht is the first employee of this company and Mr. Setish Sinha is also a very senior employee, very strong in credit underwriting and both of them are competent.

Vijay Pawar: Okay that is it from my side.

Moderator: Thank you sir. The next question is from Mr. Mangesh Kulkarni from almond Global Securities. Please go ahead sir.

Mangesh Kulkarni: Yeah, thank you for giving me an opportunity to ask you question again. In the last concall we talked about three accounts. Today we have talked about two more accounts. So total exposure to all these five accounts will be around 1,015 crores. Out of this, what will be the recovery we are expecting and provision write backs we are expecting or, just throw some light on this.

Dr. Pawan Singh: If I am on the same page as you are, the three accounts were the NPA accounts and the two accounts which I am talking about are the stage three accounts. If I am on the same page. The three accounts which we talked last time, if I am on the same page and I have understood you correctly, one was NSL Nagapattinam, second was Meenakshi and third was NRSS . As I said NSL Nagapattinam is a one-time settlement and Mr. Bisht has given you detail as to we are fully provided, we have got an offer, there are certain observations which we are handling. He says that should very soon clear. The second is of course NRSS, the bids have been received, now we are taking it to the board for approval, we are hopeful of getting close to the book value which is today available. And Meenakshi Energy resolution plan is also it is before the NCLT to its stamp and once it is approved, then the resolution plan of Meenakshi will be in place. That also we are expecting in this quarter or maybe latest early next quarter. The two accounts other than this are stage three not NPA, the IL&FS Tamil Nadu, the Danu Wind I made my opening remarks on that and IL&FS I said that yesterday the final hearing of NCLAT has happened and meanwhile backend we are doing the documentation and money is lying in the TRA and maybe we hope that at least in this quarter the documentation and resolution plan will be approved

and the money will start flowing from the TRA account. In case of Danu Wind I said that Andhra Pradesh is having a final hearing and parallelly we have an ARC offer close to the book value, so either of the two routes we are hopeful of resolving it in this quarter or early next quarter.

Vijay Pawar: What will be the recovery we are expecting from all this?

Dr. Pawan Singh: That is why tell you, in bulk case, in NSL Nagapattinam it is a write back, in other cases I said the offer is close to the book value, so whatever is the book value it will be similar to the book value.

Vijay Pawar: These are also in the discussions with....

Dr. Pawan Singh: I just wanted to tell you about one account which regarding this Dirang. So in Dirang because we got roughly Sanjay will give you the details. Value and what value we realized and what is the value at which we sold some amount this quarter which we are showing it as part of It is not shown in PAT but it is shown in the other income . Sanjay will give a little bit of the detail now.

Sanjay Rustagi: While accepting the OTS offer from Dirang Energy Pvt. Ltd company got around 2,19,00,000 shares at the rate of 14.78. Total value is 32 odd crores. During the Q1, the rate at which we got these shares is 14.78 and during this period till 30th June, we sold around 35,36,000 shares and the value which we realized is over and above Rs. 20 and we made a cash profit of 1,76,93,000 till 30th June and there is a re - statement of the balance shares that is 1,83,00,000 and the share price as on 30th June was 18.40 crores. So close to 12,51,00,000 has been accounted in our result as the other comprehensive income. It does not form part of my P&L, PBT but shown since it's a non-business item. As of today, we have sold another close to 50,00,000 shares from 1st of July till date and average price is around Rs.18.

Vijay Pawar: Okay and sir my next question is on our like we were also planning to place around 500 crores with a strategic investor so what is the status on this?

Dr. Pawan Singh: If you look at my capital adequacy and debt equity ratio both are very good today. So there is no urgency today and as I said we are focusing on unlocking of the value which has started, and we will take a call on it. That approval is available but at the right time, right platform and as the cushion is available we will wait for the best time to raise the money. There is no emergency money now.

Vijay Pawar: Okay sir thank you.

Moderator: Thank you sir. The next question is from Mr. Abinav Mehta from Sun Capital. Please go ahead sir.

Abinav Mehta: Hello? Good afternoon. Why are we having so much of liquid assets within the company?

Dr. Pawan Singh: Sanjay will explain.

Sanjay Rustagi: As per RBI come up with one circular that is liquidity risk management framework and as per that circular we have to maintain the liquidity on cash out flow to the extent of 50% for the next 30 days and if we see over q previous periods, we have converted our short-term liability to long-term to minimize the effect of maintaining the high liquidity. But still we have to make provision for the disbursement supposing we are projecting a disbursement of 1,000 crores in one month, then 50% of that amount, you will have to multiply it by 115% and 50% of that you need to maintain cash to meet the regulatory requirement. That is the reason the amount of liquidity we are keeping high and there are some prepayments which happened and we are expecting some large disbursement during this quarter. This additional liquidity will be utilized.

Dr. Pawan Singh: I hope he has answered your query?

Abinav Mehta: Okay, I got my answer, I will join back the queue. Thank you.

Moderator: Thank you sir. The next question is from Mr. Sandeep Shah an individual investor. Please go ahead sir.

Sandeep Shah: Hello? Am I audible? I have a question. Can you throw some light on the composition part? What is the others part in the composition because it is more than 50%. So what is the measure composition of others in portfolio of the company?

Sitesh Sinha: So, in the others sector, it includes transmission, road, port, and new upcoming areas which we are financing that is electric mobility, water, desalination of water, sewage water treatment. Earlier loan portfolio also some minor amount on the coal mining which we have done five years back but no new growth in that. Some part of that includes we have disbursed close to 2,000 crores. So all this made together comes under the others sector under our corporate presentation.

Sandeep Shah: And all the yields which is the major section if you can let us know it will be helpful.

Sitesh Sinha: Total others outstanding is 5,514 crores.

Sandeep Shah: Sorry your voice is breaking. So, the total others outstanding is 55___?

Sitesh Sinha: The state power utility is the highest here and that comes to about 1,645 crores, auto 5,700 crores, rest are related to all the infra sector as defined by RBI and out of the maximum is road 908 crores and road is 350 Crore and power sector or energy value chain 1,805 crores So that is in the initial discussion we have told that in the RE sector, we are not only taking long-term risk; we are also taking short-term risk seeing our good reputed and financial credible developers to that. So that consists of about 1,805 crores. So, these are the major components of our others.

Sandeep Shah: Okay and sir, one last question. Are there some enquiries that have come in line or can you please mention a few are there any enquiries for loan and by when can we see that in the loan book maybe?

Sitesh Sinha: Yes, right now we have close to 2,000 crores we have enquiries and out of that most of the enquiry is in the solar third party or open access third party PPA and some of the NHAI HAM road projects, they showed annuity is been there and some part is minus to the part, again e-mobility, again we are looking for that as we have done in the previous quarter. In the same line we are getting interest and we have got some enquiry to sanctions. So, all these together and of course our traditional the wind sector and the long-term solar sector where the counterparties NTPC or SECI . We have those proposals. All together we have close to 2,000 crores which we are working actively.

Sandeep Shah: Okay one last thing. When can we expect to see this in your books?

Sitesh Sinha: Some proposals take some time but which is easy, low hanging fruits like NTPC and others. We will try to quickly sanction within this quarter. Today it is not that we will stop any enquiry this quarter. Still enquiry keep on coming to us. So this 2,000 Crore notional number. It may go up further. By the end of the quarter you may see some bigger number and some part is already converted into sanction at the end of the quarter.

Sandeep Shah: Okay, thank you sir, that was very helpful. I will come back in queue if there are any more questions.

Moderator: Sir our next question comes from Mr. Vijay Pawar from Senora Capital. Please go ahead sir.

Vijay Pawar: Hello? Am I audible now?

Dr. Pawan Singh: Yeah you are very much audible, please go ahead.

Vijay Pawar: I just wanted to know what is this RIDF which is mentioned in your presentation in slide number 4?

Dr. Pawan Singh: Very good question. I am glad you asked it. One of our challenges has been pre-payment of renewable as somebody asked in the beginning. Now renewables what happens is, as I said after two, three years they go for re-financing and either they are coming through bond issues or nowadays INVIT is also reaching renewable. They are either doing ECB issuance also in the form of bonds. To create a good valuation, to capture this business also. If it moves from my balance sheet, it goes to another balance sheet. So, we create an RIDF means it is a debt fund. So, debt fund what happens is, debt fund model is based on raising of bonds and issuing of bonds. My borrower tied for the time he subscribes to my bond. The shadow rating which we took for RIDF before sometime back, we have to validate it now is AAA for us. Borrowing cost comes down substantially and we issue bonds. We are able to retain all these customers who are sometimes doing pre-payments so they don't go elsewhere. We continue to do our own the way we have been financing it bigger spreads, Brownfield and Greenfield projects with structure financing so we continue to do that in our own balance sheet and projects which are completed, risk has come down satisfactory operation and we retain them by issuance of bonds, some 7, 8 years bond we will issue to them and we will kind of tie up. They will have the advantage of lower

cost of capital. So earlier we had tied up with DIFID to do this. DIFID is that niche Developmental institution but because of Brexit it had to come out. Now Green growth Institute has signed an MoU with us and they are giving technical assistance to start this. They will also find the equity partner for us. So, we are quite hopeful and bullish and this will be the first RIDF in the country and that is why government is also very optimistic and feeling very encouraged that this is happening in the PTC India Financial Services.

Vijay Pawar: Okay great sir thank you.

Moderator: Thank you sir. Ladies and gentlemen if you have any questions, please press * and one on your telephone keypad. So there are no further questions. I would now like to hand over the floor to Mr. Karan for closing comments. Please go ahead sir.

Karan Thakker: Yes, thank you Pawan sir and the entire Management Team for such detailed answers and I thank each and every participant for joining over the call today. I would now like to hand over the call to Dr. Pawan Singh for his closing remarks. Over to you sir.

Dr. Pawan Singh: Thank you and a very useful and value adding question answer session this afternoon we had with investors. But this is the time that we get more feedback from you and we were also encouraged by the fact that we received positive response from investors because your feedback is very valuable to us. What we have said, we will try to retain and demonstrate. As I said, it is important for us that the provisioning cycle is over. It is important for us that we have reached a stage where we have maintained a business model where we had started operating on a certain kind of margins which is reflected in our ROA. We will continue to focus on Green because we want to be ahead of curve and we are focusing on additional sustainability. Huge opportunities are coming in this area and a shift is happening and the point of concern which was there of the investors surely we have started addressing it by doing sanctions and disbursements and trying to handle pre-payments in several ways and growing our loan book. That part of course one of the reasons, why Mr. Suresh Sinha and Mr. Bisht are here today. I wanted them also to get feedback from the investors that they push the credit loan book and we are able to meet your expectations and the expansion and growth should be seen in the coming months also apart from almost negligible provisioning cost and good margins, good profit, good ROA's. So, this is what consistency is what we will be able to demonstrate in the coming times. The vagaries of challenges in whatever way. That is what PFS balance sheet now will be able to demonstrate starting from this first quarter. This is the base quarter for us. Thank you so much for your patient hearing. Wish you a good weekend, enjoy yourself, now that Bombay has opened up, please catch up on whatever you have lost. Thank you so much.

Moderator: Thank you sir. On behalf of S-Ancial Technologies this concludes your conference for today. Thank you for your participation and for using Door Sabha's conference call service. You may disconnect your lines now. Thank you and have a good evening everyone.

Note: 1. This document has been edited to improve readability.