



PTC India Financial Services Limited

- FY22 & Q4FY22 Earnings Conference Call

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MANAGEMENT: **Dr. Pawan Singh**

MD & CEO, PTC India Financial Services Limited

Mr. Vijay Singh Bisht

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Mr. Sanjay Rustagi

CFO, Senior Vice President, PTC India Financial Services Limited

Mr. Sitesh Sinha

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Mr. Abhinav Goyal

Vice President, PTC India Financial Services Limited

Mr. Ankur Bansal

Vice President, Business Development PTC India Financial Services Limited

S-Ancial Technologies Pvt Ltd.

A very good afternoon to one and all. On behalf of S-Ancial Technologies. I welcome all of you to. The fourth quarter and full year FY22 Earnings call for PTC India Financial Services. I will now be passing on the mic to Abhinav Goyal who's the Vice President and we'll take it forward from there. Over to you Abhinav.

Abhinav Goyal

Very good afternoon to all valuable investors and other participants. On behalf of the company, I welcome you all. So today, we are having our investor call for Q4 Financial Year 2022 a much waited call / interaction for all of us. It was a challenging time for all of us. PFS team was working very hard all day, working, non-working, holiday, festivals to perform and to deliver in the interest of all stakeholders with all regulatory compliances. Fortunately, now challenges are behind us and we are looking forward for a better future. Today we are having our MD & CEO Dr. Pawan Singh in investor call along with we are having Mr Vijay Singh Bisht Executive Director , Mr. Sanjay Rustagi CFO, Mr. Sitesh Sinha, Functional Head Credit, Mr. Ankur Bansal Vice President from Business Development unit and Mr. Prashant Gupta, he is AVP from finance team. So I request Dr Pawan Singh to kindly take the lead. Thank you.

Dr. Pawan Singh

Thank you Abhinav and on behalf of PFS, let me give a welcome to everyone who has joined the investors call today and it was a long awaited call. As Abhinav pointed out my team and everyone has worked very hard to see it happen and though at this time of the year. You know, we should be coming with the Q2 numbers but for the current year but this financial year accounts had to be taken up first but very shortly now this is behind us so very shortly we will be able to come with Q1 and Q2 before you. And in fact last few months we had some challenges because of the results not getting finalized. Our board which had come from PTC was strongly of the view that unless the forensic audit is completes, they would not be taking up the accounts. So while you have the forensic audit was taking its own time, and of course with, you know, a lot of effort from our side, we were able to at least see that he was able to not exactly meet the terms as for the engagement later, but still try to deliver it in a certain time limit so that we could bring the result to you today. One way retrospect has been to delay. It has its own impact.

It is also good because it has taken care of all the uncertainties regarding the issue of forensic audit and the auditors who had take a much stronger view of for the absence of or at least they have time tried to fight, you know, much, much more moderated, of course, not totally without qualification, which we also felt that that was a little unwanted. But however keeping into consideration

the precedents and timelines, went ahead with that. But hopefully that also will go away in maybe a quarter or two as we publish other results.

But the important part was, we went through the challenge when we were at the peak of our performance. So if you look at it, I'll just like to take you to the fact that though for the fourth quarter we did not do any activity because our board was not constituted and in the first quarter of the current year, only during the later period that the board got constituted and that also with directors from the holding company and not our own directors. But despite that we were able to sanction in 9 months loan of Rs 4,150 crores and do disbursement of Rs 3,888 crores against sanction of Rs 4,098 crores in the previous year and Rs 3,888 crores disbursements against 2,647 for the whole year in the preceding year. So we're at the peak of our performance there, We are notwithstanding the fact that the fourth quarter is the most performing quarter of the year. The largest disbursements has happen, but nevertheless, you know whatever, the momentum we have gained because of the direction in which we're moving. I think from now onwards will be able to maintain that same momentum. Of course I'll request Sanjay to later on give you a backdrop of the financial results. But at the face of it, you know, we have been able to give for the entire PAT of close to Rs 130 crores and profit before tax of 173 crores against Rs 93 crores and Rs 25 crores last year. So there is a big improvement, the considerable improvement, what is important. Some of the qualitative aspects which I would like to emphasize here is that since we are coming at a time when Q1 and Q2 so of course will further elaborate on that. As of now, probably the provisioning for three quarters have almost been taken care of. So that is the important of this result because it is coming at a time when the first two quarters result would have also been there. So this result has not only absorbed the numbers of previous quarter, but it has also in a way you know because all these factors are taken on the balance sheet dates and the first two quarters also, whatever discount had to happen has been also approximately covered. So coming back to our businesses, two, three lines, and of course, my team will give you the specific details, but one thing is very clear, because we are compared to become a green, sustainable infrastructure finance company and I'm speaking from a COP 27 which I claim to attend here at you know, in Sharm El-Shaikh and let me tell you the global flavour because last you know, a few days, which because the entire all the international organizations are here, most of the important head of states are here, most of the important environment ministers are here. So it is going to give kind of direction, which way the world is going to move and I'm so glad to note that what we had

envisage about, say four years back or three years back to become a green infrastructure company, and that is this flavour of the day and that's the emphasis, we all know the global temperature is rising and despite the commitments made in the Paris, that we will bring down by 1.5 percent the global temperature on the year baseline of 2005.

But it looks like that even to 1 percent would be difficult to achieve. So all the world leaders, both in corporate sectors, the country leaders all have committed that now onwards all the countries will work together with a common focus that the net zero target everybody will be working in many. Of course there are challenges for emerging economies, but developed countries have committed to meet. Many of them have committed to meet net zero target by 2030. India is committed to meet it by 2070, but many of the developed countries have committed now that they will probably creep on the date and try to achieve this before the 2030. So globally there were city mayors from various cities across the world. All of them are talking about it there's only one single challenge which is how to take care of the green sustainability issues. In India we have 160 MW, 1,60,000 megawatt of renewable energy, which includes hydro also and by 2030 we want to become 500 Gigawatt. So almost two and a half times of what the current capacity is, which throws up a lot of opportunity for us for financing in the sector and mobility space is another space which is moving very, very fast, very rapid pace because the global evolution, the heating is on account of primarily they feel that it's an account of the one is natural, of course, degradation, which is happening, but primarily on the contribution side. It is primarily because of the power generation, industrial use and transportation. So these three areas are totally under focus and where huge opportunities are likely to come and not only on the liability side also, we would hope to benefit because a lot of international funds would commit money to channelizing into this agency. This area and PFS can play a very important role as working as a financial intermediary. Many of the international organizations like to fund the growing opportunities in the renewable sector, especially in India where the target is very high and especially that we have been able to build up bankable models, under renewable energy and of course another focus area which is within the renewable energy, another focus area which is going to become very important because we have to have not only clean power but we have to have the reliable power. So the battery storage is another area which is going to come. Already Government of India 10,000 megawatt first capacity bid has been invited that is going to be accelerated. Also the area of E-mobility as said that is also related to battery capacity so that also will

be there. So there are some of the things which the global economy is poised to move in that direction that we are very well, you know, very well placed and we have already positioned ourselves to take advantage of the global economic transition as they are using the word This is the energy transition of global economic transition. So from, you know, a dark economy or black economy we are moving to, we are moving to now, cleaner and greener economy and as an institution we are very well placed to meet the challenges. So I said that we are very well positioned to, you know, be part of that transition, global economic transition, or global energy transition, and from our side we'll also try to, you know, look into areas and support projects in this space and including the support of a circular economy, which we are also talking about. On the CSR side. Of-course we have or said, or because one of the reason today I'm here because of the work which we did in the CSR side and along with the foundation where the United Nations has given the works between workings in Punjab and Haryana to bring down the air pollution in the northern area of country. That is one of the projects which have been selected by United Nations and this is also one of the reasons why I was here. So with this request Sanjay to take you through numbers and then of course Mr. Bisht will give oversight on the monitoring area who is now Executive director and Mr Sitesh Sinha will give you our little bit of glimpse from the credit side and on the business side there is Ankur who would tell what is the pipeline which we have what we call orderbook. So over to you Sanjay.

Sanjay Rustagi

Good evening to all. So with your permission we just want to run through the corporate presentation.

Dr. Pawan Singh

Please go ahead.

Abhinav Goyal

Good afternoon. So in this presentation some of the aspects we have updated as on today, a few of the aspects are presenting as on 31st March so we try to give it more updates so as to give a fair idea to all stakeholder. So we are PFS. We are a sustainable, clean, green infrastructure finance company. So we believe not only in providing an economic benefit to the country, we also believe to preserve the environment to protect our generations to come. This is our presentation at a glance. This is how we are diversifying our sanctions, our capital adequacy, our debt equity, our net interest margins, our disbursement and our rating, which is a very crucial factor for any rating agency. As of now though we had been put on watch by CRISIL, ICRA but yet we are representing them so as this watch category may be restored to stable,

where it was before arising of the issue before the 19th January 2022 Moving to next slide , Sanjay Sir your part.

Sanjay Rustagi

It is giving a quarterly snapshot to the profit before tax, which was Rs 30.54 crore loss during the same quarter last year, and which we converted into the profit of Rs 33.52 crores. The profit after tax which was around 53.66 crores loss was there in last quarter of the previous financial year, whereas this year last quarter of this financial year we reported profit of Rs 24.98 crores. sanction is Rs 2,329 crore in Previous FY last quarter whereas Q4FY22 is Rs 1,331 and there was no sanction and the disbursement is Rs 380 crores. The return on asset has improved to 1.03 against -1.86. The interest spread is almost the same it is 2.92 percent against 2.98 percent.

Abhinav Goyal

We are listed on both the exchange and were supported by professionals of around and a team of consultant were incorporated in 2006 having a market capitalization of Rs 912 Crores. We are a profit making company and our vision is to become the most preferred financial partner in sustainable infrastructure value chain. So this is our journey so far as we mentioned that we started in 2006 and 2021 we entered into a foray of electric vehicle segment where we have funded 350 buses in Lucknow which is one of the esteem project of the country. So we extend our support to finance to environment friendly project which contributes to sustainable, greener, and stronger.

These are product services we do debt financing just like NBFC we also do fees base services, we do provide consultancy to lot of corporates and we do advisory services also. So these are the key functions of the company, starting from interest rate mechanism to corporate strategy.

We are having a separate department for each of the functions where we are having a dedicated, committed, experienced team of professionals. This is our business model so focusing on a few of the robust area we are working and how we are a unique investment case. So this is on five parameters. So we focus on sustainable Infra., we focus on high operating leverage and better margins, we believe in reduction of stress/NPA and it can be visualized our performance over a period of the last few years and we are back by motivated and experienced management. who are having a proven expert in leading business towards the vision of the organization. So we are navigating to our next strategy. We're leveraging existing relationship with domestic and global agency so as to increase value to all our stakeholders and increase the brand value of the organization. It is our risk management

system. We are having very robust risk management system on an average. If we are getting 5 project, you know after getting to be through various stages in the organization, only one or two project gets through our system so that can be visualized by the fact that in the last couple of years, whatever we sanction, none of the account has turned into NPA. It is our management outlook we are focused on its stance of progressive growth and stability through the enhancement of our products and quality of our portfolio. I request our functional head Shri Sitesh Sinha to take lead on this slide

Sitesh Sinha

As our MD sir explained we are marching towards the sustainable infra projects so this is a snapshot how the last 5 years we moved toward the from power generation funding NBFC to sustainable infra financing under that we have the renewable energy asset we sanctioned to Rs 14,500 megawatt which has crossed sanction of Rs 30,000 crore. Similar for recent E-mobility are in the last one and half year we have sanctioned 350 buses and Rs 334 crore is the sanction amount and another area of other infra we have sanctioned close to Rs 3,798 crore which is , apart from renewable is the biggest portfolio and toward the sustainability we have done a couple of water treatment projects in India under the Namami Gange scheme that is the sovereign company of the Government of India related to that we have sanctioned a couple of project with gross sanction of Rs 503 crore and the transmission, which is annuity based scheme where the risk of default is minimum under that we have gross sanction Rs 3,357crore which will have assisted to develop more than 4400 Kilometer in India. And our port we have not sanction couple of project re sanction in the last 5 years this amount to Rs 700 odd crore with 43 million tons/annum is the port capacity we have sanction. So by this renewable assets finding we have been able to abandon the over 25 million tons of Carbon dioxide per annum.

Abhinav Goyal

These are the key lender with whom we have developed a relationship over a period, are good support we use to get from the lender. We hope our lenders will continue to extend that kind of support. These are the marquee, our customer to whom we have funded. If you can see, these are the top 10 companies of India who are working in the different infrastructure segment like Renewable or Road or Transmission or other upcoming new sustainability project that is like Greencell, Radiance so on Portside we have funded JSW so these are the marquee customers in India we have supported that indicates our quality of our credit portfolio. We continue to add new customers. On financial aspect I request CFO Sir to elaborate.

Sanjay Rustagi

So with respect to the liquidity given on this slide. The company has the ample liquidity to meet its both the debt obligation as well as the business needs. As of today we have around Rs 1,245 crores of the high quality liquid assets as against the RBI requirement of Rs 245. RBI recently come up with the circular where NBFC has to maintain a liquidity close to 30 days outflow. Whereas as per available information, we are maintaining much above that which will be required to meet business needs as well that will be used for the business. With respect to the loan sanction. as Dr. Pawan Singh told earlier, we have overtook the FY21 numbers with respect to the sanction that were around Rs 4,098 crore and this year sanction were Rs 4,150 cr and considering in Q4FY22 where we are unable to sanction any new loan because of the non constitution of the board. But in fact the loan disbursement has increased close to 50 % from Rs 2,647 cr to Rs 3,888 cr. The loan book has come down a little bit from Rs. 11,000 odd crores to Rs. 8700 crores and the capital adequacy has improved significantly. It has increased to Rs. 26.71 crores, against Rs. 24.10 crores. If we talk about net interest income, it's almost the same as compared to the previous financial year, it is up to Rs. 344 odd crores as against Rs. 353 crores. There is a marginal decrease because we are unable to sanction new loans in the Q4. The yield on the earning loan portfolio has decreased by around 5% whereas cost of borrowing has been reduced by it 10%. It shows the operational efficiency which we have created during the last year and it resulted in the increase in the interest spread by around 12% from 2.71% to 3%. The net interest margin increased from 3.47% to 4.19%, with growth of 20%. The Earnings per share has also increased to Rs. 2.02 from Rs. 0.42. Cost to income remains stable at around 12% and Debt to Equity ratio which has improved to 3.14% from 4.27%, and the Return on Networth has also improved significantly, around 400% from 1.22% to 5.93% and Return on Assets also from 0.22% to 1.24%. This is the snapshot of the profit and loss account for the year ended and profit has been increased to Rs. 130 odd crores against Rs. 25 crores, giving a return around 407% and the total income has reduced marginally from Rs. 1139 crores to 968.crore the total expenses has decreased at a higher percentage than the decrease in the income. It has reduced to Rs. 794 odd crores against Rs. 1046.03 Crores. So this is the little bit snapshot around the performance. The factor wise outstanding, the total loan book has been divided into few categories like renewable, transmission, sustainable roads, state power, utility, thermal and hydro. The Total loan book as of 31st March 2022 is Rs. 8,650 odd crores. The Renewable sector comprises of Rs. 2911 crores and the Transmission sector contributes Rs. 656 odd crores, the Sustainable

Infra contributes Rs. 214 crores, the Road contributes Rs. 1286 crores, the State Power Utility contributes Rs. 2516 crores and the Thermal and Hydro contributes Rs. 876 odd crores and other contributes Rs. 191 crores. And other includes the core manufacturing, mining, sustainable infra, water treatment and e-mobility. With respect to the under these operated under the respective head this is bifurcation between the corporate against the respective sectors like in renewal Rs. 621 crores is towards the corporate loan, in the state power utility, the entire amount is a corporate loan. The thermal and hydro is.143 odd crores, and the other is to them.

Sitesh Sinha

I would like to add a couple of points here in this sector portfolio if you see, although the bottom line total number has been reduced, but if you go by our vision and mission our renewable portfolio, if you see the business model we have adopted for the last couple of years, it is through funding the which give the higher yield in the renewable sector as compared to providing the long term sanction. So if you see in the corporate loan, earlier, we have last year book was Rs. 275 Crores. This year it has been increased to Rs. 621 crore in the renewal asset. Second thing toward the sustainability, we have also focused on the niche area and which are environment sustainable. That is the e-mobility and water treatment in which the last year our book was only Rs. 30 crore. This year in '22 it become close to Rs. 245 crore and third thing last thing. We have also we keep on telling in investor call we are reducing our carbon footprint. If you see the thermal sector exposure in thermal, in last year in '21 it was Rs.1357 crore. Now it has been reduced by 50% as on 31st March '22 it was Rs. 875 crores. These three significant points I wanted to mention here.

Abhinav Goyal

So on thermal segment as to mention that vision is to become a zero carbon emission company. I mean the project which we are funding we would be having a zero exposure on thermal sector. So this is Sitesh ji again portfolio wise which is your area.

Sitesh Sinha

If you see the maximum percent belong to renewal portfolio, it has been reduced from 44 percent to 33 percent and what we have increased in other areas and sustainable infra which was earlier there was hardly any presence which was less than two digit figure. Now we have close to 20% figure. So this is how we shifted from renewed energy asset to other areas of the infrastructure business and most of the corporate loan is structure which we are calling the state power unity, that position remains same if you talk about the numbers to number in FY 21 it was Rs. 2451 crore. Again in this year it still remained Rs. 2515 crores hardly any change but percentage has been

changed because of overall reduction in books from Rs. 10751 crore to Rs. 8650 Crore. That's why number looks like our exposure in FY 2022 is close to 30 percent. Earlier it was close to 22 percent and because of denominator has been decreased that's why percent has been increases, but absolute gross disbursement and book has remained same in state power utility.

Abhinav Goyal

So these are the performance indicator. Our cost of fund are spread are names, all are corelated to each other. So as mentioned by CFO Sir earlier that the pace with which our borrowing cost has been reduced as much higher in comparison to having an impact on the yield. So the net result would be reflected in our spread, which is 4.3, and in NIM, which is 2.92. So overall, there is an increase in our performance. These are the Stage III account which are a problematic area for any organization any NBFC or a financial institution. We are transparent company. We are giving full details. Whatever the exposure we are having gross exposure, whatever the provision on the respective loan account we are having, the net exposure which been reflected here and again we are having some impairment reserve. I mean over above what has been instituted by the regulatory requirement. We have created a reserve on some of the loan account, which has been reflected here, and subsequent to 31st Mar 2022 we were having a recovery of Rs.147 crore around from two of the loan account. One is NRSS36 and another one is Athena Chhattisgarh. NRSS36 is no longer, its the third last one, so it's no longer in our book. It has been resolved and Athena the negligible exposure is there probably, which may also be resolved. It is in lacs actually to very insignificant exposure we are having and another project Dhanu Wind we have started receiving payment from the borrower so we are quite hopeful that in the time to come it would become a good account for us. So it our credit standing snap shot as can be visualized that our Stage III has been reduced. Then again, our NPA has been reduced. Then again, our net NPA has been increased slightly, but in actual terms we were visualizing that there should be a substantial amount of business in Q4 FY 22 which has not happened because of unprecedented circumstance. We are quite committed that whatever the deficiency has been created in between period, we are committed to achieve that, we are committed to deliver on that aspect. We have not revised our goal. Our team is working hard to achieve whatever we visualized at that point of time.

Sitesh Sinha

And in fact even since we have received around Rs. 147 odd Crores post March 22. As on 31st March '22 the outstanding was Rs. 387 and if we deduct that Rs.147 crores which we have recovered, the amount outstanding

will be Rs. 240 odd crores which will be lesser than the December 21 number.

Abhinav Goyal

Other than the business, other than the indirect contribution which we are making to the environment, we are doing some social responsibility. For Delhi the big issues was smoke because of burning of parali in Punjab and the other neighbouring states. So we have contributed significantly on this aspect. We are having e-mobile help for the weaker section of the Society, lot of projects we have undertaken for the benefit of the society. This is our standing as on the 31st October 2022. Over to you MD Sir and for any contribution on our delivery.

Dr. Pawan Singh

Yeah, so we will thank you very much for the presentation, which you made so I understand. I will just recalculate, my team had said, because we have done better on most of the operating parameters, including PAT gross profit ROEs, the improvement in capital adequacy, debt equity ratio and in absolute number terms, even in the stress asset.

So all parameters we have been able to spread everywhere, we have been able to do two things I wanted to highlight here.

One is that you know, we have, over a period, developed a very strong underwriting capability.

Of course we could not get the full benefit of it in the last quarter of the last year of the first quarter of this year where you know, board was almost non-operational.

Now not only the board was became operational now we have recently said that the PFS has got its own independent board also.

So the second thing which I wanted to highlight here is that we have a very robust pipeline.

Just quickly ask them good because I do not want to deny you of questions because for a long time you are not interactor but quickly the pipeline, the business which we have in some like the Ankur just very shortly we just explain it.

Ankur Bansal

Thank you Sir. Currently serves as far as business is concerned, we have a pipeline of upwards of 4500 crores and this pipeline is fully diversified in nature. This is spread over like roads, airports, logistics, EV sector, water, waste management, then shipping waste to energy and power transmission. And broadly on the breakup of the pipeline, the renewables would constitute around 1500 crores, Electric Mobility around 1000 crores, ports around 700 crores. Power and Transmission is around 200 crores.

Shipping and roads included is around 1500 crores and waste management around 350 crore . So this is an overall pipeline of more than 4500 crores.

And then secondly, like MD sir has told the PFS has been focusing on sustainable infrastructure. So we see a lot of upcoming companies in sectors like water and waste management and PFS have always believed in supporting upcoming companies to give them growth capital.

So with the same strategy we have been supporting, even apart from established companies, we have been supporting upcoming companies and which helps them to achieve scale over time.

Thirdly I would like to highlight that a PFS has been very nimble in its approach and always believed to have a first mover advantage like the Suresh Ji told some time that we had funded.

We were the first movers in the EV sector whereby we have funded around 300 buses in UP, electric buses in UP and we had sanctioned around 350 Crores to green cell Mobility. This shows our commitment to not only to sustainable infrastructure, but to be first move having a first food advantage and supporting companies in their growth cycle, then fourthly I would highland that apart from diversification in book, we are also very fully diversified in our products. Apart from the regular project financing, we have been supporting infrastructure companies with products like working capital bridge loan short term loans and then revolving construction Finance which has been utilized for capex at the SPV level.

So this so basically PFS is able to offer a various gamut of services to these infrastructure companies who basically approaches for all the funding requirements and in turn this helps to increase the yield of the books.

Also because these innovative financing structures give us a better yield than get project financing. Secondly help to churn our books very fast.

And thirdly, it helps to earn a lot of fees on these kind of structures.

Then I would like to highlight that going forward our focus is to basically grow our book size significantly in the balance year left and will be focusing on core infra, roads and ports etc. And will also focus on sustainable infrastructure like EV water, waste management and we have a robust pipeline towards that end and we are thing well equipped to underwrite all these, all these kind of loans going forward. That is a brief from business.

- Dr. Pawan Singh Thank you Ankur. So I think now we can have QNA for that.
- S-Ancial Technologies Pvt Ltd. Okay we open the floor to QNA participants, can raise their hands and we'll cue them up in terms of QNA In the meanwhile, Abhinav ji,
There's a couple of questions in the chat if you would like to begin from there.
- Abhinav Goyal Yeah, so am I just reading it? So there is a question from Mr. Siddharth that when do we plan to announce the result for two quarters of the current financial year?
- Dr. Pawan Singh I guess. So let's CFO handle that question and only thing is from my management. We have given them a target of doing it as quickly as possible, so it should be days.
Now I leave it to Sanjay to decide the more of this.
- Sanjay Rustagi We are trying our best or as quickly as possible, since the present auditor gave the notice for intent to resign and we need to appoint a new auditor once existing auditor resign.
But we may get this in quick time, maybe two weeks. Thank you.
- Abhinav Goyal We're trying to get it done in two weeks, so our team is working hard; most probably yes two weeks.
Another question is what are the chances of the company being suspended for trading? If I have understood the NSE circular clearly, you have to declare the result of the first two quarter by seventh of December, but I guess it's already been replied.
So once we are planning to get it in two weeks and, probably there is a very slight probability of getting this invoked.
Another query, It says that I remember you being in one of the previous conferences call regarding compensating the investor with handy dividend. Why we have not been declared any dividend for the previous year.
- Dr. Pawan Singh Yeah, so this year we could declare dividend because settled of our operations went into our reserves and through RBI formula.
You know, that was not coming, but in the current year, because I've already said that I can't tell the numbers in advance, but I've already told when we decide the balance sheet in the last quarter we are designing today.
The provisioning numbers to a very great extent have already been observed and so we should look for a good

result and surely we would like to compensate for that. This year also you know, as I have already said a couple of points, because my business head has very clearly said that we have a very decent track pipeline of over 5,500 crores and many of these pipelines are at various stages of underwriting and many of them are low hanging.

And our effort is to take up projects where we can, you know, which have faster deployment of resources.

And that is one of the reasons apart from the carbon footprint, another reason why we have avoided doing thermal and large hydro projects, which you know.

Also one of the causes of distress in our balance sheet is you know, we want to avoid projects, we have a longer gestation period and we want to do average gestation period. We want to cutdown less than a year for most of the projects.

So that is what we are endeavouring to achieve. So deployment of funds, so we hope to do, you know, we hope to get the sanction target of last year, what we did and also meet the disbursement target closer to what last year we did.

So based on that, what NIM & spread you are saying, we are maintaining a good NIM & spread.

You know we are meeting spread close to almost 3 percent NIM of close to 4.9. There is a very good capital adequacy, debt equity is also very good and liquidity challenges also not there for us.

So we hope to, you know, is this kind of spread the kind of sanctions or disbursement will do.

We should be able to, you know, incrementally accordingly add to our balance sheet. I cannot exactly give you what number will come, but it is anybody's guess and you can make a backup base calculation based on the four or five parameters.

I have said it will be very easy to calculate and as I insisted that you know, the provisioning numbers already have taken historically whatever provision had to be done we have done and most of our assets which are there stress assets very limited which is there on a stage of resolution.

Abhinav Goyal

Mr. Nihar we are having one question for Mr Karthik. So instead of get it may be requested to Mr. Karthik to please raise his hand. So as he may ask the question directly.

S-Ancial Technologies Pvt Ltd.

Mr. Karthik kindly please raise your hand, will allow you to voice out your question in the meanwhile.

So there's a question from Mr Dinesh K, then please go ahead

- DINESH K Sorry I was on mute hope my voice is audible.
- DINESH K The follow on question regarding the auditor. I think you said that after finalizing auditor, you will take two weeks to declare result or the auditor has already been finalized.
- Sanjay Rustagi The auditor because the existing auditor has to resign and then we can appoint the new auditor. A selection of auditor has already been taken place by the board, but his appointment is pending and accounts may take 15 days from his appoint.
- auditor may need time to understand the business and financials. Financials from our side is almost ready.
- So it is depend upon him how quickly he can give his report on those numbers. Review Written.
- Dr. Pawan Singh His selection is already there and he should already has given you a target date so that should be what we should look at.
- Karthik Aithal Hi this is from Karthik, thanks that you already released your all the and like results soon or is this last day financial.
- So I have a couple of questions so stake sale from the promoter still on the card like we had some announcement around 2020 around these and then because of the valuation they were having some concerns.
- So is it still on the card or it will be?
- Dr. Pawan Singh Already Promoter has returned that the matter has been started. So can they take it up again. It's not on cards.
- immediately,
- Karthik Aithal okay, thanks. And what is the plan to reduce the Net NPA? Because still we are seeing that growing further.
- Dr. Pawan Singh No net NPA has not gone up. I think Sanjay will explain that in absolute number it has not gone up.
- See, there was one asset which we are already giving in stage 3, which of course that is a thing like because still today also because we were not giving this NPA because of the court order, but it was definitely in stage 3.
- So in fact, provisioning numbers on that have gone up. In the previous quarter we did some incremental provisioning there, but the status of project is, you know, definitely better because this is the ILFS Tamil Nadu , Which I'm talking about, where the resolution plan is

almost on the bill, and also this national asset reconstruction company which has been constituted.

So of course today we avoid doing a large consolation lending. But these are some of the legacy cases where you know with this, the public sector banks who are mostly read in such cases have become very comfortable.

So they're trying to push this too, through a resale route. And since its operating plant, you know how power demand is there today.

So we hope to get, you know, reasonably good there resolution out of that, either through a resolution plan or through the National Asset Reconstruction Company, which should happen in a month or two.

But the number has not gone up. There's no further addition. There's no steep pitch in these recent months or one year there's been no slippage of any kind, except ASIAN Hotel 3 crore , which of course a negligible amount. But there are also that this is a reliable kind of in money.

So only thing is that what we were still we could have avoided showing IL&FS. This account is not NPA because we have a court order, but as a matter of prudence we are disclosing it that it has becoming NPA

But of course we also have to be careful not to be on the wrong side of law because you know we will be always making it clarification to this effect that as far as the law goes, this is not an NPA. But as a matter of abundant prudence, we are showing this as an NPA because this particular asset, when it's operational, almost 2200 crore lying in the TRA account. But debt servicing is not happening because as you remember it marked to red category. So this I felt in the Amber category and as soon as the resolution plan is approved it will go into green category and the debt servicing will start.

So there is no deterioration in neither in the asset quality nor there additional slippage of NPA this one account which was in Stage3. In any case it was accounting getting treated the way it had to be treated but and provisioning also it was getting treated the way it had to be treated. But only thing is that we have now put it as NPA So that leads to you know, the optically it looks that NPA numbers have gone up.

Sanjay Rustagi

Yes I would like to add or something that net NPA number as on 31st March 22 is 387 crore and we have already received around 147 crore and so that brings down to the at NPA number to 240 crore against the December number of 253.

So it is the lowest number among the previous six quarters..

And like you already said, there are two accounts resolved if I remember correctly. One is the meenakshi which is under ARC. meenakshi and ILFS these two account goes then the NPA number will come down significantly and there is no incremental and no new slippage.

Post March 2022, there is no new slippage a small amount of 3 Crores was classified as NPA in the last quarter that has already been considered in the so this is from my side.

Dr. Pawan Singh

I think that should answer the question.

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Karthik your hand is as do you have something further here. I guess you need

Abhinav Goyal

I guess you need to allow he is on mute

Karthik Aithal

Sorry I was not able to click because yeah, so the follow up on that collection part. So have you done all the collection from the bad asset or stressed asset or is there any further which we are apart from those two accounts which you mentioned? So is there further which we are planning to collect.

Dr. Pawan Singh

Mr. Bisht would you like to add to what Sanjay said just now

Vijay Singh Bisht

Thank you Sir. As Sanjay has already mentioned that after the 31st March we have already, you know, resolved one account, which is NRSS where it was.

The decision was taken prior to 31st March, but we received the amount of resolution in the first week of April so that is around 127 cr so that is removed and in another account which is Athena Chhatishgadh, we got a amount of around 19 and a half crore, the gross loan remaining was around 20.44 Crore so that makes it 147 crore that year and then and then. Apart from that there are accounts like if you see number wise which are very small like ICOMM that come around 2.65.

In this also we have received around a small amount of 1.2 crore and this will be now taken care.

And then if you see the larger amount there is, this Minakshi is already in the last stages of , NCLT and the state bank is the lead.

They are also proposing to sell to the bad bank that is the NARCL. So we are hoping that we will get some amount there.

So in the next I think one or two quarters it will also get resolved.

And beyond that there is one more account which is the stage 3 which is Dhanu.

In this case of Dhanu already PFC and REC have started disbursement under the late payment surcharge scheme they have started giving directly to the generator and from the last 3 or 4 months we are receiving amounts and it will be resolved under 12 equal monthly installment.

So the entire amount would be received.

So for the last four months we have received amount close to 20 odd crores

the balance I think will be around 60 or 70 crore will be there so that will be received in the next 8 months so that's all from my side,

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Next we have Shivam Sarswati; Shivam you can go ahead and ask a question

Shivam Sarswati

hi, I hope I am audible.

S-Ancial Technologies Pvt Ltd.

Yes, please go ahead.

Shivam Sarswati

Okay, so PTC India holds about 65 percent in your company and in one of the previous interactions with the management, they spoke of plans for divestment.

So could you shed some light on the way forward? And also is there any further strategic initiatives planned by the business?

Dr. Pawan Singh

Yeah, so as I had mentioned earlier that, you know, the complications to stock exchange back, its last was that the whole thing has been kept aside so they have not come back on that.

So I presume that as on date, the position is safe. There is no modifications. So they're not looking at this investment now and so and also it would be, you know best that let PTC answer this question because they were the right people to answer it.

But as of now the way it is that this is that and it is not happening anything.

Currently it is not likely to happen.

As far as our strategic plan goes, our strategic plan goes because the vision which you know is basically coming from, we have a very vision which has come from, you know, global scenario where economics and sustainability are tight and we are truly committed to in our contribution India's contribution to Net zero.

We want to be a player, important player in that. So our vision we want to position ourselves as India's is one of the major organizations which would be contributing significantly to the net zero and be the part of economic transition from, you know a dark economy or black economy to green economy.

So this is our vision and that is where the huge opportunity is going to come and what is going to be green is not only going to be sustainable for the environment, but we feel that it is going to be very strongly, not only feel but we believe that it is going to be you know, very, very sustainable for economics.

Also like in covid period, all the thermal power plants, the payment delay problem which happened but none of our you know we never had to like moratorium and all hardly we have to give any moratorium in our case is There was no, you know, stress in any of our payments because renewal energy plans did operate on principle and we got paid in time, so never there was default. In fact, since a lot of liquidity support came from the government, we did much better than what, you know, most of the lenders had done so that is our vision and we want to take a very large pie.

And let me also tell you two or three things. One is, Of course, there have been some backburner delaying accounts. You know, some of the issues which came up, which are not behind us, but also, you know, like it happens, the churning it has been the churning of the company today, do we have?

We have the position that we know the direction in which we are moving. So there's a lot of clarity between promoter and us and also there's a lot of clarity in this sense of business direction because there was zero. Of course sense of direction are also, but there were a couple of ambiguities around that which have been taken away. And our system, like the current board, also has now given a lot of power to the business committee to take decisions. So having had that kind of clarity and direction which we have moved and the opportunities which are there, like I said, we are moving from 140 Gigawatt to, you know, 500 gigawatt, this is to 23 and by 30 we have to move there. So in that space we are. Many of my colleagues told that we have been the prime. You know,

we have been the prime movers, so we have it, you know, first movers in this direction.

So we hope to play a very good role there. And not only we are doing here is a little bit of crowding.

I do agree in this space of typical project finance, but as my colleague pointed out that we have a lot of hybrid finance models and our strength comes from hybrid financing. So we will try to take a very large kind of pie of the cake and at least let me assure you that from now onwards, when I say no onwards, means November onwards, the kind of growth will be able to present would be unprecedented.

It will be, you know, kind of like that was already happening because in the previous year, if you see that we had done 4,100 sanctioned , and with the same moment we would have almost crossed 5,000.

At least 6,000 you would have reached because the largest sanction happens in the last quarter. That is the conservative number I'm giving.

So at that moment, from now on, what we are going to maintain, so we are going to grow in a way which we have never grown in past because of the opportunities, because of a lot of policy clarity and this mitigation around credit proposals, also because of good capital adequacy and the kind of liquidity and the equity issue which we have,

like the strong team of underwriting capability which we have.

Shivam Sarswati

Great Sir Thank you for the comprehensive insights.

I have one more question for you. So could you tell us a bit more about the partnership with GGGI to set up the Renewable Energy Infra Fund?

And by when can we see it reflect in our accounts?

Dr. Pawan Singh

So you know, with Green Growth Fund, we are not. They're not going to be our partners in that. Basically they are giving us kind of, you know, they are giving us what we call support in setting up the fund and basically on their own investment they have done.

They have done the business modelling for us and they're accounting partners also globally, who can be our partners. So we have had a couple of talks with various because for the front of one of the requirements of RBI is that I need to have at least two equity partners and of course we have requested on for four years.

But it has not happened so far because they are really debt funds. We've provided this kind of report business for

both your lending finance as well as IDF were provided this kind of work business so we have asked for but not be standing that we are at your not discussion with various basically led by green growth.

You know they are the ones who are trying to find a business partner for us to take it forward. So we will work on that. See that this gets matured. Hopefully I can't give a timeline of this immediately, but it should happen as early as possible. But then we are also trying to walk up alongside with them because not limited to setting up debt funds but also scouting partners.

As you know, we are a lot of international development agencies. Financial development agencies would now be interested in bringing their products in India. And if we can, we used as since we have that that underwriting capability and we have that you know that flexibility of doing hybrid products.

So we can be a kind of an intervenor between all these developmental institution and the project developers.

Shivam Sarswati

Yes, okay, thank you so much sir. Nothing further from my side,

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Okay, next we have a question from Mr Jayendra Kumar. Sir please go ahead.

Jayendra Kumar Nujella

Yeah, thanks for giving me the opportunity and thanks to the team for producing the Q4 results 2022 Good set of numbers and I have a couple of questions .

One is relating to like, Can we expect any monthly business updates from the company? And the second question is, many times since three years I'm observing this company. I'm a shareholder of this company. In five years I'm observing since three years, many times the meetings will get scheduled and it is getting cancelled and it is going on it's every, it's never ending and this is creating a lot of now. For a small investor like me losing the patience and we are losing the confidence on the company.

I don't want this to happen in the coming future meetings and, and the net interest margin is very low. That is what I believe and what would what would be the interest of profit we are making? It is going towards the provision itself and it's not reverting any way to the investors.

Can you, explain more about how we can see the company in the upcoming quarters?

Dr. Pawan Singh

It would not turn. You know, I will like to answer this question and I'm glad that you raised these issues so that it can be addressed.

The first of all, you know, I do agree with you that, you know, there have been a couple of times in the past, not more than one solitary occasion where we had to announce our results and go ahead and do it.

That was, let me very clear and transparent about it, because we have been trying to, you know, do results as quickly as possible for the reasons best known to everyone here.

You know what were the reasons. And there is, you know, there was nothing like linking this with the forensic audit. So that is the reason why, you know, and of course some. He was taken by the for forensic audit to do it. So there were a couple of times where we did.

We did try to have reserves, as you know, on a scheduled date, but because of viewpoint emerging that the pharmacy card it should be completed before the results. And that's why we were not able to, you know, often reach to a violent conclusion. So I do agree with you.

But then now that we have come with that, that is a thing of past which is already over because there was always this was the bottle and that bottle has been closed so this will not happen regarding them as I think I improved quite a bit and for an infrastructure company it has gone up.

From last quarter it was 4.0 to has gone up to 4.30 and for the year also it has gone up from 4.92 - 4.30 year.

So NIMs have been improving. That's quite last three years. NIMs and Spread is one area which we have very hard and we have tried to improve the operational markets. Yes, there have been provisioning issues because I said there were legacy issues and because of that we had to do the provisioning and we made some provisioning.

And because of that the profit numbers did not really 100 percent reflect the operational efficiency. As my colleague CFO has just mentioned that now the numbers, have almost, you know, turned down below 300 crores and for which also we have a resolution plan.

So you know most of it. The provisioning thing has we addressed and the operational efficiency which we have on our system and with the increased incremental loan book, probably you will find the in fact, somebody had asked her question that when will you reach return on capital employed double digit; and let me assure you, if you look at operating numbers, we are already above the

return on capital employed, minus the provisioning number of which we do.

But having done most of the provisioning which had to happen and whatever little is left out, we have resolution plans which we have to take place in a quarter or two. And now that we have a full-fledged board in place, that things should move faster, so we should be able to give you a double digit. I think, the, you know, on the return on capital as return capital employed very improve quickly, maybe in a quarter or two.

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okay, great thank you so much sir in lieu of time this was the last question I will be passing on the mike to Doctor Dr. Pawan Singh for the closing remarks. Over to you sir

Dr. Pawan Singh

So thank you for all of you coming here and you know, interacting with us and already, I have given you, you know, kind of a roadmap as to how we will be moving.

We will be moving broadly on the, you know, sustainability model, NET ZERO. You know, India's commitment to NDC internationally determined contribution will be definitely playing our role. There has a great infrastructure finance company and where we have opportunities.

And as I said that now many of these things have been streamlined and decentralized and which should help us to, you know, take things power in the right direction. And you know, both in terms of growth and both in terms of operational efficiency. We should be able to come back to you. And somebody gave, you know, probably suggestion. We would look at it, a very valuable suggestion that can we give a monthly blue print subject to whatever regulatory, whatever?

Maybe you know regulatory issues here, but to be differently from outside like to do that type of testify investment team to take care of it. And very soon we will also have a director finance we have already priced for the post and we will be having a Director of finance in our company and of course the issues of the forensic auditor. Whatever was there. We have been very, very transparent. We have given the replies. Every culture has been addressed.

Every point has been addressed. We have a very strong, you know, understanding of our subject and RBI does our inspection every year and we are, you know, almost zero kind of, you know, adverse remarks from RBI or any of the inspection before. And we have been very, very clear, you know, there have been issues and you know there have been some kind of this created around it. But all the questions which have been raised have been adequately addressed in the replies which we have given.



And let me assure you, we have a very strong robust financial system in past. Also, we have never had any qualification and probably will not have qualifications in future. So with this remark, you know, let me assure you that you will see PFS as a clean green, sustainable infrastructure Finance company.

S-Ancial Technologies Pvt Ltd.

Thank you sir; dear all we will be concluding this call due to paucity of time.

We will soon be interacting again with the Q1 and Q2 results. Thank you so much everyone

Abhinav Goyal

Thank you all. Thanks for team from team PFS site

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Note: This document has been edited to improve readability.