



October 27, 2025

To

BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001 Scrip Code: 533344	National Stock Exchange of India Limited Exchange Plaza, C-1, Block G, Bandra- Kurla Complex, Bandra (East), Mumbai- 400051 Scrip Symbol: PFS
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Sir/ Madam,

Sub: Submission of transcripts of Audio recording of the Conference Call held on Friday, October 24, 2025 at 10:00 AM (IST) on the financial results for the quarter and half year ended September 30, 2025.

With reference to our letter dated October 16, 2025, and pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, enclosed please find the Transcripts of Audio recording of the Conference Call held on Friday, October 24, 2025 at 10:00 AM (IST) on the financial results for the quarter and half year ended September 30, 2025.

This is also available on the Website of the Company at www.ptcfinancial.com

This is for your information and record please.

Yours faithfully,

For PTC India Financial Services Limited

Manohar Balwani
Company Secretary

Enclosed: as above

PTC India Financial Services Ltd. (CIN: L65999DL2006PLC153373)

(A subsidiary of PTC India Limited)

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“PTC India Financial Services Limited
Q2 & H1 FY'26 Financial Results Conference Call”
October 24, 2025



MANAGEMENT: **MR. R. BALAJI – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER – PTC INDIA FINANCIAL SERVICES LIMITED**
MR. DILIP SRIVASTAVA – DIRECTOR OF FINANCE AND CHIEF FINANCIAL OFFICER – PTC INDIA FINANCIAL SERVICES LIMITED
MR. SANJEEV KUMAR– EXECUTIVE DIRECTOR OF OPERATIONS – PTC INDIA FINANCIAL SERVICES LIMITED
MS. PRIYA CHAUDHARY – HEAD INVESTOR RELATIONS– PTC INDIA FINANCIAL SERVICES LIMITED

Moderator: Ladies and gentlemen, good morning, and welcome to the Q2 and H1 FY '26 Conference Call hosted by PTC India Financial Services Limited. As a reminder, all participant lines will remain 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 the operator by pressing star, then zero on your touchtone telephone. Please note that this conference is being recorded.

I will now hand the conference over to Ms. Priya Chaudhary, from PTC India Financial Services Limited, for opening remarks. Thank you, and over to you Priya.

Priya Chaudhary: Thank you. Good morning everyone. I'm Priya Chaudhary, Head Investor Relations at PTC India Financial. I would like to welcome all on today's call for a discussion on Q2 and H1 FY '26 Financial Results of PFS.

At the outset, we would like to reiterate our commitment to delivering consistent value to all our stakeholders, guided by the principle of transparency, accountability and responsible growth. Our core focus continues to be on profitable expansion, operational excellence and development of innovative and customer-centric solutions aligned with our long-term strategic vision.

Now having said this, the past quarter was marked by a steady progress in our key focus areas. Loan sanctions and disbursements were at INR1,048 crores and INR326 crores, respectively. We continued to witness significant improvement in our asset quality. Our total gross Stage III reduced by 75% in the past 1 year. Today, only one account constitutes 97% of our total gross Stage III at INR193 crores. The company's foray in SME segment and 100% of our disbursements in private corporate space are the other key highlights in this quarter.

With the above backdrop, I would now like to introduce the top management team of PFS present in today's call. It's led by Mr. R. Balaji, MD and CEO, Mr. Dilip Srivastava, Director (Finance) and CFO and Mr. Sanjeev Kumar, Director (Operations).

I will now like to hand over the call to our MD and CEO, Mr. R. Balaji, for his opening remarks and update on the company. Over to you, Balaji.

R. Balaji: Thanks, Priya. Good morning all, and wishing all the participants a very happy Diwali. So I would just give a brief overview and then subsequently Sanjeev would speak to you about the business performance and Dilip will take you through our financial performance.

First of all, I would like to lay on record what had happened in the last week of September; that would have been in the minds of many people. On September 26, 3 Independent Directors resigned. And what I would like to reiterate there were no issues with the management, and it was a surprise. Subsequently, the company moved fast and appointed Ms. Mini Ipe, a former MD of LIC, as an Independent Director. We are taking steps to appoint 2 other Independent Directors in the next few weeks.

Now coming to the overall key highlights. By and large, this has been a positive quarter. The one key thing which I would like to highlight is that our sanctions for the quarter was at around ~INR1,050 crores. Not only was this the highest sanction numbers in the last 10 quarters, but more importantly, the sanctions in this quarter was more than the total sanctions of the preceding 5 quarters. That shows that our business transformation plan is on track - of lending, granular lending, stepping away from high-value disbursements, high-value projects and moving to midsize, which would be meeting our risk profile. So this is what we are doing.

Second critical thing is; what we have said earlier in terms of better-quality portfolio. Now our gross NPA has come down to 5% and the net is close to 1.5%; this despite the book having declined. The book was declining because of certain prepayments, but we are at the bottom of it; because today our disbursements, if you look into it, compared to the regular repayments, the disbursements in the last quarter was more than 2x. And going forward, we have got a quite a robust sanctioned pipeline and going forward in quarter 3, Sanjeev will talk about it, we expect to go further.

Another critical thing which we have done in this particular quarter is we have laid down an internal ESG road map, which will ensure that, not only are we doing good business, but we're also doing business that is good for the planet as a whole. And progress on this over the next 2 or 3 years would enable us to also access overseas funds.

With this, I hand it over to Sanjeev, who will give you an overview of the quarter 2 performance.

Sanjeev Kumar:

Thanks, Balaji. First of all, I would like to congratulate my team also and the investors- I'd like to say thanks to the investors and all stakeholders who stayed with us during the time of our turnaround and turmoil. Along with that, I'd like to share the progress what we have made and outline the direction and the way forward.

See, I joined PFS at a juncture when the organization had already undertaken significant work to stabilize operations and resolve legacy issues. Building upon that foundation, our focus has been to drive growth with prudence and strategic clarity.

We had earlier projected a disbursement of around INR1,000 crores in Q2 FY '26, but somehow, we fell short of that. And we fell short of that, with quite a margin. But that shortfall was not cancelled disbursement, this is only deferred to the next quarter. In fact, better than expected or better than normal monsoon during late August and in the month of September has resulted in lower demand of power sector, as well as the construction space have been deferred to the next quarter. And that resulted in a manner that disbursement was not demanded by the customers in the period of August and September, which we planned earlier. So, it will come now and maybe in a month's time we will cover for that. So that's the issue, what we faced in last quarter for disbursement plan.

At the same time, our emphasis remains on building a strong and resilient pipelines. So sanctions, whatever we have done is still there to be disbursed. Apart from that, we are planning to -- or we are already poised to sanction more than INR1,500 crores in this quarter,

Q3. In fact, more than INR1,000 crores documents are already in pipeline and it's ready to be sanctioned in the next few meetings.

Apart from that, the strong sanction pipeline being developed in Q2 and Q3 will serve as a firm foundation for our achievement in the next financial year also. Our strategy for the year is anchored in balanced and sustainable growth, focusing on sound credit quality, operational efficiency and customer-centric structuring solutions.

We are consciously shaping a loan portfolio that is resilient, diversified and forward-looking. The traction witnessed in Q2 is a clear indication that we are moving in the right direction. Another noteworthy development in Q2 was our foray in SME lending sector, which is where the strong pipeline under preparation is there. This initiative supports us on our objective to diversify beyond the energy sector and create a more granular and broad-based credit portfolio. The benefits of this diversification will be visible maybe from the next quarter onwards.

Our big achievements are there on the asset quality front. Performance continues to be encouraging, and we have witnessed a significant improvement in past 1 year. The gross Stage III reduced by nearly 75%; what Priya has already emphasized, over the past year, from INR764 crores, to now it's about INR193 crores. Net Stage III, we are also down by 83% from INR283 crores last Q2 '25 to only INR47 crores in this Q2. The Vento Power account was successfully resolved through a change in management with Enviro Infra Engineers with INR115.6 crores transaction fully concluded in Q2. We also had technical write-off of INR138.60 crores of loans and equity both during Q2 FY '26. Post these steps and major Stage III NPA levels have come down materially, leaving only 1 NPA that is Danu Wind, for which resolution strategy are actively being considered and pursued.

There were no new slippage in Q2. In fact, there were no new slippage since last few years; all loan accounts disbursed since FY '18 continuing to remain standard, reflecting the robustness of our credit appraisal and risk management practices.

To sum up FY '26, is emerging as a year of caution, yet constructive growth is being planned and is being executed. The strong sanction momentum, diversification into SME, sharper private sector focus and significant sustained improvement in asset quality, collectively position us well to deliver long-term value to our stakeholders, while keeping the credit discipline at the core of all we do.

This is the update on business side.

Thanks a lot. I'd like to hand over the call to Dilip now, who will present about the financial performance.

Dilip Srivastava:

Thank you, Mr. Sanjeev. Good morning to all investors and stakeholders. Our Managing Director and Director Operations have already explained the highlights of the quarter. So important highlights, I would like to mention, that during this quarter our limited review report has been qualification free. During this quarter, our revenue has been INR132 crores with a PAT of INR88 crores.

Net worth improved to INR2,978 crores from the INR2,754 crores, which was in the March 2025. Our cost of borrowing has also been reduced. It has been reduced to 9.49% from 9.67%, which was in the quarter 1. And there are a lot of support from the banks. We -- I mean, our treasury team has been taking up. And Canara Bank, as well as Bank of India, they have reduced the spread as well. So with other banks, these discussions are also in the pipeline and we are expecting further reduction in the rate of interest.

Gross NPA, as already explained, that it has been reduced from 10.22% to 5.23%. And our net NPA has been reduced from 4.13% to 1.32%. So these are the financial highlights.

And now Priya, over to you.

Priya Chaudhary:

We can now open the floor for the Q&A session, please.

Moderator:

Thank you. We take the first question from the line of Sucrit D. Patil from Eyesight Fintrade Private Limited. Please go ahead.

Sucrit Patil:

I have 2 questions, one for Mr. Balaji. I have a forward-looking question. My question is given the evolving Infra Financing landscape and the increasing role of NBFCs in bridging long-term capital gap, how is PTC Financial positioning itself to stay differentiated from others? Whether through -- is it through product design, client selection or any partnership, over the next 12 to 18 months? Yes sir, thank you.

R. Balaji:

What we are doing is, we are again reformulating our long-term strategy. The only thing what we would say is infrastructure is a very, very big area. And there are lots of projects from small, few tens of crores to a few thousands of crores. We are approaching the entire future considering 3 dimensions. The first dimension is the relevance of our skill set. We, over the last 17 years have built up a certain capability; how can we leverage it going forward. That's one.

Two, the attractiveness of that segment to us in terms of returns. This is important, because we are a smaller financial institution compared to the other players, who are behemoth in this space. Therefore, we have got a significantly higher cost of funds compared to them. Therefore, we need to find the niches which offer us the returns that we could do.

Three, and more importantly, our ability to engineer and co-create a customer-centric solution so that we'll be able to not only acquire customers but hold on to them going forward. Typically, if you look at these segments, when we enter into -- would be smaller in size, few thousands of crores so that they would not be the focus of the large players. So, while we co-create, we'll be able to build our skills and develop appropriate solutions. And as the segments grow, we'll also be able to grow with it. This is what we are doing, and we foresee it happening gradually.

So, to answer to the latter part of your question in terms of 12, 18 months, etc, what we are doing is 2 things. One is intensification of what we have been doing in the past, but the focus would be on a smaller ticket size because today our book is around close to INR4,000 crores.

So, we cannot take very large risks. So we were looking at projects of INR150 crores or so. And then build on capabilities in these newer segments, which will be in the INR50 crores, INR75 crores, INR100 crores segments; gradually, we'll be getting into this. And this is where we think there is sufficient space for us.

The 2 areas if you would want to put in, we could call it distributed infrastructure, which is infrastructure, but which is not centralized and therefore, we'll be able to get lots of projects across the country on INR100 crores, INR150 crores, etc; and two, focus on sustainable finance, so that whatever we do is also good for the planet and the community, and therefore, we'll be able to not only contribute to the society but also be able to source funds at a more competitive rate.

Sucrit Patil:

Just a final question. Any -- will we be seeing any partnerships down the line?

R. Balaji:

See like what I said, we are drawing our long-term strategy. Obviously, if you're getting into a smaller ticket size loan, say, INR75 crores or INR100 crores, two things become critical. One is the cost of acquisition; and secondly, is the customer quality. So therefore, obviously, instead of doing it on a solo basis, if you're able to go with some other partners, it would actually help.

But all these things are developing. We need to work out and develop the strategy and then subsequently, we may want some partners. For example, if they're getting into Bio Ethanol space or equipment manufacturers, but they should also want us. So it needs to be a symbiotic relationship. So as and when something fructifies, we'll keep all of you informed.

Moderator:

We take the next question from the line of Nilesh Jethlani from BOI Mutual Fund.

Nilesh Jethlani:

So, my first set of question was on the disbursement number for the quarter. Can you just give colour on what's the breakup or what's the segment bifurcation where the disbursements have happened in H1 and Q2?

R. Balaji:

Sanjeev will answer.

Sanjeev Kumar:

See in the last quarter, we have been able to disburse a little more than INR300 crores. And they are mainly in power sector only and apart from this we have been able to disburse some corporate and construction loans also. The breakup, if you want, account-wise, that we can give, but at the same time, I would like to say that we have disbursed in solar power, renewable sector like wind and one of was there in NBFC area also, where we have just started and coal also.

So it's a diversified portfolio. And we'll try to keep the things diversified as well as a granular level also. The ticket size would have been very low, maybe something around say, INR50 crores to INR100 crores type of breakup may be there. And in future also, we'll be doing like that only. We have been falling back by something around, say, INR600 crores out of -- from the plan. But that will also be disbursed in coming months. And the breakup would be like this only; solar, wind, some in thermal also and in NBFC and SME sectors.

- Nilesh Jethlani:** Got it. So largely, power on average ticket size is INR50 crores to INR100 crores, that's the understanding?
- Sanjeev Kumar:** That's what we are planning.
- Nilesh Jethlani:** Any break upon private versus public?
- Sanjeev Kumar:** See, private versus public; our last quarter disbursement was 100% private. We are focusing on private sector for the return also as well as the sustainability of our lending portfolio. That we have been explaining in the last few meetings altogether. But we are not at the same time, declining anything in the government sector.
- We are focusing on our core sector where we can get the margins what is expected by the shareholders. And the longevity of the lending also because the government sectors used to actually repay very fast without any intimation that creates a problem for lenders always.
- And the rate what they were expecting, we may not be able to actually satisfy them as of now. Our focus is on private sector. And 100% of the disbursement in this quarter have been done in the private sector. In the future also, the major focus would be on private sector.
- Nilesh Jethlani:** Got it, sir. And any timelines on this sanctioned number of INR1,000-odd crores in Q2 and H1 number also looks very decent at around basically INR1,200 crores. So what could be the timeline for this sanction to disbursement typically for PTC clients?
- Sanjeev Kumar:** For PTC clients; we have not sanctioned any loan to any PTC client as of now. We are doing it in an independent and different ...
- Nilesh Jethlani:** I mean, your client in PTC India Finance.
- Sanjeev Kumar:** That that will be shown in Q3 because we are already working on them, and they are lined up for disbursement. By December, this year, we'll be able to disburse not only the shortfall of last quarter, we'll be disbursing few new cases also.
- Nilesh Jethlani:** Got it, sir. Sir, on the basic question I had with regards to the yields, what we are showing at 11%, 11.5% and banks ready to grab solar funding and you were at 8% to 8.5%. So going forward, what gives us the competitive edge in terms of disbursing loans or typically AA and below clients, which would be our typical clients?
- So going forward, how to look at the opportunity in this AA and below or C&I segment for the Solar segment lending? And how are we tackling the competition from banks also in this particular segment where the risk rewards are favourable for banks also?
- Sanjeev Kumar:** See what Balaji has already explained this, the infrastructure sector is quite a very large sector where the ticket size varies from some single-digit crores to INR1,000 or 10,000 crores. And we are a smaller player in comparison to the other infrastructure lending providers. So, our focus is in the area where these lenders are hardly interested, because that is a very low-ticket size area and it requires quite a big bit of say, ability to engineer the loan product. At the same

time, the structure has to be done. So, we are focusing on structured finance more than the vanilla project finance where the rate of interest are very low in the market.

Our sector, what we are considering is restructure area, the areas which are new in the market and like CBGs and ethanol products, that type of thing; in Solar and Wind, we are actually doing some EPC funding also, working capital, small ticket size SME fundings. Our future planning would be in hospitals, educational institutions also. Even will go for some big brand hotels also, that is also in our planning.

So, the area, what we are trying to grab is the area which are not being favoured by very big lenders already present in the market. And we would be not only able to get our margins what we aim for, at the same time, the credit quality or the asset quality also will be high. Since we have developed in the last few years, the appraisal capacity and structuring the loan which can actually give a benefit to the lender as well as the developers also.

We've got a set of our own borrowers also, who look to look at us because of our speed and our planning and our advisory services, which we actually provide them free of cost. So that will support us in getting our margin.

Nilesh Jethlani:

Got it, sir. That was very helpful. And one last question from my side. on this provision number. So, we continue to see a lot of write-backs in the provision. And also the slippage number is declining on a Y-o-Y as well as Q-o-Q basis. So going forward, any formal guidance in terms of what kind of credit cost are we looking at?

Because although an area in which you guys lend seems very exciting but the AA and below category of borrowers makes things a little sceptical. So wanted to understand what kind of credit cost guidance are we giving from our next 2 to 3 years' perspective?

R. Balaji:

Long term, what we are envisaging is we want to look at overall gross NPA of 3% and a net NPA of close to 1%. And coming specifically to the credit cost, we do not envisage it being more than some 60, 70 basis points on an annualized basis going forward. So that's our entire intent keeping it like that.

Moderator:

The next question comes from the line of Akash Jain from ORIX India.

Akash Jain:

Sir, my question -- my first question would be on the segmental NBFC lending that you guys are planning and have done 1 or 2 cases, which I heard from the management team, I just want to know what sort of team that you guys have put in?

And what is the risk-based pricing that you guys are doing for this particular segment because banks have been very conscious towards lending to this sector, but you guys have taken up, and I just want to know the rationale behind it?

R. Balaji:

So basically, what we are doing is either, though we have been a B2B financier. What we are seeing is in the core areas, sometimes we'll get into B2B2C, and that's why this NBFC lending fits in some of the segments which we cannot reach out directly. For example, we are funding

solar power plants. But now rooftop solar is also solar, but we cannot do this, the ticket sizes are small. Therefore, if an NBFC is funding it, we'll be funding them indirectly.

So what we have put, we have put robust risk management systems in place that this would not cross 6%, 7% of our portfolio even in the medium term. So that's one thing which we have put in place. And we got an industry expert, who has got immense experience in lending to this in more than 10, 15 years. Not only this has also got robust experience in lending to manufacturing entities in the SME space. So that's how we are building up a separate vertical.

Our primary tenets for any business line, whether it be SME lending or whether it be Infra, whether it be Roads or Power or any of these things, it's based upon robust risk management and the customers to whom we lend should be of a lower risk category so that our portfolio is having low volatility with respect to the asset quality. We do not want to yoyo between periods of high profitability and low profitability because of provisions. We want to create a sustained portfolio.

And two, that's the internal framework, where in our pricing is based upon this risk, therefore, we ensure that each of these newer segments is margin accretive to the company as well as will generate more profits for the company.

Akash Jain: Okay. So, I hope you guys are not lending to BBB NBFCs or BBB MFIs because MFI is a sector which is very risky in this market?

R. Balaji: MFIs is not a focus area. We will not lend to any MFIs because that's what I said, right, B2B to B2B2C. So we are not lending to an MFI. It's not a focus area for us. We will not do that.

Akash Jain: And what is the rating of the client that you guys just did?

R. Balaji: No, that's this -- I don't think we'll want to say that. Only thing I would like to -- if you look at the last 10 or 15 years data, the industry-wise data of banks or other financial institutions lending to NBFCs, it has witnessed demonetization, it has witnessed GST, also even witnessed the global financial crisis in 2008, '09, the micro finance crisis in 2011, '12.

Actually, the credit defaults in this space have been few and far in between. And even, for example, if you look at their 15-year track record, they're credit rating upgrade to downgrades, for NBFCs is far higher 4x compared to manufacturing, it's only 1.5x or 1.6x.

While there's a lot of perception, what one needs to do, what needs to do this in a very judicious manner. And what we are doing is we'll do it in a way, which is aligned to our core objective of delivering better infrastructure to the various stakeholders.

Akash Jain: Okay. Okay. So, what is the expected yield that you guys are expecting from this segment NBFC segment?

R. Balaji: Currently, we don't give any subsegment-wise results. We only give overall this. As and when we do that, we'll be disclosing it publicly.

Akash Jain: Okay. Sure. So my next question is on the rating bit. And the rating agency are continuously acting the management to borrow more so that they can have a much wider look at the company. So any chances in the last quarter, any bank interaction so that company has chance to borrow?

R. Balaji: Dilip will take it.

Dilip Srivastava: As already I explained that, our treasury team has been aggressively chasing up with all the existing lender as well as the new lenders. And that has shown the result as well. And our 2 lenders have reduced the spread, right, by 30 and 40 basis points. So that is a sign-up improvement. And others are also taking up. In the meantime, we have been following up and we are negotiating the rate terms with the lenders.

Getting the fund is not a difficulty for us. We are just negotiating the better terms so that we can improve our total cost of borrowings. So, we are expecting that this should materialize very soon. We will be having the sufficient sanctions to us, because we have sufficient fund balance available in our system close to the more than INR1,500 crores. So accordingly, we are negotiating with the lenders. Thank you.

Akash Jain: So why don't you borrow first and then improve the rating? And then further lower down the cost of borrowing in the future quarters because banks won't -- because rating agencies want you guys to borrow first.

Dilip Srivastava: So we are optimizing right, both cost and return part, right? So whatever suggestions you are giving, so we will keep that also in the mind. Thank you.

Moderator: We take the next question from the line of Chana Malo, who is an individual investor.

Chana Mallu: My question is might be harsh, but it is practical. 3 quarters back only you said that this is the bottom line of loan book size. Since last 3 quarters, you had been assuring a good loan book size, but not fulfilled. Previous quarter also you said we will achieve INR1,200 crores loan disbursement in second quarter itself and having a target of INR4,000 crores for this financial year.

But since last 4 quarters, you are giving only false assurance to the investors. After these independent director's resignation, we will face major hurdle to raise fresh fund from different sources. What we will do now- from next quarter, your PAT will come down, loan book size will deteriorate. Just come out from talkative nature to working nature, don't give false assurance to investors. Otherwise, I will not attend the talkative concall from next quarter, sir.

R. Balaji: Thank you.

Moderator: We take the next question from the line of Suyash Bhawe, from Wealth Guardian.

Suyash Bhawe: Sir, regarding the disbursement guidance, is there any change in the guidance? In Q1, you had given a INR4,000 crores guidance and H1, I think we have this across INR450 crores. So are we sticking to the same guidance?

- R. Balaji:** Actually, because that's something we are relooking at it. It's dependent on 2 things because the independent directors and since they have quit, would also impact us in terms of fund raising and also the disbursements have been below our plan. We had said INR1,200 crores in first half, we have disbursed only some INR450-odd crores in the first half.
- So we are looking at close to around INR3,000 crores for the full year, INR2,500 cores to INR3,000 crores is what we are doing. And that's what -- and there could be a positive upside to it. But for the time being, I think the full year will be INR2,500 crores to INR3,000 crores.
- Suyash Bhawe:** Okay. Okay, sir. And regarding the loan book, do we have any earning guidance for the AUM? What kind of target you're looking at?
- R. Balaji:** Repayments and others, etc, right? You can just recalculate the book backwards.
- Suyash Bhawe:** Okay, sir. Understood. Sir, my last question is regarding our gross Stage III. So, we are at INR193 crores for gross and net, it is INR47 crores, if I get it right, I think the major is the Danu Portfolio, the major part of this. Any -- what is its exposure in our books? What is the timeline -- expected timeline for a resolution? And what kind of write-back can we see any insight into that?
- Sanjeev Kumar:** Danu is the only account, which is in Stage III now. And we are already working in 2, 3 paths to resolve that, and we actually expect that this would be resolved and more than something around INR220 crores to INR230 crores. We hope that will be written back in this year itself.
- But the final numbers are still not clear because the exact plan has not yet been fulfilled, but we expect it would be more than INR220 crores, INR230 crores, which we'll be able to write back from this account, and we'll be able to resolve this account also so that by end of this year or the first half of the next year, our net Stage III would be close to 0.
- Moderator:** We take the next question from the line of Dinesh Kotevade, Who is an individual investor.
- Dinesh Kotevade:** I have 2 questions. One is the appointment of Independent Directors. Can it be done from ex PFC, REC or NTPC Green or any big companies where they can help us into getting the AAA rating? And my second question is the disbursal to sanction ratio is very low as compared to the previous quarter. So please, can you elaborate on this? Thanks.
- R. Balaji:** Independent Director's appointment will not impact the credit rating. But from what I think you're hinting us is, you want us to appoint good, reputed, imminent people as Independent Directors. We are proceeding on the same. If you look at the person who we have already appointed, Ms. Mini Ipe, she was a former Managing Director of LIC, the largest insurance company in the country.
- The other Independent Directors who are coming on board would also be equally illustrative. So, we'll be having a very eminent Board. Not only they would be able to guide us on governance oversight, but we'll also be able to enhance the perception of the company, and ensure that we are able to carry on our transformation going forward. And what was the second question?

- Sanjeev Kumar:** Second question was your disbursement sanction ratio. I would like to take it up. See, if you go in the infrastructure segment of financing, the sanction to disbursement ratio typically is even lesser than that because an infrastructure project takes as long as 3 to 6, 7 years to construct. However, our disbursement to sanction ratio has been even better than industry, though our sanctions are very less. And since we are sanctioning in the structured finance more and corporate and construction -- corporate and this balance sheet funding are a big part of our sanction portfolio, we expect a sanction to disbursement ratio may be something around 60% to 70% in coming quarters, which is far ahead of the industry average.
- Moderator:** The next question comes from the line of Mangesh Kulkarni from Almondz Financial Services.
- Mangesh Kulkarni:** I just wanted to know about, out of the INR193 crores remaining in the gross Stage III, what is the amount of Danu outstanding?
- Sanjeev Kumar:** Outstanding in the books of Danu's principal outstanding is something around INR188 crores, interest is over and above that we don't book because of this account is NPA.
- Mangesh Kulkarni:** So INR193 crores ...
- R. Balaji:** Basically, what happens is since the project has been NPA for a long time. We have written a part of the loan principle. But why you've written it off in the future, we expect to get more or less what is there in the books, INR193 crores, sometimes some INR10 crores, INR20 crores, like what Sanjeev was saying, INR220 crores or INR230 crores, we plan to realize it -- that's what we plan to realize it.
- It's an operating asset. And now we have taken steps to resolve it through NCLT or through some other means. The process is a bit time consuming. We cannot say unlike in a retail asset, this will get resolved in 3 months or 6 months, but we are reasonably confident that by the first half of next year, we should be able to resolve it completely. And once we resolve our net NPA would be very close to 0 or 0.1%.
- Mangesh Kulkarni:** Got it, sir. And in terms of now, again, our revised disbursement target, are these realistic or in next quarter, again, we are going to reduce because constantly we are not able to achieve the disbursement targets and all these things. Definitely, these resignations of directors was the issue during the last quarter. But then what will be the realistic targets? And looking at your sanction pipelines and all these things, your earlier targets are also achievable. So where the issue is coming? That is the question.
- R. Balaji:** Your question is a very fair question. Now 2 things. One, what's happening is if you look into it, like what Sanjeev had explained earlier, 100% of the disbursement was in the private sector and the state sector, there is huge pressure on rates. And obviously, we do not want to do business at low rates or low profit.
- Now while in the quarter 2, while we disbursed INR336 crores or INR326 -- how much? INR326 crores, sorry, we disbursed INR326 crores. What should be -- it was entirely to private sector. If you compare what we have dispersed to the private sector in the entire last financial

year, we have disbursed some INR295 crores or INR296 crores. So what we did in last year, we did it in one quarter.

Now two, if you look at the sanctions in the second quarter, INR1,048 crores, which we sanctioned entirely to private sector, which is the highest in the last 10 quarters, there'll be significant spillover. So we envisage disbursing close to INR1,000 crores in this quarter. And Sanjeev had explained the reasons why the disbursements got postponed. I'm reiterating those reasons. This year, the monsoons got extended significantly. And because of excess rain, the construction activity was impacted and therefore, the offtake from the customers towards availing of the disbursement got reduced. That's what we've been catching up as far as this particular quarter is concerned.

So when I say INR2,500 to INR3,000 crores, it is what you need to look into it, the reason why there is such a lot of variances coming. We are a small organization and the number of actual cases which we are doing is small in number. Now in the second quarter, we sanctioned INR1,048 crores from 8 or 9 projects. Going forward, as the number of projects increase a smaller size, the volatility will reduce. So if we have to evaluate us in terms of disbursements, instead of looking at a quarter-by-quarter, I would urge you to look at the last 4 quarter average or running average, that will make it less volatile and be more predictable indicator.

Moderator: We take the next question from the line of Amey Chheda from Banyan Capital.

Amey Chheda: So my first question is, you were looking to raise INR300 crores to INR500 crores of capital. So any update on that?

R. Balaji: See, let's first get the board reconstituted. When we are on something, some other thing came up. So it's on track. What we would do at this point of time, we are looking at a whole host of options and that -- we'll be taking it in the Board once the Board gets fully reconstituted and subsequently will be taking it up to the Board. And that is more for a confidence capital per se. And as it is, at this point of time, there's a lot of uncertainty. We also got a significantly extra cash, which will fund our disbursement for the next quarter or so. So therefore, we'll be going a bit slow, but we are dialoguing internally with the various stakeholders on what is the right approach towards raising this. But that is on track. Once the Board is reconstituted fully, we'll be proceeding on that.

Amey Chheda: So you mentioned that the other directors will be onboard in the next few weeks. So, do we expect the capital raise to be in this financial year?

R. Balaji: See, I do not want to commit anything. The important thing is that once the new Board gets reconstituted, the new directors come on board, then after that, it will be taken up. It could happen this year, in this financial year, most probably yes; that's what we are looking at, but it could also get spilled over. But our intent is to get it in this financial year.

Amey Chheda: Okay. And just one clarification. Did you mention that the resignation of the independent directors will impacts our ability to raise funds from banks because we will be sorted for Q3, but therefore, Q4, we don't have enough liquidity to disburse.

R. Balaji: See. When I said that I was just being pragmatic. At the end of the day, the team has put in an immense effort and yards and there are a lot of things fructifying, were in the pipeline. Now this is an adverse news, as more explaining to be done and naturally, the decision-making process would tend to become longer. And this would become longer, not only for this independent act of this resignation, but because of this historical past of this organization.

Now what I would like to bring to the notice of you and the other participants is that, post this, our rating was reviewed both by CRISIL and ICRA. Unlike last time, there has been no impact on our ratings. We've also engaged proactively with the regulators, and the regulators are satisfied. So, this is an unfortunate event, which should not have happened, but has happened.

So, it will push together the fresh fundraising abilities by a couple of months. And that was the reason one was saying it may impact, because, again, you have to go back to the drawing board, start at first base and start pitching ourselves to the various stakeholders and the different institutions to get money.

Moderator: We take the next question from the line of Vishal Biraia from Bandhan AMC.

Vishal Biraia: So, we seem to be right for a rating upgrade. Is there anything that is holding it back and by

R. Balaji: Growing book or -- and?

Vishal Biraia: No, we seem to be ripe for a rating upgrade. And what is holding it back in terms of, is there anything specific that the rating agencies are looking for which is holding it back? And by -- I know it's difficult for you to comment, but on the timelines, but if you want to take a guess as to how soon should we see a rating upgrade, then what would that be?

R. Balaji: See, the rating upgrade would happen once we get a couple of fresh credit lines from financial institutions, banks or other institutions, one. And two, our book starts growing. So realistically, I think one wants to be very pragmatic, once if our book crosses INR5,000 crores, INR5,500 crores, and we get a couple of sanctions, fresh credit lines from the banks, we'll be getting a rating upgrade. So that timeline more or less towards the -- once our annual results are over, it should happen. If it happens, anything happens prior to annual results would be a bonus.

Moderator: Ladies and gentlemen, as there are no further questions, I would now hand the conference over to Mr. R. Balaji, MD and CEO, for his closing comments.

R. Balaji: Thank you all. Thanks for your patience and participating on this call. I know that -- if you look at quarter 2, while there have been significant positives in terms of resolution of legacy assets, improving financial controls, venturing into a new area, focus on private sector, the one area which is possibly the key area is that our disbursements have been significantly below what we had suggested because we had said INR1,000 crores, INR1,200 crores for the first half, in which case, the second quarter alone have been INR800 crores to INR1,000 crores. Sanjeev given some explanations. But since we've got a robust pipeline, we could say that we'll be able to make up for it in the third quarter.

And going forward, we expect to maintain the business momentum of the new business that is getting generated while maintaining the good portfolio quality so that we do not get back into the same issues that we were confronted with a couple of years back. Thank you. Looking forward to engaging with you in the future. Thank you.

Moderator:

Thank you. On behalf of PTC India Financial Services Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines.