

October 30, 2026

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 Wednesday, October 28, 2026 at 16:00 (IST) on the financial results for the quarter and half year ended September 30, 2026.

With reference to our letter dated 14th October 2026, and pursuant to Regulation 30 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the Transcripts of Audio recording of the Conference Call held on Wednesday, October 28, 2026 at 16:00 (IST) on the financial results for the quarter and half year ended September 30, 2026.

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
Digitally signed by
Manohar Balwani
Date: 2026.10.30
15:36:28 +05'30'

Manohar Balwani
Company Secretary

Enclosed: as above

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“PTC India Financial Services Limited
Q2 and H1 FY '27 Investor Conference Call”

October 28, 2026



**MANAGEMENT: MR. RAJIV MALHOTRA – MANAGING DIRECTOR AND
CHIEF EXECUTIVE OFFICER – PTC INDIA FINANCIAL
SERVICES LIMITED**

**MR. DILIP SRIVASTAVA – DIRECTOR, FINANCE AND
CHIEF FINANCIAL OFFICER – PTC INDIA FINANCIAL
SERVICES LIMITED**

**MR. SANJEEV KUMAR – DIRECTOR, OPERATIONS –
PTC INDIA FINANCIAL SERVICES LIMITED**

**MR. KALUR SRINIVAS – EXECUTIVE DIRECTOR,
TREASURY – PTC INDIA FINANCIAL SERVICES
LIMITED**

**MS. PRIYA CHAUDHARY – HEAD, INVESTOR
RELATIONS – PTC INDIA FINANCIAL SERVICES
LIMITED**

Moderator: Ladies and gentlemen, good day, and welcome to the Q2 and H1 FY '27 Investor Conference Call hosted by PTC India Financial Services Limited. As a reminder, all participant lines will be in the listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing star then zero on your touch-tone phone. I now hand the conference over to Ms. Priya Chaudhary from PTC Financial. Thank you, and over to you, Ms. Priya.

Priya Chaudhary: Thank you. Good afternoon, everyone, and welcome to the Q2 and H1 FY '27 Investor Call of PTC India Financials Limited. I'm Priya Chaudhary, Head, Investor Relations at PTC Financial.

Q2 FY '27 marked a meaningful improvement in PFS' operating momentum with AUM returning to growth at INR3,684 crores, a 25% growth rate, while the loan sanctions and disbursements reached their highest level in several years at INR3,098 crores and INR1,595 crores, respectively.

This reflects our continued focus on core infrastructure financing, leveraging established relationships and our 2 decades of sector experience for stronger execution. Our strategy remains centered on quality-led and diversified infrastructure lending across ticket sizes and the broader value chain with focused exposure to select sunshine sectors and renewable energy, which now constitutes around 45% of our loan book. We remain client-focused and execution-oriented while maintaining disciplined underwriting and a strong focus on asset quality and portfolio monitoring.

The quarter also saw fresh bank sanctions and drawdowns, strengthening funding availability. Our gross Stage 3 remains contained, supported by adequate provisioning. We remain committed to building sustainable growth with prudent risk management and long-term value creation.

I would now like to introduce the senior management team present in today's call, Mr. Rajiv Malhotra, MD and CEO. He is joined by Mr. Dilip Srivastava, Director, Finance and CFO; and Mr. Sanjeev Kumar, Director, Operations. With this, I would now like to hand over the call to our MD and CEO, Mr. Rajiv Malhotra, for his opening remarks and update on the company's performance. Over to you, sir.

Rajiv Malhotra: So good afternoon, everybody, and thank you for joining us this afternoon. Some of you would have gone through the numbers that we've already shared with you. Now I'd just like to explain what the company's intent has been, although we have said so earlier in time. I think this was a quarter of setting the tone for what you will see more of in future.

Like I said, infrastructure remains the focus. Quality assets, increasing the book size and thereby gathering value for the company and its shareholders, both on the asset side where you see a growth in the numbers, and that is after a few quarters, so it's a reversal of a trend. And then if you look at the liability side, again, you will see our footprint in the market.

As we go further, we expect the performance metrics to become better, like I have -- or we have been communicating in the past. Give us a couple of quarters when you will find spread metrics tightening for a bit because we are in the portfolio building phase. Next couple of quarters, this year, you will see us just following up on the starts made now.

And with that, I'll close my remarks. And Priya, back to you.

Priya Chaudhary:

The call is now handed over to Sanjeev sir for comments on the business.

Sanjeev Kumar:

Thank you, Priya. Good evening, everyone. At the outset, I would like to mention that as we have closed H1 '27 we have sharpened our focus on building a meaningful, resilient and high-quality infrastructure lending portfolio. And as already explained by MD also, our objective has been -- going forward will be to leverage PFS's high core strength in infrastructure financing, go back to our basics, deepen our existing client relationship and drive sustainable growth across large, medium and small ticket size opportunities with a balanced focus on both private sector and PSU borrowers.

I'm pleased to share that we have made some very good progress during Q2, and the business momentum built during the quarter is reflected in our operating performance also. Our loan assets have moved to an upward trajectory after a gap of 10 quarters, reaching INR3,684 crores. Sanctions during the quarter were at the 36 quarters high at INR3,098 crores, while disbursements were at 19 quarters high of INR1,595 crores.

These are encouraging indicators of the traction we are seeing across our origination and execution and importantly demonstrate that the strategy we put in place at the beginning of the year is beginning to translate into the business outcomes. The momentum has been built through the quarter, and our focus is now to carry this forward through the remainder of FY '27 and beyond. We have a strong disbursement pipeline for the current quarter also, while simultaneously building a quality pipeline that can support sustained growth over the medium term.

Our approach continues to be centered around quality-led growth with disciplined underwriting. We remained focused on understanding and underlying business and cash flows appropriate structuring and maintaining the right balance between growth and the risk. At the same time, we have adopted a client-focused and execution-oriented approach with greater engagement with our clients and a focus on faster turnaround in evaluation and execution of the opportunities, deepening our existing relationship remains an important part of our origination strategy, alongside developing new relationships.

We are also pursuing a broad-based lending strategy across ticket size, enabling us to participate in a wider range of infrastructure opportunities. Our origination is diversified across the infrastructure value chain rather than being concentrated in any one segment.

Within the broader infrastructure universe, we are maintaining a focused exposure to select sunshine sectors where we see sustainable growth opportunities and where PFS can leverage its domain understanding and underwriting capabilities. This approach is intended not only to

support portfolio diversification and quality, but also to improve the overall risk-adjusted returns and NIM profile of the portfolio.

Another area where we have seen encouraging traction is renewable energy and energy transition. Our renewable energy portfolio has increased to approximately 45% during this quarter, reflecting our continued focus on sustainable infrastructure and our ability to identify and execute opportunities in this segment. This includes opportunities across renewable energy as well as newer area of energy transition ecosystem.

Overall, H1 has been a period of stronger business activity, improved execution and renewed traction in our core infrastructure franchises. Going forward, our focus will remain on converting the existing pipeline, building a strong and diversified book, deepening client relationship and maintaining discipline in underwriting. Our objective will be to ensure momentum we have created is sustained, while building a high-quality and resilient infrastructure portfolio that can support consistent growth over the coming years. That's all from our business update. Thank you.

Priya Chaudhary:

Dilip sir, will just give an update on the financial numbers of the company.

Dilip Srivastava:

Good afternoon to all of you. In Q2 FY '27, we witnessed a significant increase in business volume with PFS recording loan sanctions of INR3,098 crores and disbursement of INR1,595 crores during the quarter. This translated into a positive trajectory in the loan book with the loan assets increasing to INR3,684 crores as on 30th September 2026 from INR2,946 crores in comparison to the previous quarter, 30th June 2026, representing a sequential increase of approximately 25%.

Total income for the quarter stood at INR114 crores, while profit after tax stood at INR44 crores. Return on assets on an annualized basis and return on net worth annualized basis is at 3.65% and 5.64%, respectively. Interest spread improved to 1.18% during Q2 FY '27, reflecting an improvement in the lending spread during the quarter.

Asset quality improved during the quarter with gross Stage 3 assets declining to INR126 crores from INR190 crores in the Q1 FY '27. The company continued to maintain a comfortable liquidity position with a positive cumulative net cash flow across all the reported ALM maturity buckets. The liquidity coverage ratio remains strong, providing adequate liquidity headroom.

Another positive development during the quarter was strengthening of our funding position, supported by a fresh sanction of INR200 crores from Central Bank of India, which also marked the addition of a new bank in the company's lender base. We also have in-principle sanction from another bank, and we are expecting formal sanction letter to be received very soon. We consider to encourage both the existing and prospective lender across segments with a focus on further diversifying and strengthening our funding base going forward.

Overall, Q2 FY '27 reflected a strengthening financial position characterized by significant increase in disbursement, growth in loan assets, improvement in interest spread, lower gross Stage 3 assets and a comfortable liquidity position. With this, I conclude my update on the financial number.

- Priya Chaudhary:** We will now open the floor to Q&A please.
- Moderator:** Thank you very much. First question is from the line of Aditya Shah from Vikram Advisory Services. Please go ahead.
- Aditya Shah:** I have 4, 5 questions. I'll take it one by one. The first one is, could you please explain the impairment provision that we have taken this quarter and the changes in the gross Stage 3 assets, gross and net both. So could you please explain what happened and which are these assets?
- Rajiv Malhotra:** What are the further questions, if you can come up there?
- Aditya Shah:** Okay. I'll give you all of them together then. Then what is your expectation of the overall loan book at the end of this year and probably the next 2, 3 years? Because when we say sequentially, it is a 25% growth that is right. But on a half year basis, it's the same. There's practically no growth. INR1,500 crores of disbursements this quarter is also having INR800 crores of repayments -- prepayments sort of. So net loan book growth is just INR700 crores, INR800 crores. So how do you expect it to be or behave in the coming years?
- The third question is, how do you view in the rising interest rate scenario for NIMs and spread? What is our average borrower size currently? And how do you expect it to be in the next 2, 3 years? And the last one is, as of now is what is the average seasoning years of the current loan book?
- Rajiv Malhotra:** Okay. So first part, the impairment, I'll ask Dilipji to address this part.
- Dilip Srivastava:** So the impairment part that we have for the one Kundli Manesar, it's a loan account that this quarter, it has been slipped to the NPA. So accordingly, that against the EAD of INR124 crores, we have created a provision of INR19 crores. And that is already reflected in the results, which has been declared. But on the total, if you compare the PAT, so PAT is almost same, I would say better than what was declared in the Q1.
- So this is regarding the provisioning side. And the overall loan book, I think we are expecting that it should be up to -- net amount, it should be approximate INR5,000 crores by end of this year. That is our target, considering all the disbursement taken together.
- Aditya Shah:** But sir, on the impairment, I would say that the last quarter, it was INR190 crores of gross and INR47 crores or something like that of net. Now the current gross Stage 3 gross is INR126 crores roughly. So that is just single asset? Or is it 2, 3 assets combined?
- Dilip Srivastava:** It's 3 assets, Stage 3. One is that, Kundli Manesar as I explained. Another is Varam Bio, it's coming in the books, we have already provided for. And Danu Wind Parks, so that was lying as earlier in this NPA. So we have written off this quarter. So the results -- whatever -- because that was already provided 75%. So the results what has been disclosed, this is after the writing off those outstanding loan book has been technical write-off.
- Aditya Shah:** Okay. And the one that became an NPA was given as loan when? Is it pre-2020?

- Sanjeev Kumar:** Yes, this is a pre-2020 loan. It's a road project, and it's covered by guarantee from the construction authority that is HSIIDC, Haryana government. So recovery would be there. The concession agreement provides 90% of the debt due to be paid by them if they actually terminate it. And this is an annuity project. So we expect that it can be corrected also in due course of time.
- Rajiv Malhotra:** And we are part of the consortium lending over a year, led by their bank.
- Aditya Shah:** Okay. So then we can go for the next question.
- Sanjeev Kumar:** Your question is about 25% loan growth. It's true that the 25% loan growth is seen because of a low base. Our base has been diminished to a great extent in past quarters. But this 25% growth is also translated with the more than INR1,500 crores of disbursement. And this is the highest disbursement in last 4 years. So it's actually a real growth.
- And since the repayments, most of the high-cost loans repayments have already taken place. So in future, we don't expect that much of repayment again hitting us. The growth prospect will be at least 25% in coming years also, it will be better than that because now we have started doing business, and we have posed ourselves as a good prospective lender. We expect better performance even in coming quarters. As far as the...
- Aditya Shah:** What do we expect the spreads for the future lending? Do we have a set benchmark that below which we will not lend in terms of spreads? Because currently, what I see is that our NIMs are very high as in reasonably high is because of higher equity. But once we have larger and larger loan books with the growth that you are recommending to have, it will be difficult to manage at this 1% spread currently. So what is your guideline on that?
- Sanjeev Kumar:** You're right that it will be difficult to maintain at such high level because of equity combination. But as we go on growing and leveraging high, this NIM is expected to go a little below, but not alarmingly, it will be in line with the industry practice. So we'll maintain...
- Aditya Shah:** What is an average we are taking to -- expecting ourselves to have is it 3x, 4x?
- Sanjeev Kumar:** 2% plus, but it will not go less than 2% in future.
- Aditya Shah:** No, no, I'm saying leverage, meaning equity leverage, how many times do we expect ourselves to have?
- Sanjeev Kumar:** So that is a long process. See, currently, our equity percentage is very high. Let our books grow for next 3, 4 years, then we'll be able to see -- expect an optimum leverage maybe around 4 or 4.5 times.
- Dilip Srivastava:** So this will get translated what he is explaining that once that balance sheet size is getting increased. So that will help us to improve our cost of borrowing as well because that is going to improve our rating -- credit rating as well. So that will be translated in the lower cost of borrowing. So we expect that we will be -- we will remain competitive in the market as well.
- Aditya Shah:** Correct. And that would be in 2 years from now or we expect ourselves to be lowering our cost of borrowing next year itself?

- Sanjeev Kumar:** It is a continuous process. We expect every quarter our cost of borrowing will go down a bit. And our target is to be as per market rates, we should be capable enough to lend at the rate which market is doing. So we may expect that within a year, we can do that.
- Rajiv Malhotra:** See, after a long period, lenders have given a new facility to us so that shows that now it is on the positive track and lenders are also have confidence in the PFS. So we expect that should improve in the future as well on a continuous basis.
- Aditya Shah:** Okay. Okay. Great, sir. The last 2 questions are the average borrower size of our current present loan book of INR3,600 crores and the average seasoning years of this present loan book?
- Sanjeev Kumar:** The average ticket size is currently falling between INR100 crores to INR150 crores per account. And we'll maintain that ratio, maybe at INR150 crores or a little more than that will be the future maybe at the time of closure of this year. It will be something around INR150 crores plus, but we'll continue to make -- be a little on a lower side of the ticket size.
- And apart from that, the average seasoning as of now of the loan is something around 4 years. It may go into if we'll be able to do some project loans also. But currently, for the next 6 months, we are not targeting anything on this part to how much is the loan seasoning should be there, but the sustainability will always taken into consideration while approaching the projects.
- Aditya Shah:** Correct, sir. So my last question on the average size is that in this current environment, when we have INR100 crores, INR150 crores average ticket size, which we expect to remain itself between 100 -- around INR100 crores, don't you think, sir, that at 2%, 3% NIMs, having such concentration or even on INR5,000 crores or INR10,000 crores loan book is a bit riskier? Should we not be more granular in terms of our ticket sizes?
- Sanjeev Kumar:** See, we are an infrastructure lender. So you'll have to understand infrastructure projects are typically very high ticket size cases. We have been consciously keeping our loans book granular, but that is not sustainable. And when we go for a very low ticket size projects, it will definitely be going for less, say, reliable developers also and less domain is also left for us and very few sectors which are more vulnerable to the market, say, scenarios will be available to us.
- To go for a better developers and better projects, we'll have to increase our ticket size a bit. And still, our loan is much more granular than the market -- other market players. INR150 crores is still a very, very small ticket size as compared to the infrastructure projects being lent by other market players in current scenario. So we'll have to stay in the market, and we'll have to work on our core strength, and that is infrastructure finance.
- Aditya Shah:** So broadly, can we expect that we would have a NIM of 3%, 3.5% on a long-term basis and with a spread of more than 2% is -- am I right in expecting that in the next 1, 2 years or 3 years from now? So that -- why I'm asking this question is that this is very important in case of a bad cycle that our company already faced from that thermal power problem, and it is continuing even now.
- So why infra cycles are obviously, as you know, sir, that are very long cycles. And once the problem started, it continues for many years. So in such a scenario, should we expect ourselves

to have 3%, 4% NIMs continuously and 2% upwards of spreads? Because as investors, that is very important to us in terms of judging the risk in terms of a bad cycle.

Rajiv Malhotra:

Sorry, Rajiv Malhotra here. Could you explain what -- I mean I didn't get the question. The thermal cycle, what is this about?

Aditya Shah:

So from 2014, '15 onwards, there were issues in the thermal power sector, and we had heavy concentration over it, and there were numerous amount of NPAs and because of which the company as a whole faced a problem of earnings and lowering of loan books and all of that. The primary reason that I understand in an infra company, infra financing company is that since the spreads are low, very low and if the NIMs are not very high, -- in terms -- in bad cycle, there are major losses to be booked.

So how do we protect ourselves in such a scenario because going forward because today, the loan book is just 3 years or 4 years seasoned. As we are lending more in the next 2, 3 years, probably next 2, 3 years, we won't find any issues. But going after that, how do we protect ourselves to make it more sustainable and not go through these kind of cycles again and again is my question.

Rajiv Malhotra:

Okay. So let me try and explain it because I'm not sure I've still understood it fully, but I'm still trying to explain. One, the idea that we were at any point, exposed or overexposed to thermal power is incorrect. There's something wrong with that impression. From that point where you said 2014, PFS has been seen as a niche player in the renewables. There were some -- historically, there was some exposure to thermal, but it was not an overexposure.

What happened -- the thermal sector at a point in time had to do with fuel allocations. And we know all that which happened, right? Now even then, the company was not overexposed to that sector. You may want to check your facts when you get back because primarily, we were a renewable energy player, and we continue to be that. The efforts now has been that we move into diversifying into other areas of infrastructure because infrastructure, it stays our focus. But then infrastructure other than, say, generation projects, is renewable. And then we get to other sectors like roads where you know we have exposure to digital infrastructure, which is something which is, as we speak, emerging and where we may have been one of the early lenders and early adopters of the idea to get into appraising and understanding what the potential of this sector was. Electric mobility has also shown up. It has varying degrees of success. And that again has to do with how the current regime and how the ecosystem is thinking about infrastructure for the future.

So, let us understand that one, we are going granular in terms of our exposure to these different sectors. And all of these are being built for a future, which is different from what you have seen in the past. Were the thermal power wave to come back at any point in time, we will take calibrated kind of exposures to that.

Now again, a question on the seasoning. It is not important for us to stay in, let us say, an infrastructure loan for the best part of, say, 12 years or 10 years and believe that then the risk of that project or the risk profile has reduced and therefore, we are better off. Because as providers

of debt, if we see the first 3 to 4 years kind of point in time for a project life cycle. That's where the returns to lenders happen.

Typically, there is a tendency for refinancing. While one way to view it is a loss of opportunity. The other way to view it is the refinancing actually provides you the natural churn in your portfolio. That, in fact, has been and it has worked for us in the past, and it will continue to work. Having said that, if the primary reason in such cases may be the cost of funding, we don't have an intent of keeping the cost of funding here as has just been explained by Dilip to you. Now put this all together, I think you will get your answer.

Aditya Shah: Okay. So we will -- I will be happy to see such growth for the next 2 quarters and take it forward from there.

Moderator: Next question is from the line of Chandmala Halagode, an individual investor.

Chandmala Halagode: I'm Chandmala Halagode. I'm holding 246,000 shares in this company. What is the total amount you got sanctioned from different bank sources? And what is the total amount you got cash in hands? And what is the total cash level you are having with you at this stage, sir?

Dilip Srivastava: We have sanction from Central Bank of India of INR200 crores. INR100 crores we have already drawn that amount and utilized in September itself. And another bank, they have given a INR200 crores in-principal approval. So formal approval, we are awaiting. And discussion with other lenders are also in the pipeline. This is regarding the financing part. As of now, we are having close to the INR600 crores plus, including the HQLA requirement.

Chandmala Halagode: One more question, sir, by when we can expect 0 NPA level status in this company? What tentative time you required to achieve that status, sir?

Sanjeev Kumar: So achieving 0 NPA target is always our endeavor. And if the current, say, whatever efforts we are taking, it materializes, it may be, say, achieved within this year itself. But a lending institution having 0 NPA, I think it's a dream of every institution and nobody has ever achieved this, I guess, at least a 10-year-old seasoned lender itself.

So we are in the lending business. Defaults will happen and new NPAs will come all the time and existing NPAs -- we'll keep on resolving existing NPAs, and this will go on. So because of that, the provisioning even on the standard assets are being done. So it's a part and parcel of business. 0 NPA, I don't think anybody will be able to comment on anything like that ever in any lending institution.

Chandmala Halagode: Okay, sir. You appointed one person from your company as nodal officer to share data for divestment of PFS, sir. What is the present situation -- is it at initial stage of divestment or due diligence stage, sir? Please explain on that, sir.

Rajiv Malhotra: So you're right that disclosure has been given in terms of having a nodal person for data sharing, as you say. And that is happening. Now we will not be able to comment what stage the efforts are at because if you've seen what we filed with the exchanges. So I think you should be able to infer that work is on, on that particular transaction.

- Chandmala Halagode:** That NPA level increased from INR47 crores to INR105 crores. So is it possible to clear that NPA by the end of this financial year, sir?
- Dilip Srivastava:** It's as explained by the director operations. So NPA just clearing that is 0 NPA. So it's a very theoretical number. But still we are targeting to reduce our gross NPA, which is evident from the Q3...
- Chandmala Halagode:** Sir. What I'm asking this present NPA level, which is INR105 crores, sir. Is it possible that INR105 crores you we will resolve by the end of this financial year?
- Sanjeev Kumar:** Yes, it is possible.
- Dilip Srivastava:** We will see, sir. We will see.
- Sanjeev Kumar:** Yes, it is possible, and we are doing all efforts to achieve that.
- Moderator:** The next question is from the line of Vishal Mehta from Oaklane Capital.
- Vishal Mehta:** Rajiv, sir, congratulations on a good show on the growth side. I just had one question -- 2 questions rather. One is regarding the growth. Is it possible to quantify the number of loans that we have sanctioned but yet got disbursed?
- Rajiv Malhotra:** Sure. Thank you, Vishal. I think Sanjeev ji is just going to take up this question for you.
- Sanjeev Kumar:** Yes. I reiterate the question what you are saying. I will just rephrase that. You wanted a portfolio of undisbursed sanctions. Am I right?
- Vishal Mehta:** Yes.
- Sanjeev Kumar:** Currently, we have about INR2,500 crores of undisbursed portfolio, which are lined up for sanction -- sorry, sanctioned, which are lined up for disbursement. It may take some time, but these are undisbursed portfolio, which we are actually keeping in our list as a pipeline. And we are going on sanctioning every month again and again, fresh sanctions will also happen.
- Vishal Mehta:** Got it. So this is not including the sanctioned disbursement pipeline, which you were talking about, that is additional?
- Sanjeev Kumar:** This number, what I have is our sanctioned portfolio, which are waiting for disbursement for some compliances or completion or stage of. Got it.
- Vishal Mehta:** Got it. So this, I think, in a way, should cover us for the INR5,000 crores target, which we were hoping for.
- Sanjeev Kumar:** That is a target after discounting the prepayments, repayments also. So that is a net balance sheet what we are...
- Vishal Mehta:** Great, sir. And sir, one more question was regarding the gross and the net Stage 3 assets. Sorry for repeating it, but is it possible to explain that our gross Stage 3 has gone down from INR190

crores to INR126 crores, but our net Stage 3 has gone up from INR47 crores to INR105 crores, because we've made a provision of INR51 crores this quarter as well. So could you just highlight why the net one gone up when the gross number has come down?

Dilip Srivastava:

So that we already explained that one account, Danu Wind Parks, we have already written off. So in that account, technically written off. So provisioning was close to the 75%. But here as of now in Stage 3, only 2 accounts are there. One is the Kundli Manesar and there is Varam Bio. Varam Bio is at INR2.10 crores, which has already been 100% provided for.

In Kundli Manesar, out of INR124 crores, INR19 crores, 15% we have already provided for. So provisioning goes as per the IRAC norms and ECL methodology. So as per the IRAC norms, sits at 12%, at 10% only, but still we have provided for 15% as per our conservative ECL methodology. So this is a number that provisioning that net NPA is coming on the higher side compared to the previous one.

Vishal Mehta:

But if you write off the loan, wouldn't that go out of the net...

Dilip Srivastava:

Balance sheet cleaning. So technical write-off that liability provisioning as well as gross loan, everything will be written off from the books.

Sanjeev Kumar:

This is as per prudential norm. Writing off doesn't mean that our claim is not there. All claim and recovery efforts are on.

Dilip Srivastava:

This is a normal practice in our financial year.

Sanjeev Kumar:

It's a prudential norms prescribed by RBI to write off after a certain extent of age or seasoning of any NPA account, taking so many considerations to clean up the book and show a real picture to the investor and to the public for that. That's why this has been written off, but the book recoverable is already there. We'll put all our effort to recover that.

Moderator:

The next question is from the line of Amey Chheda from Banyan Capital.

Amey Chheda:

Just a couple of questions. What is the recovery that you're expecting out of Danu? And by when can we expect it?

Sanjeev Kumar:

Requesting Srinivas Ji to answer your question.

Kalur Srinivas:

As far as Danu is concerned, I think the resolution that we have -- process we have adopted is for -- through the IBC process. So we have filed our application, and we are awaiting the hearings for admission of the account. Post that, it is a process that will be run as per the IBC guidelines. There is value in Danu, but then the realizable amount will be subject to whatever interest that is events from the bidders when the process of bidding starts.

So at this juncture, it will be a bit premature to put a value to it. But yes, given that it is technically written off, we are expecting a substantial amount of recovery in any case because it's an operating asset with a good PPA tenure, remaining tenure and a good tariff.

Amey Chheda:

So it will probably go to the next year, right, the recovery, next financial year?

Kalur Srinivas: It will -- obviously, the process under IBC guidelines does take some time post admission. So it will -- the recovery would be -- assuming that it is admitted in over the next couple of months, then yes, there is a certain amount of time that will be required under the process. So the recovery as such will be sometime in the next financial year.

Amey Chheda: Okay. And what is the repayment that we are expecting in the second half?

Kalur Srinivas: Repayment, which repayment?

Amey Chheda: Total repayments.

Kalur Srinivas: We are talking of overall repayments as far as existing is concerned.

Amey Chheda: Yes.

Kalur Srinivas: Repayment of I mean, borrowing side, you were asking?

Amey Chheda: So total repayments, when we give the INR5,000 crores guidance, what are the repayments that we are expecting in H2?

Dilip Srivastava: So repayment like in this H1 current year, the total repayment of loan amount was close to the INR248 crores...

Sanjeev Kumar: Scheduled repayment would be something around INR300 crores next half year. And apart from prepayment, which is actually the thing which is unpredictable, would also go down as far as our books are concerned. At this point of time, predicting how much prepayment will be done is not possible. I can give you a figure of planned repayments. That may be something around INR300 crores.

Amey Chheda: Okay. And just 2 more questions. So what is the gross Stage 2 currently?

Dilip Srivastava: In Stage 2 only net of provision, the total amount is INR114 crores related to IL&FS. So out of INR114 crores, we have already provided for INR65 crores. So balance amount is INR65 crores net of provisioning.

Amey Chheda: Okay. And any ROA guidance for the year?

Dilip Srivastava: Return on assets for this current quarter you are asking?

Amey Chheda: For the full year.

Dilip Srivastava: For the full year. So return on assets this complete year close to the...

Sanjeev Kumar: How much is the budget? So we have budgeted for 4.16% of ROA...

Dilip Srivastava: Return on assets for this Q2 was 3.65%. And for the half year ended for the September, it's 3.49%.

Amey Chheda: And so the full year guidance is 4.16%, right?

- Sanjeev Kumar:** Yes, that is the budget we have done for the complete year.
- Dilip Srivastava:** We expect it should be more than the existing numbers. So whatever is 3.49% for the current 6 months.
- Amey Chheda:** Just one question. Any guidance on the disbursements for the second half?
- Dilip Srivastava:** So we explained that we are targeting to reach the balance sheet size of INR5,000 crores. So already we explained on those parts. So we are expecting that we should be reaching before end of March...
- Sanjeev Kumar:** In fact, this question has been answered several times.
- Moderator:** Next question is from the line of Manoj Kumar Pandian, an individual investor.
- Manoj Kumar Pandian:** I thank you all for improved result and turnaround of the company in this quarter. The main question is, see as an individual investor, I have been invested in this company since last 12 years. And I had seen many ups and downs. But finally, there is a sign of recovery. But one thing I would like to attract attention of the management that you see the market value -- your present book value is almost approximately INR50. Against that, the market value is around INR24, INR25. Now in the backdrop that the company has announced a disinvestment or you can say, a disinvestment or it may be some kind of strategic sale.
- So keeping the price of the share languishing at this level despite the fact that the company is showing tremendous improvement from this quarter. is not justified. So I would request that the management should consider a buyback option of its shares to improve the sentiment. And for - - to undertake a buyback, the company is already well capitalized. It should not have any hindrance. And it had many benefits for a company going for a strategic disinvestment. So I would like to have your answer, please. Thank you.
- Rajiv Malhotra:** Thank you for bringing this to our notice. I can assure you that we will keep your suggestion in front of us. However, even as a management, I don't think we can, at this point, either commit either any way because see, pricing is something which is -- it's a lot of factors. What we can do is to ensure that the value in this company increases and it's value -- the intrinsic value of the equity you hold is good.
- Going forward, I can say when it comes to measures like the one you have said and capital that -- which is what competing uses, our priority would be ensuring that we leverage the capital that we have to build the portfolio level, like we have given you targets. There are like a 2- and 3-year plans also that we have back of the mind. So we would keep in mind what we can do where our shareholders do get whatever are the intended rewards. But primarily, the capital that we carry, we would leverage that to rebuild the portfolio which we have just started in this quarter.
- Manoj Kumar Pandian:** Okay, sir. But -- the company is well capitalized. And since the fair value is languishing since so many years, the trend is now as per your projections, people are going to scale it up very fast. So the benefit should accrue not only to investors as well as to the owner PTC also. So that's

why I request that both the Boards, PFS as well as PTC should consider it on a priority basis how to enhance the value to the owners as well as to the investors. And it is a management...

Rajiv Malhotra: Thank you. Like I said, we have taken on board your suggestion. However, like you rightly said, it is a question before not only the Board of PFS, it is also the Board of PTC. And right now, we are talking only as the management of PFS. So this is way, way beyond our pay grade. Having said that, I again repeat, we have noted your suggestion.

Manoj Kumar Pandian: And please consider dividend also, sir. Next time.

Rajiv Malhotra: Again we have noted your suggestion.

Moderator: Next question is from the line of Dinesh Kothawade from KRD Capital.

Dinesh Kothawade: Sorry for repeating the same thing. Actually, I have only one question on INR105 crore, the breakup is still not clear. The INR105 crores NPA, is it entirely due to Danu and some other account. So can you please paint the exact reason why what is the breakup of it and the recovery time, sorry?

And I would like to pitch in one more question. The cost of borrowing is very high. It is more than 9%. So anything we are doing to approach the credit agency to grow to AAA or something like that?

Dilip Srivastava: So this -- again, this Stage 3, we explained that the 2 accounts, Kundli Manesar and Varam Bio is there. So out of total exposure of INR126 crores, we have already provided for INR21 crores. And the net -- this amount after this exposure is coming close to the INR105 crores net of provisioning. So this is regarding that provisioning part.

And regarding that credit rating improvement, because as of now, we are at A level, and we will be taking up with the rating agencies for improvement. And we'll see that -- we expect that improvements should happen on that part.

Dinesh Kothawade: Okay. So the entire INR105 crores is due to Kundli Manesar. The increase is only due to Kundli Manesar, right? The NPA?

Dilip Srivastava: Yes. Yes.

Moderator: Next question is from the line of Harsh Doshi from Phi Capital.

Harsh Doshi: Sir, I wanted to understand the INR3,000 crores sanctioned this year, could you give us some color on the new book, the split by sector, project stage, average ticket size, how many borrowers are there, average yield on these loans?

Rajiv Malhotra: I'll refrain from going into average, which can be misleading. So INR3,000 crores during the quarter is across renewable energy, roads, digital infrastructure...

Sanjeev Kumar: And thermal also a little bit. CBG.

Rajiv Malhotra: CBG and operating thermal...

Sanjeev Kumar: Yes, operating thermal...

Rajiv Malhotra: So that's about it. And the ticket size varies right from INR50 crores to INR500 crores. So let's refrain from the averages as we saw opportunity and quality assets that were there, we have made these efforts to put together the INR3,000 crores of sanctions.

Harsh Doshi: Understood. Sir, how many borrowers would be there, if you could throw some light?

Sanjeev Kumar: Maybe something around 15.

Harsh Doshi: 15 borrowers. And what is the average yield on these loans?

Sanjeev Kumar: We have not got that calculation as of now because these are not disbursed cases. The average return can be only booked at the time of disbursement. They are funding most of them on a floating rate basis.

Moderator: The next question is from the line of Vishal Biraia from Bandhan Asset Management.

Vishal Biraia: Sir, a couple of questions. Which are the sectors or companies which have contributed to this huge repayment plus prepayment combined in the first half and especially in this quarter?

Sanjeev Kumar: They were basically state utilities companies, DISCOMs. They have bigger ticket size 2, 3 cases were there, we have prepaid.

Vishal Biraia: Okay. And do we plan to lend to the DISCOMs as and when there is demand?

Sanjeev Kumar: Yes, we are not averse to lending to DISCOMs as of now also. Whenever the opportunity and right pricing comes, we are keen to look into that.

Vishal Biraia: Okay. And what would be the -- because what we have heard is the kind of yield that DISCOMs are currently ready to pay, the kind of rate that DISCOMs are ready to pay seem to be very low, and that will be not remunerative for us at this stage. Will that be a fair understanding?

Rajiv Malhotra: Repeat the question, please, for our understanding.

Vishal Biraia: I was saying that the current rate of borrowing for the DISCOMs are much lower. So for us to lend to the DISCOMs would be difficult in the near to medium term. Would that be a fair understanding?

Rajiv Malhotra: So I think what Sanjeev Ji has already answered, we're keeping our eyes peeled for opportunity that meets our risk return profile. Obviously, we're not going to lend at the rates that you seem to be referring to, lending not for the sake of lending to DISCOMs.

Vishal Biraia: Sure, sure. And we have meaningfully increased our disbursements to renewables. Could you give a perspective as to what is this marginal cost of lending to renewables?

Rajiv Malhotra: Marginal cost...

Sanjeev Kumar: I mean we are maintaining the spread on that and marginal cost of lending, if you mean that how much over the cost of fund, we are doing it a fair bit of about, say.

Vishal Biraia: No. What I meant -- let me clarify. What I meant to say was -- what I meant to ask was for the incremental disbursements that we have done and largely to renewables in the second quarter, this would have attracted this would have done at what yield?

Dilip Srivastava: Average we have given in our investor presentation as well. Average yield for the period is 10.45% against the average cost of borrowing of 9.27%.

Vishal Biraia: Sir, I was not asking the average. I was asking specifically for this incremental lending that we've done in December?

Rajiv Malhotra: See, I think where we will not be able to answer that question right now. I don't know whether we could do that later. But we are then in the process is mixing up stock and flow variables. So I would not have a ready answer to say the -- what is lent to renewables during the quarter and what is the relatable -- I heard you use the word marginal cost. So I don't think...

Vishal Biraia: No problem. I'll skip that. The other thing is on the cost of funds. Dilip ji, if you could clarify as to what is the marginal cost of borrowing for us? I mean for the incremental borrowing that we've done, what is the rate that we are paying...

Rajiv Malhotra: So we can give a band...

Dilip Srivastava: So we have already disclosed 9.27%, our weighted average.

Vishal Biraia: That is the average. That is based on the stock. That is the average rate. I understand that. But incrementally, what is the cost?

Rajiv Malhotra: So you appreciate that we can't give you a precise number, not on this call.

Sanjeev Kumar: Once it is materialized, the disbursements are taken, then only the rate can be fixed up. It is only at an in-principle sanction stages, most of the borrowings. So better rates may not be discussed here.

Vishal Biraia: Sir, what of the total borrowing book that we have, how much is linked to FO and how much is linked to MCLR, how much is linked to EBLR?

Dilip Srivastava: So most of the cases, 1 year, this spread link is there. So it's not that immediately they have revised the repo rate, so that is applicable to us.

Vishal Biraia: But most of the borrowing is linked to repo. Is that the right...

Dilip Srivastava: No, that it's their MCLR on an annualized basis when that will be -- the impact will come.

Vishal Biraia: Okay. And on the credit rating side, when is the rating -- credit rating assessment due? When can we go back to the agencies and say and present again for the rating upgrade?

- Dilip Srivastava:** So it will be coming in the next quarter. So already that result has been declared. We will be taking up that with the rating agencies again. And even for the period as well, so that process is there, they can look on it part, and we will be taking up.
- Vishal Biraia:** Okay. Okay. And this -- in the next quarter, you mean this is for CRISIL and ICRA both or one of them?
- Dilip Srivastava:** We check it right now is not in with me. But in the next quarter, it is coming one rating agency. After that, I think probably coming for the next rating agency.
- Vishal Biraia:** Okay. And sir, last question is on Danu. Sir, why was it written off in this quarter?
- Dilip Srivastava:** So you know that any -- this -- whatever taken in the books of accounts is not an individual call, considering all the aspects regarding the RBI regulations, right, and then the factors related to the latest development in that particular account, all those -- considering all those aspects, the call is taken. So why it has been written off in this particular quarter? So I don't think that any specific answer to that part is there.
- Vishal Biraia:** Okay. Did anything change in terms of the parameters of that company, which led to the write-off in this particular quarter?
- Dilip Srivastava:** Technical write-off, actually, it's linked to the cleaning of the balance sheet, right? So those accounts are lying. So we have just to improve the gross NPA and net NPA, all those things that considering multiple aspects, it's not a single aspect that call has been taken.
- Moderator:** Ladies and gentlemen, we will take that as the last question for today. I now hand the conference over to Mr. Rajiv Malhotra for closing comments.
- Rajiv Malhotra:** So thank you for staying with us for the best part of an hour, asking us some fairly penetrative questions. And I'd just like to repeat that how we would like you to think about this quarter, it is a quarter that sets the tone for scaling up and improvement of metrics, building the -- or rebuilding the portfolio over the next couple of quarters.
- So one quarter that follows the other, we expect to give you a better -- bigger portfolio, quality portfolio, which should be giving you quality earnings. And as we close the financial year, we hope to be at our targeted points. So this was essentially a quarter when we have stuck to focus, gone back to the basics as my colleagues here have mentioned. And we will continue to do more of the same. And thank you very much once again for being with us this afternoon.
- Moderator:** Thank you. Ladies and gentlemen, on behalf of PTC India Financial Services Limited, that concludes this conference. Thank you for joining us, and you may now disconnect your lines. Thank you.