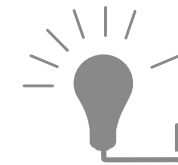


Power Finance Corporation Ltd.
A Navratna PSU

Performance Highlights

Quarter ended 30th September 2019



Funding for a
Brighter Tomorrow



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- 02 Earning Update
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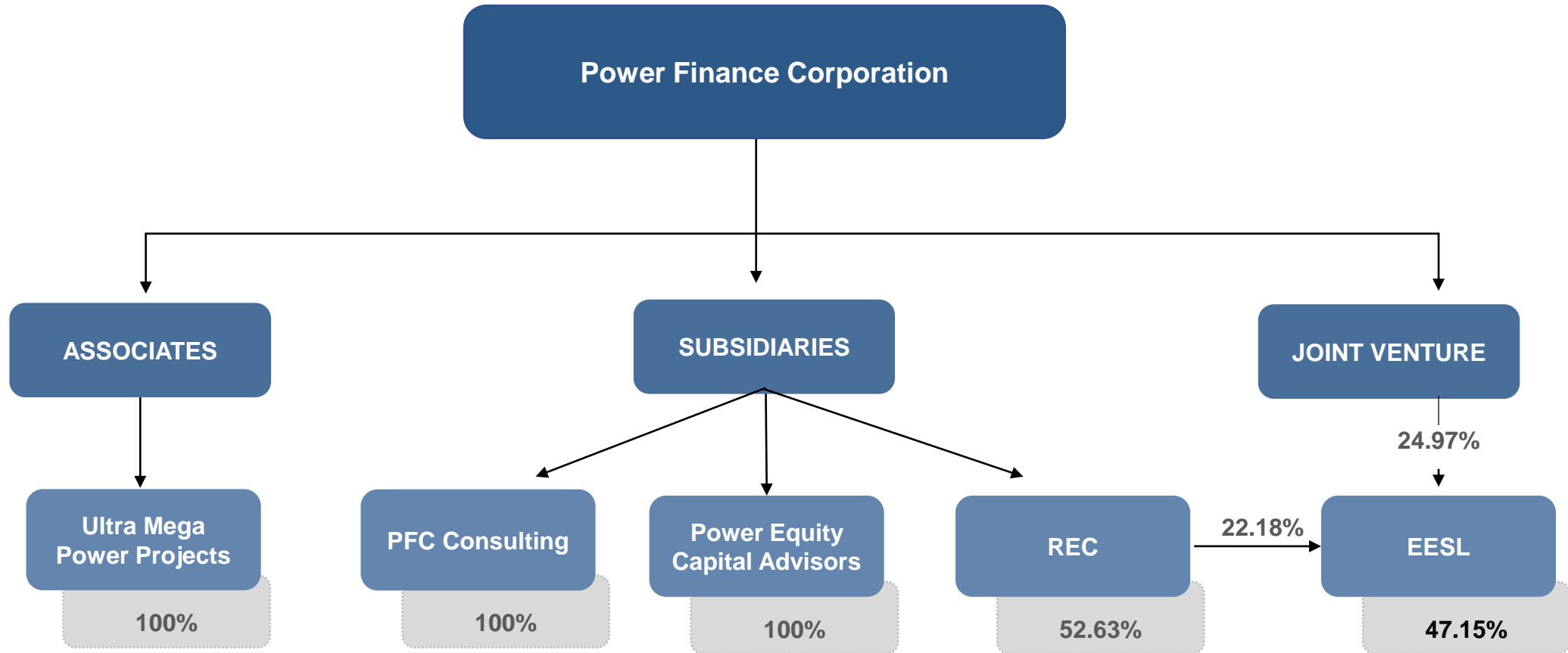
B Stand Alone Performance

- 01 Highlights
- 02 Earning Update
- 03 Asset Quality
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A. Consolidated Performance

1 PFC at a Glance

PFC Group Structure

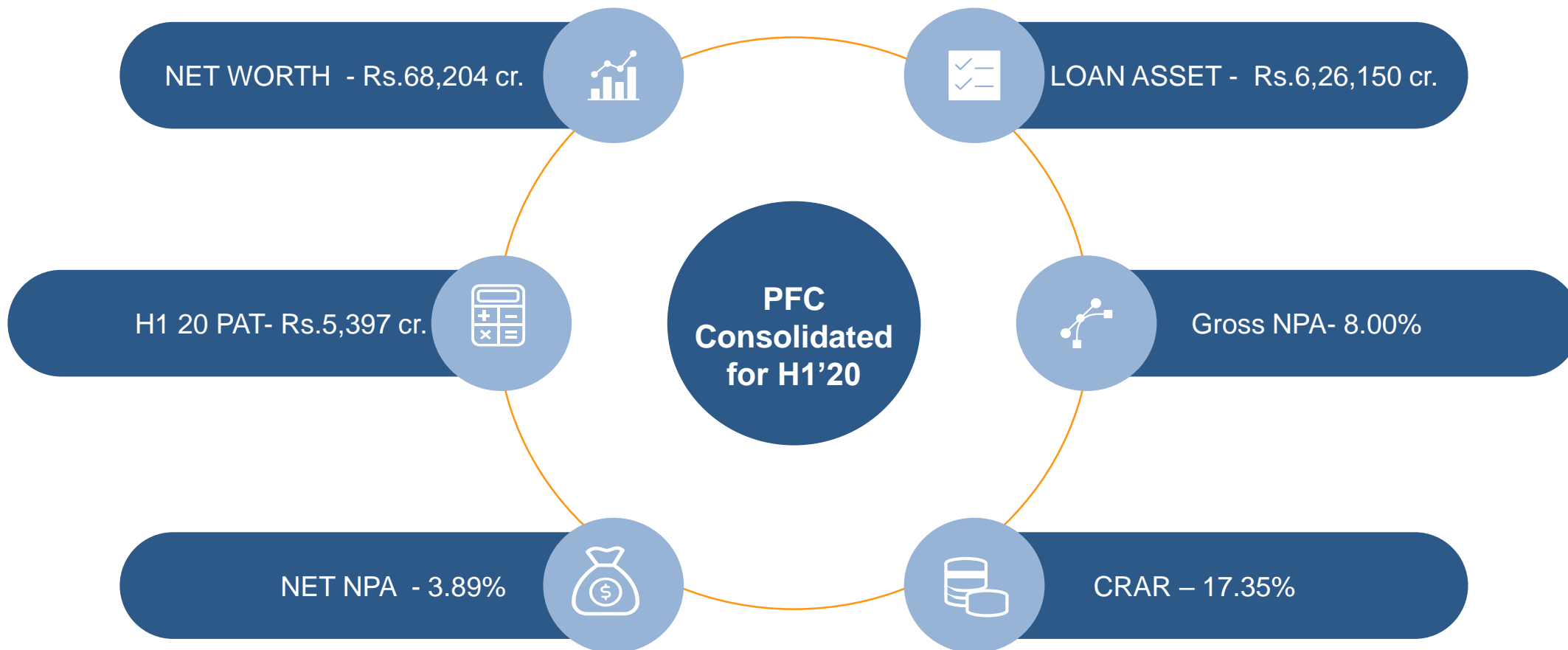


1. EESL – Energy Efficiency Service Ltd.

2. 47.15% stake in EESL is consolidated stake of PFC (24.97%) & REC (22.18%)

2 Earning Update

Key Consolidated Financials



Note: Net worth includes non-controlling interest.

Key Consolidated Financials



(Rs.'crore)

	Q2 FY 20	Q1 FY 20	Q2 FY 19	H1 FY 20	H1 FY 19
Interest Income	15,397	14,510	12,994	29,907	25,361
Interest Expense	10,153	9,938	8,450	20,091	16,609
Net Interest Income	5,244	4,572	4,544	9,816	8,752
Profit After Tax	2,497	2,900	2,509	5,397	5,373
Total Comprehensive Income	2,269	2,899	2,462	5,167	5,105

(Y/E- March)

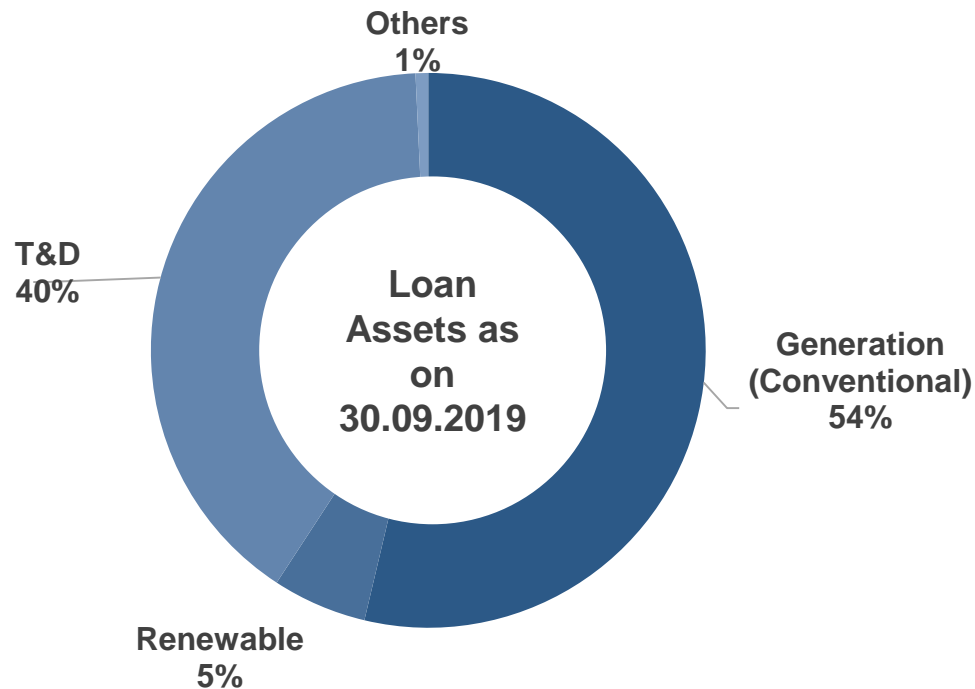
Some figures may have been regrouped / reclassified for analysis purpose. Therefore, they may not reconcile with the reported figures.

3 Operational Performance

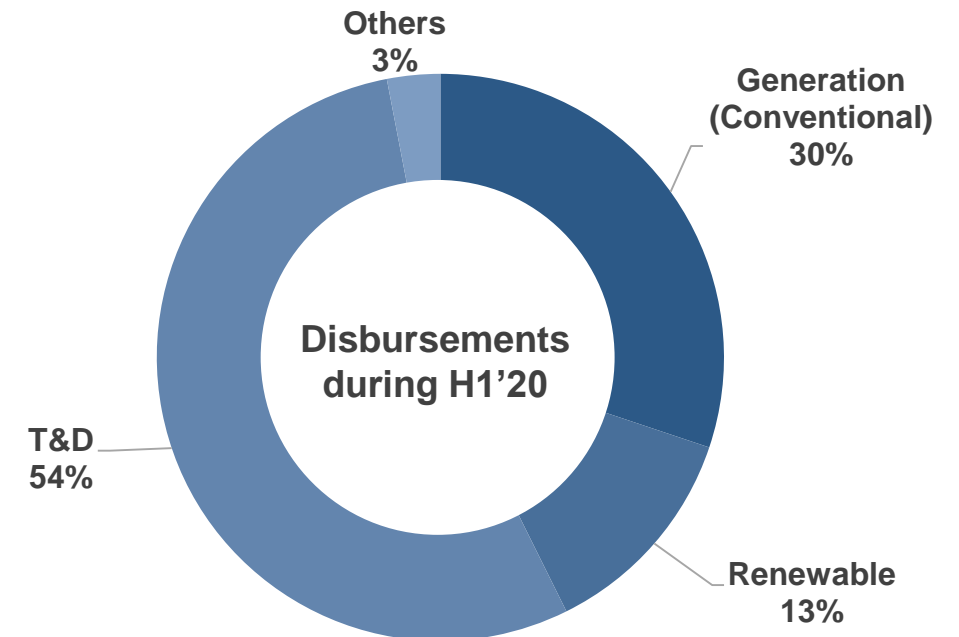
Operational Performance



Loan Asset Book of Rs.6,26,150 cr. as on 30.09.2019

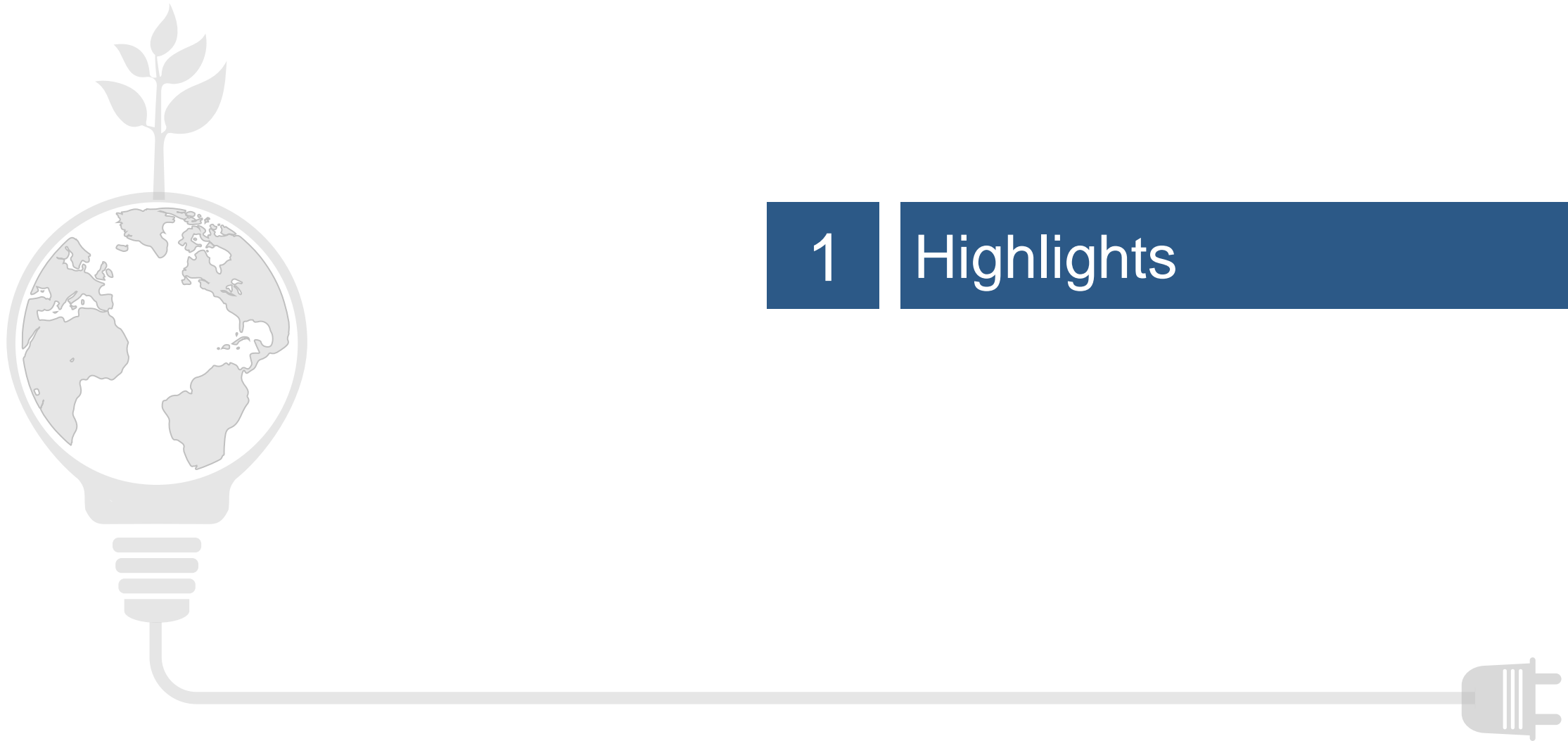


Rs. 62,439 cr. disbursed in H1'20



Post Acquisition – PFC is the largest financial company in power sector

B. Stand Alone Performance



1 Highlights

Standalone Highlights for H1'20



**Euro 200 mn loan agreement inked with KfW
for on lending to State Discoms**

01

02

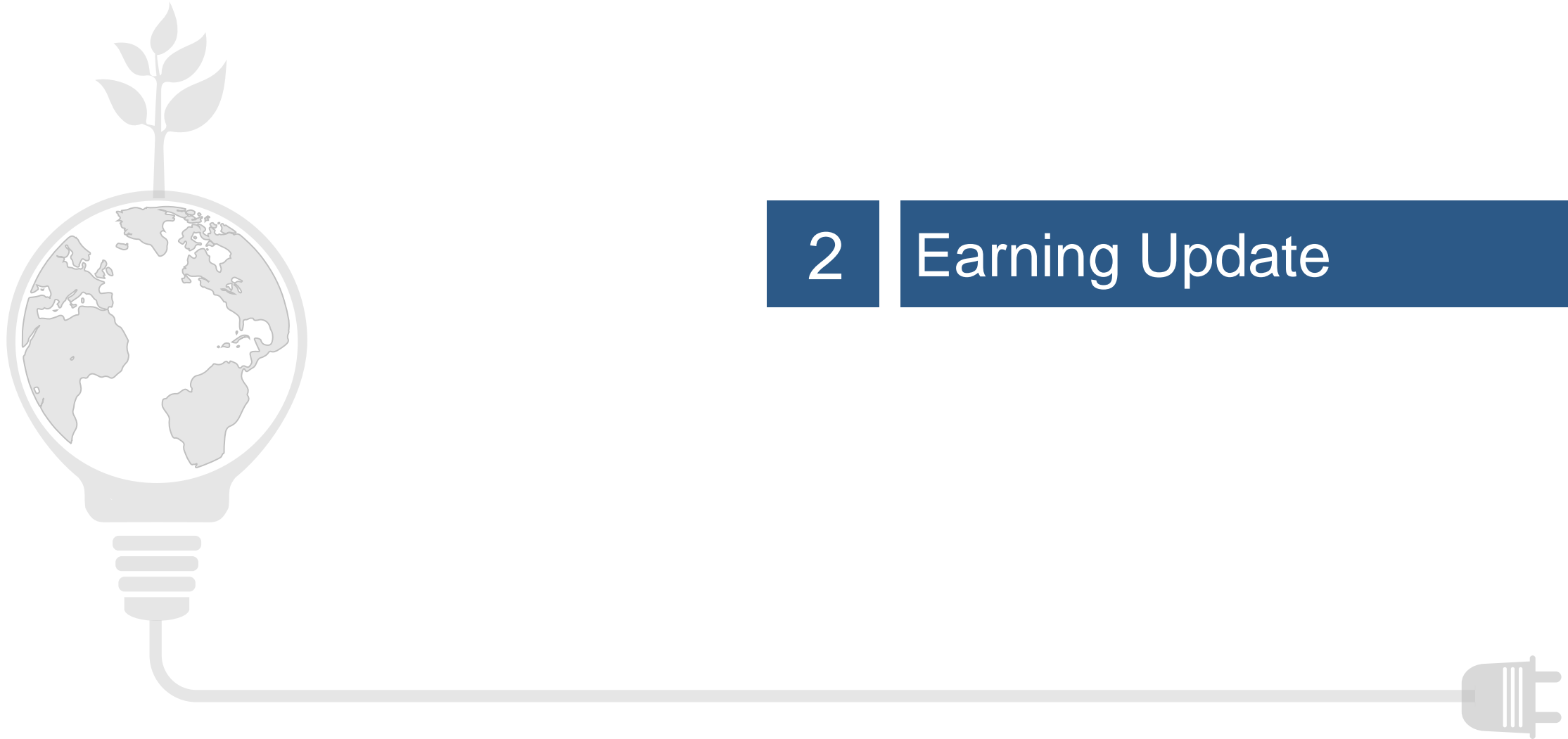
**GMR Chhatisgarh loan upgraded to Standard
Asset on resolution**

**Gross Stage III Assets at 9.05 % -
56 bps reduction from Q1'20**

03

04

**53 bps increase in CRAR from Q1'20
18.37% CRAR as on 30.09.2019 – Tier I -
13.33%, Tier II – 5.04%**



2 Earning Update

Revenue & Growth



(Rs.'crore)

	Q2 FY 20	Q1 FY 20	Q2 FY 19	H1 FY 20	H1 FY 19
Interest Income	8,004	7,545	6,943	15,548	13,574
Interest Expense	5,510	5,350	4,749	10,860	9,374
Net Interest Income	2,494	2,195	2,194	4,688	4,200
Profit After Tax ^{1&2}	1,157	1,383	1,367	2,540	2,751
Cumulative Provisions (Stage I+II+III)	16,275	16,588	17,170	16,275	17,170
Reserve for Bad & Doubtful debts	3,093	3,826	3,506	3,093	3,506

(Y/E- March)

1.PFC has exercised the option under section 115BAA of the Income Tax Act, 1961 to pay corporate tax at a reduced rate. Consequently, PAT for Q1'20 & H1'20 is suppressed due to re-measurement of deferred tax/liability at the reduced tax rates. 2.Further, it is envisaged that the impact of Rs.14,500 cr. acquisition price paid for REC acquisition will be made up in profits during the year through the dividend declared by REC, if any.

Some figures may have been regrouped / reclassified for analysis purposes. Therefore, they may not reconcile with the reported figures. Further, the reported figures for Q2' 19/H1'19 have been restated to make them comparable pursuant to amalgamation of PFC GEL from 01.04.2017.

Key Ratios

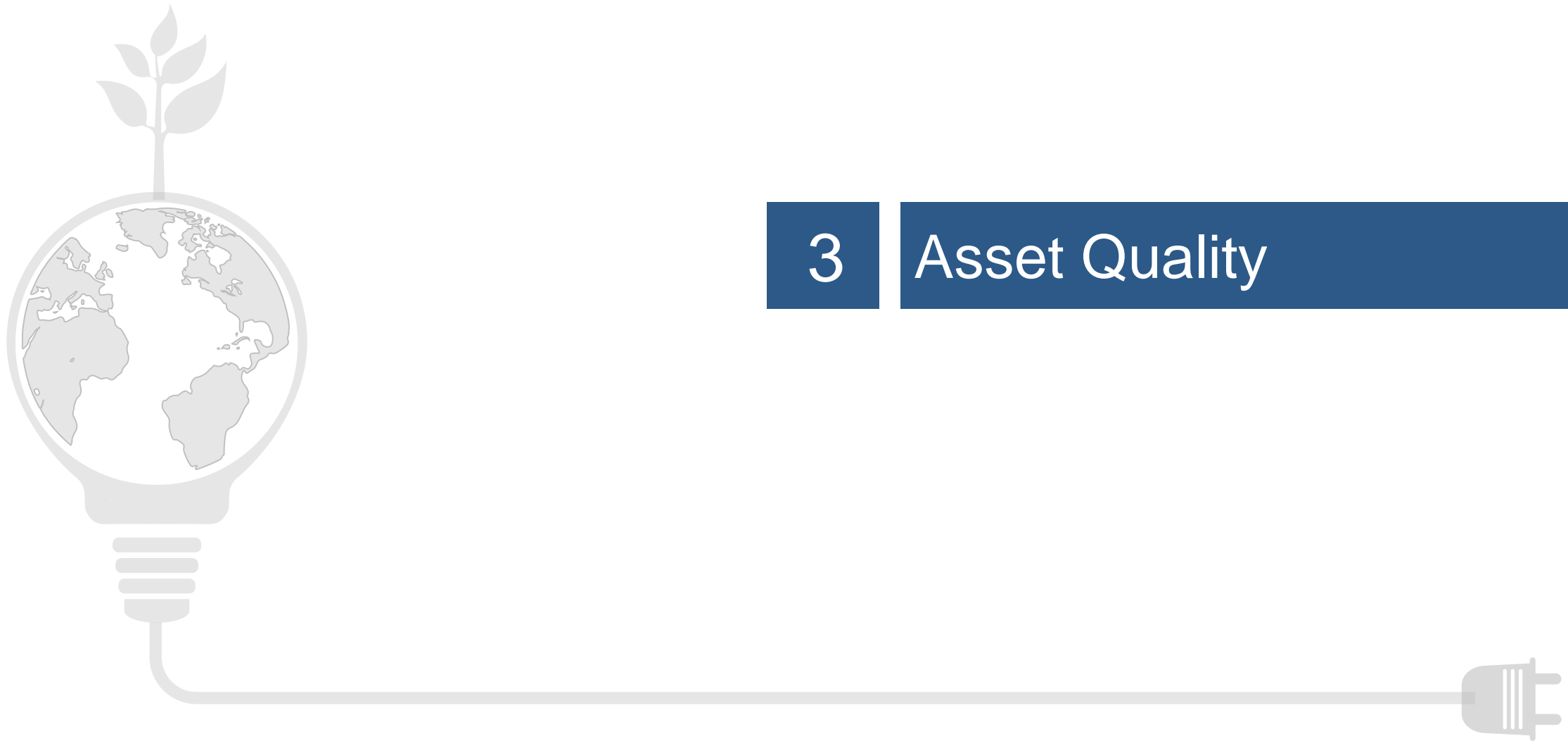


(Ratios in %)

	Q2 FY 20	Q1 FY 20	Q2 FY 19	H1 FY 20	H1 FY 19
Yield on Earning Assets	10.60	10.61	10.60	10.60	10.56
Cost of Funds	7.82	7.90	8.09	7.86	8.07
Interest Spread on Earning Assets	2.78	2.71	2.50	2.74	2.49
Net Interest Margin on Earning Assets	3.13	3.06	3.33	3.07	3.28
Net worth (Share Capital + All Reserves)	Rs.45,445 cr.	Rs.44,709 cr.	Rs.38,411 cr.	Rs.45,445 cr.	Rs.38,411 cr.

(Y/E- March)

Ratios are annualised & are based on daily average & excluding exchange/loss gain and rounded off. Further, the reported figures for Q2'19/H1'19 have been restated to make them comparable pursuant to amalgamation of PFC GEL from 01.04.2017.

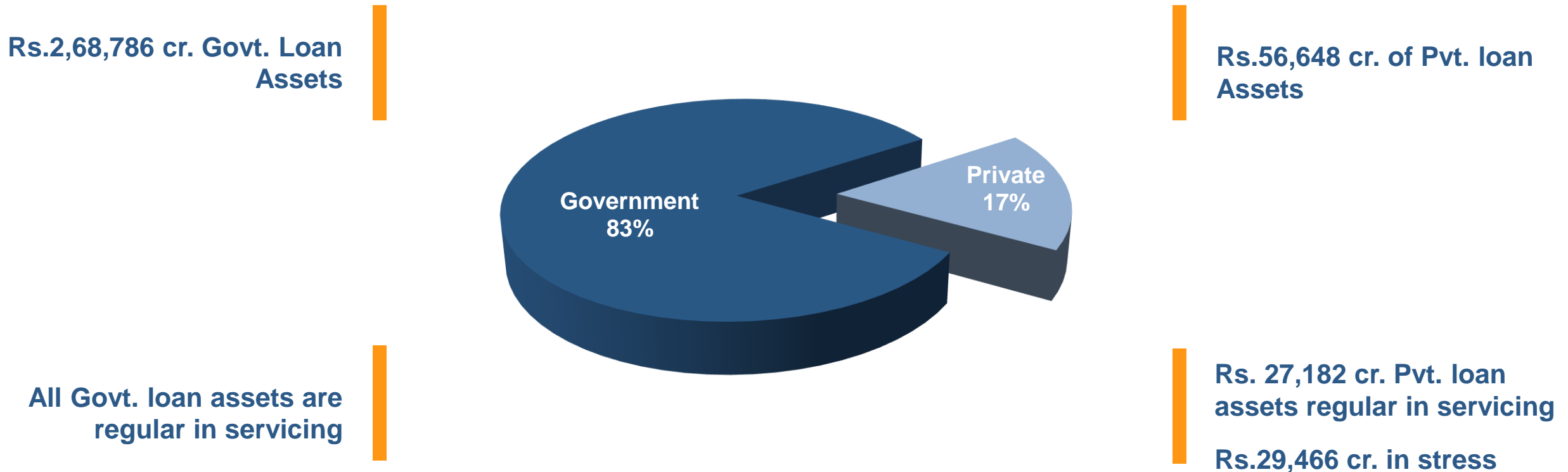


3

Asset Quality



Loan Book of Rs.3,25,434 cr. as on 30.09.2019



91% of Loan Assets are regular in servicing & no stress is envisaged

Provisioning Snapshot



Provisioning Status as on 30.09.2019

(Rs.'crore)

	Stage I & II	Stage III	Stage III (NPA) as % of Gross Loan Assets	Total	
Outstanding Loan Assets					
- Government Sector	2,68,786	-	Nil	2,68,786	
- Private Sector	27,182	29,466	9.05%	56,648	
Total Outstanding Amount	2,95,968	29,466	9.05%	3,25,434	
Total Amount	Provisioning	726	15,549	-	16,275
Net Assets	2,95,242	13,917	4.28%	3,09,159	

53% provisioning against Stage III Assets (NPA) of Pvt. sector

Note - Provision has been made in respect of all loans assets as per Expected Credit Loss (ECL) methodology under Ind As. For this, the ECL has been calculated by an independent agency ICRA Management Consulting Services Limited (IMACS).

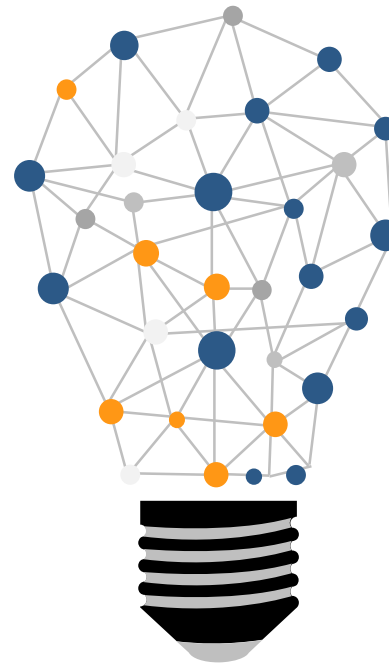
Resolution Status – Stage III Assets (1/3)

Resolution status of Rs.29,466 cr. of loan assets in Stage 3

NCLT Resolution

Rs.14,704 cr. in
NCLT

15 projects
64% provision



Outside NCLT Resolution

Rs.14,762 cr. resolution being
pursued outside NCLT

14 projects
42% provision

72% provision/reserve* available against Stage III Assets

Resolution Status – Stage III Assets (2/3)



15 projects of Rs.14,704 cr. are in NCLT

Application filed & admitted

11 Projects

₹ 9,368 cr.

63%
Provision

Application filed but Not admitted yet

2 Projects

₹ 3,701 cr.

53%
Provision

Liquidation order passed in NCLT

2 Projects

₹ 1,635 cr.

93%
Provision

Resolution Status – Stage III Assets (3/3)



14 projects of Rs.14,762 cr. resolution outside NCLT

Resolution by Jan'2020 under RBI Circular*



Resolution by July'2020 under RBI Circular*



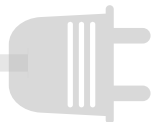
Resolution for projects NOT impacted by
RBI Circular*





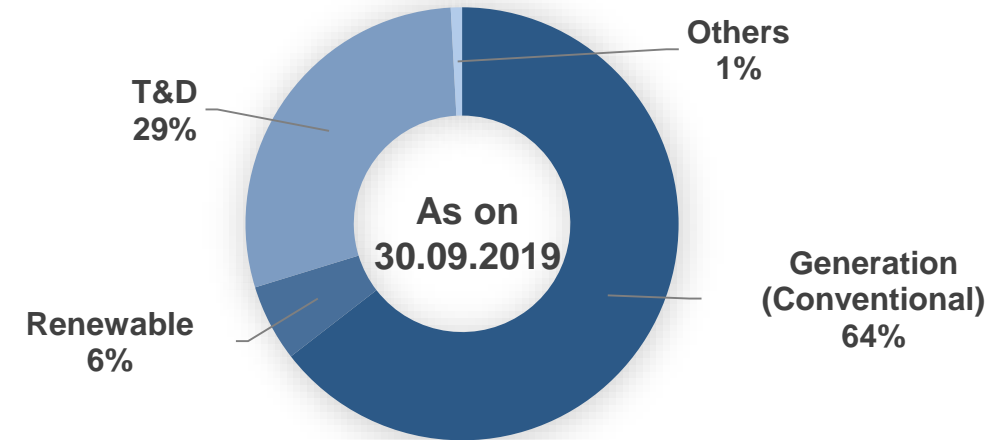
4

Operational Performance



Loan Asset - Composition

Increasing thrust towards T&D & renewable business



(Rs.'crore)

	As on 30.09.2019	As on 30.09.2018
Gross Loan Assets	3,25,434	2,93,083
Scheme Wise		
Generation	2,28,644	2,12,635
- Renewable Energy	18,709	13,831
- Other than Renewable Energy	2,09,934	1,98,804
Transmission	26,693	23,210
Distribution	67,371	53,834
Others	2,727	3,405
Sector Wise		
Government Sector	2,68,786	2,40,783
Private Sector	56,648	52,300

Disbursements - Composition



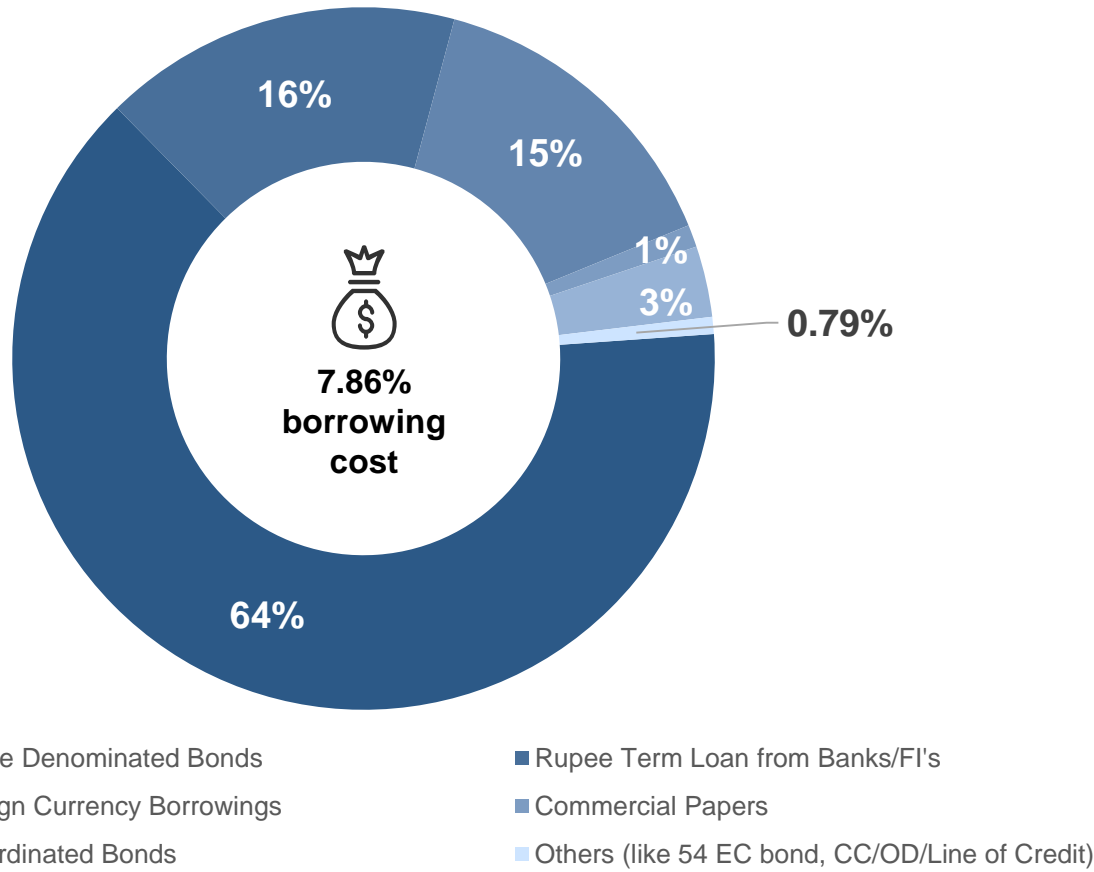
(Rs.'crore)

	Q2 FY 20		Q2 FY 19		H1 FY 20		H1 FY 19	
	Amt.	%	Amt.	%	Amt.	%	Amt.	%
Disbursements	18,366	100%	17,505	100%	28,833	100%	30,486	100%
<u>Scheme Wise</u>								
Generation	8,712	47%	5,730	33%	15,195	53%	10,648	35%
Transmission	1,693	9%	2,424	14%	2,576	9%	2,801	9%
Distribution	7,758	42%	9,276	53%	10,810	37%	16,661	55%
Others	203	1.1%	75	0.4%	251	1%	377	1%
<u>Sector Wise</u>								
Government Sector	16,947	92%	16,524	94%	24,038	83%	28,442	93%
Private Sector	1,419	8%	981	6%	4,795	17%	2,045	7%

Well Managed Liability Profile



Rs. 2,82,261 of outstanding borrowings as on 30.09.2019



EUR 200 million Loan agreement with KFW
For on lending for development of distribution infrastructure state owned companies



Diversification of funding profile
85% from domestic sources & 15% from foreign currency sources



CP at just 1% of total liability mix
as against 5% in Q1'20



74% exchange risk hedging
for FCL with residual maturity upto 8 years. 45% exchange risk hedged for total FCL portfolio



Liability Mix as on 30.09.2019

Diversified Liability Mix

Rs.2,82,261 cr.
Outstanding
Borrowings as
on 30.09.2019

Domestic Bonds
Rs.1,79,903 cr.

RTL from Banks/FI's
Rs. 46,699 cr.

Foreign Currency Borrowing
Rs.41,324 cr.

Commercial Papers
Rs.2,906 cr.

Subordinated Bonds
Rs.9,212 cr.

54EC Bonds
Rs. 1,313 cr.


Others (CC/OD/line of credit)
Rs. 905 cr.

PFC's access to low cost funds



**54EC Resource
Mobilization
Up by 33% from
Q1'20**

54EC Salient Features

Eligible Investors  Individuals, HUF, NRI, FIs, LLP, Partnership, Banks, Mutual Funds, Insurance Co., PF funds

Tenor  5 years from deemed allotment date

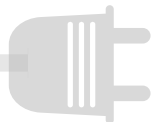
Coupon Rate  5.75% per annum.

Benefit to Investor

Long Term Capital Gain on transfer of Capital Asset exempt upto 50L on investment in PFC's 54EC bonds

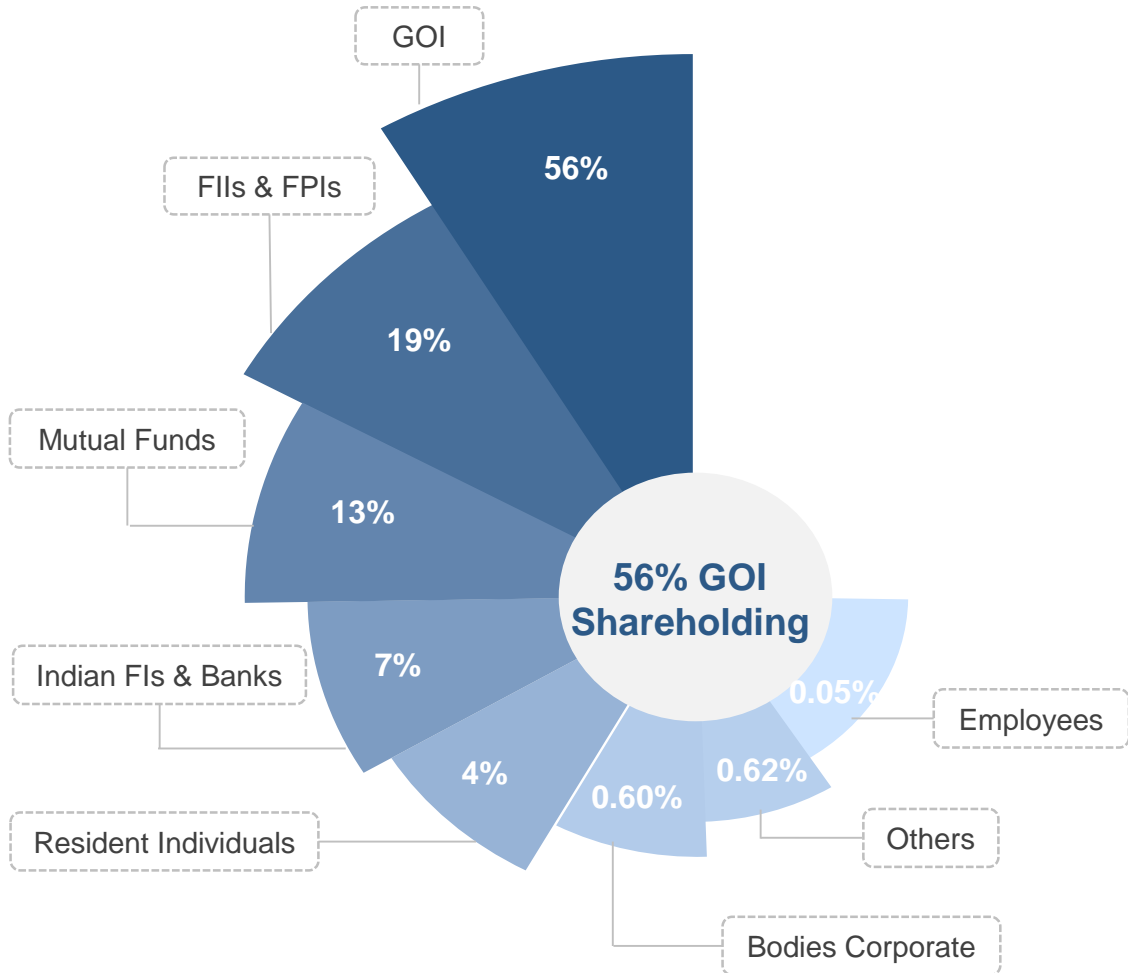


5 Shareholder Outlook



Shareholders Outlook

Equity market valuation ratios indicate potential for upside



EPS Rs. 19.24
(Annualised)

Book Value Per Share Rs. 172

Price to Earning Ratio 5.8



Price to Book Value Ratio 0.65

Above ratios are for H1 20 & are based on the last available closing share price from BSE as on the end of reporting period

Thanks!

Any questions?

You can reach PFC's Investor Relations Team at
investorrelations@pfcindia.com

Join us:    @pfclindia  www.pfcindia.com

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