



**Power Finance Corporation Ltd.**  
A Govt. of India Undertaking

## “Power Finance Corporation Limited”

November 12, 2012



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**ANALYST: MR. UMANG SHAH**

**MANAGEMENT: MR. SATNAM SINGH,  
CHAIRMAN & MANAGING DIRECTOR**



**Moderator:** Ladies and gentlemen, good afternoon and welcome to the Power Finance Corporation Limited, Q2 FY'13 results conference call, hosted by Motilal Oswal Securities Limited. As a reminder for the duration of this conference, all participants' lines will be in the listen-only mode and there will be an opportunity for you to ask questions at the end of today's presentation. Should you need assistance, during the conference call you may signal an operator by pressing "\*" followed by "0" on your touchtone telephone. Please note that this conference is being recorded. I would like to hand the conference over to Mr. Umang Shah of Motilal Oswal Securities Limited. Thank you and over to you Sir.

**Umang Shah:** Thank you, Melissa. Good morning ladies and gentlemen. On behalf of Motilal Oswal Securities I welcome you all on the earnings call of Power Finance Corporation Limited to discuss their Q2 FY'13 results. Today, we have with us Mr. Satnam Singh, Chairman and Managing Director of Power Finance Corporation Limited. Without much ado, I would like to handover the floor to Mr. Satnam Singh where he can brief us about the company's performance in the quarter gone by and then we can take it forward with the Q&A session. Over to you Sir.

**Satnam Singh:** Good morning everyone. I thought before we talk about the quarterly results, let me share with you the five or six key developments, which I want to give to you, which will provide you enough comfort as to what is going to happen going forward. Number one, the sector viability being addressed very aggressively through the financial restructuring plan, which has been approved by Central Government and currently, the states are working on seeking approval from their legislative assemblies before the plan is implemented. The Restructured-APDRP scheme, which is aimed at loss reduction in 1400 towns all over the country, is also being implemented aggressively. So far about 215 towns have been integrated and without even upgradation of the system, through the administrative measures, in these counts in four states, i.e., Andhra Pradesh, Karnataka, Gujarat and Madhya Pradesh the losses have come down in the range of 1% to 10%.

In addition, the Appellate's order asking the State Electricity Regulators to increase the tariff every year, irrespective of the states filing the tariff petition is working well. About 27 states have already come out with a tariff order for financial year 2012-13 ranging from 0-37% increase in the tariff. Further, for areas that are not covered under restructured-APDRP, the government has already approved another scheme called National Electricity Fund, which is a subsidy-based scheme for improvement in the loss level.

Prime Minister's office is facilitating, as you know the signing of fuel supply agreements between Coal India and the developers.

One more aspect that is transitional finance, which PFC and REC have decided to provide to fill the balance cash gap, which the distribution companies have had after these FRPs, is implemented.

So if you see all these initiatives together, the answer, which comes out, is that sectors viability is being addressed aggressively. Now what is going to be the result of this? The result of this is that



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there will be minimum level of NPAs. Most stakeholders are expecting that going forward there will be a lot of NPAs in power sectors because of the issues, which are well known but if you look at all these initiatives, my feeling is that those need not be any impact as far as nonperforming assets are concerned; however, in our second quarter results, I am happy to share with you that no new account has been added to NPAs.

The other message, which I want to give, is that the cost of borrowing going forward is likely to come down. We have in fact borrowed foreign currency loan, we are currently also working on another loan in foreign currency. We have just completed the road shows for MTN program, which involves long-term loan of five-year plus and we are likely to price it sometime in the next week. Government of India has already issued notification for tax-free bonds. In our case, the amount given to us is Rs.5000 Crores. If you see the cost of borrowing of all these issues, it is much lower than the benchmark cost. So this is going to be the trend going forward that if at all Reserve Bank of India decides to reduce the interest rates then funds from the local market also may be available at a cheaper rates, so going forward cost of borrowing on account of all these factors is likely to come down.

The third message I want to give is that our new business areas are progressing well. Our consultancy subsidiary has got four new independent transmission projects. Our capital advisory services has generated more than 1 Crores income just after one year of operation. Our Green Energy initiative, PFC Green Energy Limited has got the NBFC status now and will start its operations with Rs.1000 Crores assets being transferred from PFC to PFC GEL. We have started very recently the global operations by sanctioning the loan of Rs.2,200 Crores to Videocon for the Mozambique Oilfields, gas fields actually with a provision that they will bring that gas to India, which will facilitate power generation in India.

We are shortly likely to enter into joint venture with Tata Capital for our private equity initiative. The terms and conditions are almost at final stage; maybe in next three months time we will be signing agreements. The next message, which I want to give, is in line with what other institutions are doing and what Reserve Bank of India was asking us to do; we have decided to create provision of standard assets. The requirement was 0.25%. It is a voluntary requirement, but we were not doing so earlier, because we had a buffer of almost equivalent to 1% in our book as reserves of bad and doubtful debt to backup any such contingency. However, since profitability in the current year has improved substantially, we thought it was appropriate to make this provision over a period of three years starting from this year. This year we will create a provision of 0.08% followed by FY'13-14 0.08% and then FY'14-15 0.09%, which will give us additional comfort in case any such requirement arises.

Last message I want to give is that we have shown in the quarter as well as in the first half high profitability with improved spread and asset growth.

Now I will come to what you are waiting for. I will start with loan assets. Our loan assets during the quarter have gone up by 28% from Rs.110,421 Crores to Rs.140,819 Crores, so are the half yearly figures. This has happened primarily because we had outstanding sanctions in the



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beginning of the year to the extent of Rs.160,529 Crores and the disbursements have taken place for the loans which was already progressing well. To name a few, where this high level of disbursement has taken place is Koradi Project of Maharashtra, Krishnapatnam project of Andhra, Ennore Project of Tamil Nadu, and Kalisindh Project, Rajasthan apart from the private projects, which are in progress. Because of the loan asset growth our total income for the quarter has gone up from Rs.3,145 Crores to Rs.4,191 Crores that is 33% and for the half year from Rs.6,069 Crores to Rs. 8,136 Crores that is 34%.

Our net interest income has also gone up correspondingly from Rs.1,079 Crores to Rs.1,475 Crores, i.e. 37% higher during the quarter and in the half year from Rs. 2,069 Crores to Rs. 2,869 Crores, which is 39% higher. Profit after tax for the quarter is higher by 147% from Rs.419 Crores to Rs.1,036 Crores and for the half-year from Rs.1,106 Crores to Rs.2,008 Crores that is 82% higher.

Now you may say that this is a substantial increase. Yes, I agree therefore we have worked out what we call as comparable profit after tax that is after adjustment of the extraordinary item in this particular case. Last year we were following a system of booking foreign currency loss on mark-to-market basis up to the second quarter; however, in the third quarter when Government of India gave an option to amortize the foreign currency loss, up to the redemption date and then charge to a particular financial year based on the proportionate structure, we had opted for that. If that particular adjustment is made as a comparable profitability after tax, it is in line with our asset growth that is it has gone up by 33% from Rs.812 Crores to Rs.1,084 Crores on quarter-on-quarter basis and half yearly it has gone up by 37% from Rs.1,537 Crores to Rs.2,113 Crores.

Let me now take you on to the yield and cost of funds. Our yields during the quarter has improved from 11.29% to 11.98% and for the half year from 11.19% to 11.84%, that is 68bps and 66 bps higher respectively for the quarter and half year. Cost of funds for the quarter has gone up from 9.08% to 9.24% and for the half year from 8.93% to 9.16%. The spread accordingly has gone up for the quarter by 53 bps from 2.21% to 2.74% and for the half year by 42 bps from 2.26% to 2.68%. The net interest margin has gone up from 3.97% to 4.28% , i.e. 31 bps higher for the quarter and for the half year 3.91% to 4.23% that is 32 bps higher.

I am sure you have heard me sharing with you the rationale for this kind of change earlier, but I would reiterate again. We have a system of matching the repricable assets and repricable liabilities on a year-to-year basis; however, reprising of assets takes place only four times a year that is on a quarterly basis whereas reprising of liabilities was linked to the increase in the interest price by Reserve Bank of India and in the last one, one and a half years that we all know that RBI has been increasing its interest rates every now and then, particularly earlier than January 2012. So, in such a situation, our liabilities were getting reprised, as and when RBI increase the rates; however, we were not able to pass on that increase to our borrowers because the structure of passing on increase in the liabilities price was only possible through quarterly increase. So there used to be a time lag and as a result of that, our NIM and spread had come down by 20 to 30 bps , but from the time Reserve Bank has stopped that process of increasing interest rates every now and then, our NIM and spread has come back to the normal levels and



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going forward, as I have already explained to you, cost of borrowing is going to come down and kind of foreign currency borrowing as well as tax free bond may be there will be further improvement unless Reserve Bank of India also decides to lower the interest rates because of which all the banks and institutions go in for reduction in the lending rates.

The other figures, our sanctions during the quarter increased by 101% from Rs.15,163 Crores to Rs.30,550 Crores and for the half-year from Rs.28,398 Crores to Rs. 41,732 Crores i.e. 47% higher. The disbursements were higher by 19% from Rs.8,135 Crores to Rs. 9,672 Crores and for the half-year by 23% from Rs.14,234 Crores to Rs.17,555 Crores, since we have outstanding sanctions of Rs.168,000 Crores as at the end of Second quarter, we are fairly confident that we will be able to maintain assets growth going forward.

Now, I will come to the capital adequacy ratio. Capital adequacy ratio, which was 18.55% at the end of Q1, has gone down to 17.69% because of our assets growth. In the beginning itself I said there has been no addition to NPAs in this quarter. Our gross NPAs as a %age of loan assets at the quarter end stand at 0.97% and net NPAs at 0.86%. They are comparatively lower than Q1 of 1.02% and 0.91% only because of the loan asset book having gone up. The transitional finance that we talked about of Rs. 19630 Crores has been provided to six states, that is Punjab, Haryana, UP, Rajasthan, Andhra Pradesh and Tamil Nadu, of which though Andhra Pradesh is covered but they have not yet asked for any sanction of the transitional finance. The tenure, which we have agreed for this type of loan, is 10 years with maximum moratorium of three years. Of course we are not agreeing to provide this without state government guarantee and subject to the states agreeing to initiate actions on reform conditions which is a must for revenue growth of the distribution companies.

So far we have disbursed only Rs.5,500 Crores against this. But up to September it was only about Rs.2,100 Crores. The foreign currency borrowing I have already shared with you, we borrowed \$250 million three-year paper wherein we have gone in for drawdown on August 31. We have completed the road shows for our MTN program for which we will be pricing it sometime next week, and we have also got the quotes for another three year ECB loan, which is going to be very attractive and shortly awarding that contracts with the merchant bankers. Ministry of Finance has issued this notification for tax-free bonds. We are in the process of launching that maybe in a month's time. So far against Rs.40,000 Crores of our yearly requirements of funds, we have already raised Rs.17,721 Crores and tax free bonds and foreign currency borrowings which I just shared with you. I think we are quite comfortable as far as bringing of resources is concerned.

The Reserve Bank of India had very recently come out with requirement of capital for undrawn commitments. Now we have brought to the notice of Reserve Bank of India and Ministry of Finance and the Cabinet Secretary that this kind of structure is not good for power sector projects because we have to sanctions loans which will remain unutilized because the disbursement for power project loan takes about three to four years, so there will always be something committed and undrawn. In case infrastructure finance companies have to create additional capital on this account the cost of lending will go up, also the institutions will have to have much more capital



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than what is normally required by any institutions. So let us see RBI has given us exemption on this account up to March 2013, but hopefully they will allow this exemption to us for all times to come.

Our subsidiaries are doing well. I have already shared with you the data. Having created PFC Green Energy Limited to give greater focus to renewable business, I am happy to share with you that already some international institutions have come forward to extend financial assistance to PFC Green Energy at softer terms, but right now all such proposals are under negotiation and as and when they are concluded we will be able to share with you as to what has been the benefit of borrowing as a separate focused company like PFC Green Energy Limited.

On the Ultra Mega Power Projects, as I have shared with you earlier, we have awarded 4 We are ready as far as compliance of prerequisites are concerned for three that is Odisha, Chhattisgarh and Cheyyur but we are awaiting documents from Ministry of Power before we can take further action on them. There has been considerable progress in three more new UMPPs that is 2 additional UMPP in Odisha, and also Jharkhand. Similarly, for independent transmission projects PFC has been given four new lines for which we have opened the SPVs and the process is on.

Another major responsibility is Restructured-APDRP scheme as I have already shared with you the details. We are aggressively implementing the scheme and so far about 215 towns have been integrated which are facilitating the loss reduction in four states. Thank you very much. Now you can ask questions and I will address them accordingly.

**Moderator:** Thank you. Ladies and gentlemen, we will now begin with the question and answer session. The first question is from the line of Vikesh Gandhi from Bank of America. Please go ahead.

**Vikesh Gandhi:** Good morning Sir. Just a couple of questions. One is on this transitional financing that you have sanctioned Rs.19,000 Crores and I believe up to now you have disbursed Rs.5,500 Crores. What would be the rates that you would be charging these states typically, average?

**Satnam Singh:** Well the normal rate depends upon where do they get classified in our appraisal. That may be in the range of 12.5% to 12.75% or 13%, normal rates.

**Vikesh Gandhi:** Secondly, if you could just give me some idea about how much of your assets are reprising in this second half of this fiscal and next year and in the same sense how much are the borrowings?

**Satnam Singh:** The total reprising on assets is 2012-13 balance period is about Rs.19,286 Crores and 2013-14 is about Rs.26,093 Crores and liability in the second half of 2012-13 is Rs.23,656 Crores and 2013-2014 is Rs.4,283 Crores.

**Sunil Kumar:** Just finally what would be your tier I right now?

**Satnam Singh:** Tier – I capita as at 30.09.2012 is Rs.21,450 Crores.



- Vikesh Gandhi:** Sir, I understand you have made a buffer of this 1200 odd Crores of provisioning, but is there any requirement as such that you are not including this amount as part of tier I or is it just the management decision to not include this?
- Satnam Singh:** It is not our decision, it is based on the guidelines that we have looked at and this is to be classified. We got a clarification from Reserve Bank of India to that effect. It is not our decision. Let me explain to you what this reserve is. We are a section 4A Company and by virtue of that if we take 5% of our net long-term income to this reserve then to that extent it is exempt from tax. That is why we have been creating this reserve every year from time-to-time, but we have never utilized this reserve because we have never written off any bad debts so far in the last 26 years or so of our existence. We are buffered actually.
- Vikesh Gandhi:** So that means that whatever 8-basis points that you are talking about being made in the next three years will also get into the same fold or will it be separate?
- Satnam Singh:** Whatever we create in future? Can you repeat the question please?
- Vikesh Gandhi:** I was just saying that this 0.08% that you are talking about for the next three years as a standard asset provisioning, will that also come into this fold or will it be a separate line item from your balance sheet perspective?
- Satnam Singh:** It will be a separate one, but it will be tier II because this is not part of this reserve, which is allowed under Income Tax Act, that 0.08% is not part of that. So we will have to show that separately. ~~Before we go on to next question let me correct these figures.~~
- Vikesh Gandhi:** Great. Thank you Sir. All the best.
- Moderator:** Thank you. The next question is from the line of Devam Modi from Equirus Securities. Please go ahead.
- Devam Modi:** Good afternoon Sir. Basically, we wanted a clarity on there is a particular assets, which is being there is news that they have defaulted that is Suzlon. We wanted clarity on whether it is there in our portfolio and how it is shaping up?
- Satnam Singh:** We had lent some money to Suzlon two years back, but it was not part of working capital, which they had borrowed from other banks. We had lent it for their capital expenditure for manufacturing of wind projects. The total amount lent is about Rs.934 Crores and so far there have been some outstanding payments, but we are in touch with them and they are promising it to clear by November end or so, but let us see how it shapes up going forward.
- Devam Modi:** Sir, regarding the several stress projects which are appearing in the gross NPA list, among those projects if we do not get permission from RBI to classify them as standard assets then how much amount will be required to provide towards them in FY'13 and FY'14?



**Satnam Singh:** No, at the moment there are three projects in our NPA list, three main projects. There are two smaller projects also. These are Konaseema Gas, Maheshwar Hydel and RS India Wind Project. Now there is no permission required from Reserve Bank of India as far as classifying these into NPAs is concerned. Konaseema Gas has become NPA because adequate gas is not available otherwise the project is doing fine. RS India Wind Project became NPA because the repayment fell in the off peak revenue period because of the delay in commissioning. Both these projects if Konaseema starts getting gas and RS India we have already restructured it to make adjustments so that repayments fall not in the off peak revenue but peak revenue period in the beginning so both are likely to come out of the NPA level over a period of time. RS India will be the first one. I think in the fourth quarter it will no longer be NPA. But gas it is difficult for me to see when government will sort of create possibility of gas availability. The third project, which is in the NPA category is Shree Maheshwar Hydel wherein primarily it has gone into NPA because the promoter is not in a position to bring in the required equity, but the project is ready for commissioning at least part of its three units out of 10 units in a period of three to six months time if the money is available. We are in touch with both government of MP and the promoter and we are creating possibility of their getting either the government of MP investing equity or the promoter bringing equity so that the project starts generating revenues. Once the projects are generating revenue, the issue will get resolved. But we do not have to have any permission from Reserve Bank of India to classify them as standard assets or otherwise or reclassify them as standard assets.

**Devam Modi:** What will be the proportion of operational assets to underdevelopment assets in our portfolio?

**Satnam Singh:** About 35% of our assets in Generation are for the projects which have already been commissioned. Balance project in generation are in the process of getting commissioned..

**Devam Modi:** Thanks a lot Sir. That is it from my side.

**Moderator:** Thank you. The next question is from the line of Mr. Kunal Shah from Edelweiss. Please go ahead.

**Kunal Shah:** Congratulations for good set of numbers. Sir just wanted to get a sense on the sanctions and disbursements. The target which we had given last time in terms of Rs.40,000 Crores of our disbursements and Rs.45,150 Crores of sanctions so was this considering this transitional finance to DISCOMs or do we revise it and we would see relatively higher because R.41,732 Crores is already sanctioned in the first half?

**Satnam Singh:** That figure was at that time because it was never thought that we will give transitional finance. So those figures are excluding the transitional finance. But since you have already sanctioned this will get included in our achievement rather than the targets.

**Kunal Shah:** Sir, this 19000 Crores, do we expect this entire thing to get disbursed by end of this fiscal itself?



- Satnam Singh:** We have put strict conditionalities in this. So, if all the six states are able to comply with all the conditionality's then yes, but if some of the states are not able to meet the conditionality's then no. For example, we have said about 50% when the current year tariff is in place and another 20% where fuel price adjustment has been made automatic. So some of the states have not yet made fuel price adjustments as automatic even though tariff has been revised. So it is linked to the milestones of distribution companies being able to generate additional revenue on account of various decisions. So, if they take those decisions, then yes, but otherwise no.
- Kunal Shah:** Sir, this Rs.5,500 Crores up to date this has been to how many of these states out of six?
- Satnam Singh:** I think Haryana, UP, Rajasthan and Tamil Nadu, four. Andhra Pradesh and Punjab have not yet taken any disbursement. Andhra Pradesh there has not been any sanctions either. Punjab we have sanctioned, but they have not taken the decision.
- Kunal Shah:** Sir, then in this four it seems like they have met the conditionality, so whatever is due in terms of transitional finance or sanctions to this, so that would get disbursed by FY'13? Would that be a fair assumption or there are like few further conditions, which are to be fulfilled?
- Satnam Singh:** Some of the conditionalities have to be met as yet. Otherwise, they would have been able to take full disbursement by now.
- Kunal Shah:** Sir that would be also like milestones wise whatever conditions are fulfilled we would. Sir, what is your assessment considering this how much of this do we see it happening by end of this fiscal?
- Satnam Singh:** Majority of it will happen by this fiscal end. Actually Ministry of Power is also pushing the financial restructuring plan implementation very aggressively. In fact Secretary Power took a meeting of seven states on Saturday whereas the states have been discussed as to by what time and in what way the states will be going ahead and implementing the financial restructuring plan.
- Kunal Shah:** Sir, then what is the expectation on the loan growth and disbursement growth post this transitional finance?
- Satnam Singh:** I am sure you know that I am not supposed to give any guidance, but we will be able to maintain our usual growth rate of around 25%, in the range of 20% to 25%.
- Kunal Shah:** Just wanted to get the update. Last time you highlighted few things in terms of extending approximately 135 million to GVK Coalmines in Australia. So what is that? You have also highlighted some issues with Wardha Power and Essar Power. So what is your view on this now?
- Satnam Singh:** GVK we are not yet sanctioned. We have actually taken up with Reserve Bank of India. Means, they have not clarified whether we can go ahead with this kind of transaction. We have deferred that decision. Videocon, I have already shared in my opening remarks for the gas fields in Mozambique and other countries. We have already sanctioned 2200 Crores loan. But as far as Essar Mahan and Wardha projects are concerned they have got the attention of highest authorities



in the country and hopefully before these projects are commissioned, the fuel issues will get resolved.

**Kunal Shah:** Thanks a lot Sir.

**Moderator:** Thank you.

**Umang Shah:** I would like to ask a question here. Sir, just one question in terms of our outlook on asset quality, you mentioned that we do not see any significant risk to assets quality but mainly my question was pertaining to our exposure to private sector which is roughly around 12% odd of our loan book. So considering that increasing risk and what we read in media articles day-in-day-out about some of the large developers like Lanco, Suzlon, and outlook in terms of asset quality mainly pertaining to private sector going forward?

**Satnam Singh:** It is like this that whether the generating station is in the state sector or in the private sector. All of them are selling majority of their generations to the distribution companies, and the initiatives to improve the financial health of distribution companies I have already shared with you. So, these developers are facing difficulty only because the distribution companies are not paying to them. Once this restructuring plan is implemented and the conditions to transitional finance from Power Finance Corporation are also implemented in full, there will be no such delay in payments by the distribution companies to developers. So whether they are in private sector or in state sector if they are getting payment from the distribution companies there will be no issues as far as nonperforming assets are concerned. If the question of only transit period, till this financial restructuring plan is implemented. Of course, I have already shared with you that we have started disbursing against the transitional loan already; part of it has been disbursed. So, this is helping them in a big way.

**Umang Shah:** Sir, just one data point. Have we restructured or rescheduled any loans during the quarter and what would be the total outstanding restructured loans on our books?

**Satnam Singh:** Since our lending is projects specific there is no question of any restructuring of any loan unless a natural catastrophe happens. I am sure you know that Power Finance Corporation did go for restructuring of loans when earthquake happened in Gujarat, when Tsunami came in Tamil Nadu and when typhoon rain in Odisha. So, other than that we do not encourage any restructuring. That figure based on these three states in our books is only about Rs.3,096 Crores, which was of course done much earlier and not in the recent years.

**Umang Shah:** Sir, just one last thing. What would be our exposure to Lanco Group?

**Satnam Singh:** It is about little less than Rs.5,000 Crores.

**Umang Shah:** Little less than 5000 Crores but it also includes a non-fund base exposure?

**Satnam Singh:** I do not think so we have given any non-fund based facility to them, but this exposure of Rs.5,000 Crores which I said some of it may be where we have made the sanctions, but



disbursements has not yet taken place. So, if you are asking for only what is disbursed, it is about Rs.3,052 Crores.

- Umang Shah:** Thank you so much Sir. That is all from my side.
- Moderator:** Thank you. The next question is from the line of Mr. Manish Shukla from Deutsche Bank. Please go ahead Sir.
- Manish Shukla:** Good morning Sir. Just going back to the provisions, Sir, you will continue to accrue provisions to your reserves as you do currently and in addition you will make 8 basis points of provisions. Is that correct?
- Satnam Singh:** That is right.
- Manish Shukla:** What about the incremental loans that you give from now on? Will you make 25 upfront or that will also be a phased provisioning?
- Satnam Singh:** 0.08 based on whatever are the assets and when we reach 0.25 then of course every year 0.25.
- Manish Shukla:** So till fiscal 2015 it will be 0.08 for new plus old together?
- Satnam Singh:** Yes that is right.
- Manish Shukla:** That is it from our side. Thanks.
- Moderator:** Thank you. The next question is from the line of Nikita Gawandi from Quantum Asset Management. Please go ahead.
- Atul:** I wanted to ask about one, is that you had done some sanctions to the energy sector. What would be the outstanding sanctions and any disbursement that has happened so far?
- Satnam Singh:** What do you mean by when you say energy sector?
- Atul:** I think you had said that largely you will be into the coal mines and some of the oil field sector which was talked I believe during the annual analyst meet?
- Satnam Singh:** We have sanctioned 2200 Crores to Videocon, but no disbursement has taken place as yet and the other company we were thinking of was GVK where we have not sanctioned as yet. So it is only 2200 Crores, no disbursements.
- Atul:** The other thing, which you mentioned about this Suzlon's as you said that probably you have linked them for the capex side and in the outstanding which you mentioned Rs.934 Crores that is the net outstanding or there had been some kind of repayments and how the loan account is behaving if you could mention?



- Satnam Singh:** Total loan outstanding is Rs.934 Crores, but due payments if you are asking as of September due was only about Rs.47 Crores.
- Atul:** I believe that other banks are going to restructure that particular account, because we believe that the group is facing some kind of trouble, how would you be taking a kind of a hit on NPAs or how do you look to deal with this particular issue?
- Satnam Singh:** It has not become NPA as yet and as I shared with you that we are not part of that working capital thing. So our capex expenditure is a different one. It is a project specific loan. It is a different matter, but they have not been able to service the loan on time, but it is a standard assets in our books and there is no request from them as far as restructuring of this loan is concerned.
- Atul:** Thank you.
- Moderator:** Thank you. The next question is a followup from the line of Dewan Modi from Equirus Securities. Please go ahead.
- Dewan Modi:** Just wanted to understand on the provisioning of 0.08% so that means basically just wanted to be clear that from next quarter onwards we will see provisioning of the entire pending loans on assets you will provide for 0.08% every quarter, right?
- Satnam Singh:** Well for this year, because we have just taken the decision, what I said was for the first three quarters we will be making the provision in the third quarter because we took the decision just now. For the full year it will be 0.08%. So, if you go by proportion in the third quarter it will be 0.06.
- Dewan Modi:** Thanks a lot.
- Moderator:** Thank you. The next question is from the line of Punit Srivastava from Daiwa. Please go ahead.
- Punit Srivastava:** Good morning Sir. Sir, question on gas-based projects. Basically if you can just give some breakup on how much is the outstanding exposure and how much is the sanction and also a breakup between the private and the public?
- Satnam Singh:** Why do not send you an email to that effect. I do not have ready figures, but it will take few seconds to take out those figures. Send an email, we will respond to that.
- Punit Srivastava:** Can you just give the total exposure on the gas-based project at least?
- Satnam Singh:** It is about Rs. 7,810 Crores.
- Punit Srivastava:** Thank you.
- Moderator:** Thank you. As we have no further questions, I would like to hand the floor back to Mr. Umang Shah for closing comments. Please go ahead.



**Umang Shah:** Thank you Melissa. On behalf of Motilal Oswal Securities I would like to thank Mr. Satnam Singh and the top management of Power Finance Corporation Limited for giving us an opportunity to host this call and we would also like to thank all the participants for attending the call. Thank you Mr. Singh and thank you all the participants.

**Satnam Singh:** Thank you so much.

**Moderator:** Thank you. Ladies and gentlemen that concludes your conference call for today. Thank you for joining us. You may now disconnect your lines. Thank you.