



# “Power Finance Corporation Q3-FY12 Earnings Conference Call”

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**Moderator**

Ladies and gentlemen good evening and welcome to the Q3 FY12 Results Conference Call of Power Finance Corporation Limited hosted by JM Financial Institutional Securities Private 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 this conference call, please signal an operator by pressing "\*" and then "0" on your touchtone telephone. Please note that this conference is being recorded. At this time, I would now like to hand the conference over to Mr. Karan Uberoi from JM Financial Securities Private Limited. Thank you and over to you sir.

**Karan Uberoi**

Thanks. Good evening everybody and welcome to Power Finance Corporation conference call to discuss the third quarter earnings. To discuss the results, we have on the call, Chairman and Managing director, Mr. Satnam Singh. May we request Mr. Satnam Singh to take us through the financial highlights subsequent to which we can open the floor for questions and answer session. Over to you Sir.

**Satnam Singh**

Thank you. Good evening everyone. I am very happy to share with you the financial results for Q3 and also cumulative up to December.

Well our disbursement picked up in this quarter and increased by 36% from ₹ 7800 crores to ₹ 10,500 crores as a result, our loan assets grew by 28% from ₹ 92,000 crores to ₹ 1,18,000 crores approximately, we also have outstanding sanctions, worth about ₹ 1.82 lakh crores, including restructured APDRP sanctions, which is an indication of how our loan assets are going to grow going forward. This increase of loan assets to the extent of 28%, has led to increase in profit after tax from ₹ 659 crores to ₹ 1108 crores an increased of 68%. This increase takes into account the recent changes, which has come out through the Ministry of Corporate Affairs about the treatment of foreign exchange differentials. If that is adjusted then our comparable profit for the quarter is higher by 17%. Total income has increased in line with our loan assets by 27% from ₹ 2581 crores to ₹ 3284 crores and net interest income increased by 18% from ₹ 926 crores to ₹ 1097 crores, as a result of that our earnings per share for the quarter has increased from ₹ 22.96 to ₹ 33.57 and accordingly the return on average assets has gone up from 18.8% to 23.12% and we are maintaining adequate capital as of December that is at 17.92%. As far as cumulative figures for first nine months is concerned loan asset of course, they stand at ₹ 1,18,000 crores approximately, disbursements which are 14% higher stand at ₹ 25,476 crores.

The sanctions was lower than last year but they are in line with our target our yearly target is about ₹ 45,000 crores and up to December our sanctions are ₹ 36,820 crores. The yield up to December has gone up from 11.10% to 11.22%, cost of funds for the quarter was 9.13%, but the overall for the all the funds raised so far (for 9 months) is 8.99%. Therefore the spread is in the range of 2.22%. Last time I think in the media as well as when we took on in the conference call, I did mention that even though our yearly assets which come for a reset and yearly liabilities which come for reset are matched but asset resetting takes place only four

times in a year that is quarterly whereas the liabilities re-pricing happens as and when the Reserve Bank of India increases or decreases the prices. Since the last one year RBI has been increasing the rates on and off we have not been able to match the exact differentials. But now that RBI has put up a full stop to the rate increase going forward our spread will come to the original level of about 2.5% or so over a period of time. This is all I had to say about the results. I thought I will say something about the sectoral development if it is okay with you. I think all of you are in the listening mode, let me give you my view point of what is happening to both in terms of distribution companies losses, as well as shortage of coal and increases in prices elsewhere.

As far as the shortage of coal is concerned, I am sure you are keeping track of the meetings which have been taken by Principal Secretary to Prime Minister. There was a meeting yesterday and of course officially we have not got the issue is settled, but informally, we know that they have advised that Coal India must sign the fuel supply agreement, as per the allocation method and for full quantity. All this agreements should be signed immediately for projects which have already been commissioned up to 31<sup>st</sup> December 2011. There is a proposal also to penalize Coal India if it supplies less than 80% quantity and incentivize if it supplies above 90% level. So this is a clear indication that the coal issue is likely to be resolved very shortly. As far as, distribution company losses are concerned, I am sure we all know that Shunglu committee's recommendations have already been submitted of which I was also a member and apart from other recommendations we have specifically recommended that there is a need to discipline state power utilities, state government and state regulators., We also proposed a creation of SPV under RBI where PFC and REC will also be the equity participants and the function of the SPV is to take over the distressed assets of banks and FI's based on the line of credit given by the Reserve Bank of India and these SPV's will take over these assets of banks and institutions only if the state governments and the state power utilities agree to a action plan which will improve the financial health of the Discoms ultimately. And in case after the takeover of the assets and the agreement on the action plan, if a particular state power utility is not able to service, then the SPV has the right to invoke the state's central account with the Reserve Bank of India to get its money. After the banks, PFC and REC stoped lending to discoms at least seven states have already increased the tariffs ranging from 2% to 22% and Tamil Nadu, of course, has proposed which is yet to be accepted by the regulators a tariff increase of 37%-38%. The Appellate tribunal has given a judgment that state regulators must increase the tariff suomoto, as they have been given power under the Act, even if the annual revenue recoveries are not filed by the respective discoms.

We have formulated a uniform lending criteria in consultation with the Ministry of Power, Ministry of Finance and Reserve Bank of India and Indian banking Association. Which is a stricter criteria than the past and lending can happen to only those power utilities which will follow discipline. In Delhi also, some of you might have read in the papers. They have said that from February to April the customers have to pay 5% of surcharge, on account of the fuel surcharge. The message is very clear while there are recommendations with respect to broader macro level issue corrections at the same time, there are actions taken by the respective power utilities in the state for enhancing the revenue realization by the distribution companies.

Restructured APDRP scheme of which we are the nodal agency, which is aimed at reducing the aggregate technical and commercial losses is progressing well. Against 1400 towns as I have mentioned earlier some time and maybe some of you know it already, 300 towns have had losses below 15%. For the first time in the history of Indian power sector the state of the art IT technology is being used to what we call as establishment of baseline data. As of now, the loss levels figures which are indicated by the respective States and the power utilities include some kind of estimate, whereas after the implementation of the scheme, the loss levels will be fully reliable, which might also facilitate faster privatization in the distribution area. So far under the scheme, 80 towns have been integrated. Now what integration means is that systems first generating loss levels data based on IT technology, then the responsibility centers people who are in charge of the distribution transformers initiate administrative measures for reduction of loss levels. Another recommendation of the Shunglu committee is that, the surcharge on account of additional losses will not be allocated to everyone in the state, but it will be levied on to the areas where high losses exist. This is expected to bring in social pressure for bringing down the losses. Similarly we have also proposed that the functioning of the State electricity regulators which have in the past not operated as envisaged under the act and its tools, is scrutinized by an expert group after the regulators submit a quarterly progress report with respect to the such services under the electricity Act 2003-2004. So all these things clearly indicate that not only the actions are on for the improving the financial health of Discoms but very recently there is the coal supply issue which is also getting the attention at the prime ministers level and therefore it is moving in the positive direction and therefore, the scenario as of now is very optimistic. Thank you very much.

- Moderator** Thank you very much Mr. Singh. We will now begin with the question and answer session. We have the first question from the line of Kunal Shah from Edelweiss, please go ahead.
- Kunal Shah** Congratulation on a great set of numbers. Firstly on this Konaseema how much has been the interest income reversal?
- Satnam Singh** Konaseema income reversal is ₹ 19 crores.
- Kunal Shah** On the exposure of ₹ 395 odd crores?
- Satnam Singh** ₹ 395 crores.
- Kunal Shah** And provisioning of ₹ 39 crores?
- Satnam Singh** 10% provisioning in the first year.
- Kunal Shah** On interest income reversal, it seems to be just like say five odd percentage of the exposure?
- Satnam Singh** Which interest reversal, the Konaseema interest reversal?
- Kunal Shah** Yeah.

- Satnam Singh** Percentage. Yes, it is about 5%.
- Kunal Shah** in terms of asset quality,. definitely last time also you had highlighted that Konaseema there are gas issues but are we seeing any further projects which are under stress and which could facilitate into NPL going forward, 6 to 9 months down the line?
- Satnam Singh** 6 to 9 months down the line? There is only one project which, I'm sure you all know that Sri Maheshwar Project, where we have got dispensation up to March 12 and hopefully before March 12 we should be able to come out with a solution, but other than that as of now it is not envisaged that any other project will have any difficulty because even the coal issue is on whose account some analysts were feeling that there may be much more, it is already getting attention at the Prime Minister's level and hopefully this issue will be resolved shortly.
- Kunal Shah** Any situation has improved in terms of the progress of Maheshwar or it is status quo as it was three months back or so?
- Satnam Singh** As far as equity infusion from their side, there is no progress, but alternatively, the main stakeholders Madhya Pradesh government is working on finding out an alternative solution.
- Kunal Shah** For now, just two months left. So is there a possibility that this could slip into NPL?
- Satnam Singh** Well it is the question of the agreement coming around. It can come around in a week's time, or 10 days time, if viewpoints do not match then this could continue for some time. It is in everybody's interest to resolve the issue earlier than that date.
- Kunal Shah** And sir the other questions were in respect to disbursements if you look at may be broadly in the first nine months it is almost 20% of the disbursement have gone to private sector so what are the additional steps which we are taking in this kind of an environment definitely our exposure have also inched up from 7% to 10%, so what additional checks are we talking with respect to some of these private sector lending which is done in the first nine months of this fiscal?
- Satnam Singh** Not additional steps, all that conditionality about disbursement to private sector are imposed at the time of sanctions so after that additional checks have not exercised. Only if the private developer complies with the conditionality given at the time of sanctions we disburse the money not otherwise. From April 11 onwards we have put stricter conditions such as you have to have fuel supply agreement and power purchase agreement, prior to getting the disbursement from us. So nothing can be stricter than this.
- Kunal Shah** Okay, maybe in terms of sanctions also, it made to almost 20% of the sanctions have flowed from private sector side. So there also I think the thing is, are we pretty much comfortable than what we were say one or two years back and continue to align to some of these entities or some of these projects?

**Satnam Singh** Of course, we are comfortable. There is no doubt about that. But as I just now said, we have planned stricter conditionalities and if you see the performance of the private sector during the 11th plan is much better than state and central sector, almost all the projects have been commissioned on dot as envisaged.

**Kunal Shah** And sir what is the others in the disbursement if you look at it say 1300 crores of others and say 2800 crores, so that says that computization of short-term loans via the line of credit and decentralized but which entities that does that include loans to discoms or something which kind of entities are there?

**Satnam Singh** See short-term loans as I said in my opening remark that there are stricter criteria we have resumed the short-term lending to the discoms., so our short term loan has been given based on the stricter conditionalities.

**Kunal Shah** And to which state would this be?

**Satnam Singh** Before mentioning the states I would like to mention the stricter criteria so that it gives you an idea as to what we are trying to do. We have said that the last year tariff order should be in place and next year tariff petition you should have already filed. Your audited account should not be older than 18 months. You have to provide a state government guarantee and for the current year proportionate subsidy should have been given already by the respective state governments. If these five conditionalities are complied with then you are eligible to get short term loan from us and this loan will only be for six months period during which another nine conditionalities which are also in the similar lines, we expect you have to fulfill otherwise beyond six months you are not entitled to get further loan.

**Kunal Shah** So is there any refinancing clause at the end of six months or how is it?

**Satnam Singh** No we have got escrow and we have laid out provision for EMI's after two months. That means in four months time the short term loan is to be recovered. Since Escrow is there for which we are regularly monitoring the flow of revenue, there is no issue on that. We can invoke the Escrow and get the money back, but let me share with you this that these discoms have realized that there is no other way but to make changes as desired by the banking and the financial institutions for them to get money. To address your question this money has been given for Rajasthan, Haryana, Punjab and Uttar Pradesh. Uttar Pradesh Genco not the discoms.

**Kunal Shah** And sir. What would be the quantum of the short-term loans?

**Satnam Singh** Quantum would be around ₹ 3000 crores.

**Kunal Shah** Outstanding number of short-term loans is ₹ 3000 crores?

**Satnam Singh** That's right.

- Kunal Shah** Thanks a lot. Sir.
- Moderator** Thank you. Our next question is from the line of Jaiprakash Toshniwal from India First, please go ahead.
- Jaiprakash Toshniwal** Good evening sir. Just wanted to understand the exchange gains, losses, which you have mentioned in the press release which says are around ₹ 415 crores while in presentation we have while comparable profit, we are doing ₹ 317 crores?
- Satnam Singh** That is after tax.
- Jaiprakash Toshniwal** So what is the tax treatment on this and do we have to pay tax on this?
- Satnam Singh** Yes, and that is why gross and after-tax figures are different.
- Jaiprakash Toshniwal** And sir nine months figure it is still at ₹ 189 crores loss which you are mentioning. So is it going to reverse or is it the actual loss?
- Satnam Singh** No, all is notional. Till September, 2011 total notional exchange loss of 605 cr was booked, based on the mark to market basis, while for the nine month period ending December 11, total notional exchange loss booked based on amortization method was 189 cr. The difference/ reversal of notional exchange gain of 415 cr is show in Q3 FY 12 But everything whatever is booked is notional nothing actual.
- Jaiprakash Toshniwal** My second question is off topic in the Shunglu committee you were the member, on the SPV thing where we are banking that the RBI will provide the credit line, in the recent monetary conference call RBI denied any knowing or any information about that SPV, is there any discussion with the RBI did not happen in that time?
- Satnam Singh** No that is why I clearly said that the recommendations have been given to the planning commission. So one has to follow a structure of acceptance they are under examination once that is done, then I think it will be discussed with the Finance Ministry and then only Finance Ministry will give the direction to RBI. So it cannot happen that the day the recommendation is given same day the RBI will be communicated.
- Jaiprakash Toshniwal** Okay sir, fair enough. Thank you.
- Moderator** Thank you. Our next question is from the line of Ashwin Kumar Agarwal from JM Financials, please go ahead.
- Ashwin Kumar Agarwal** Good evening sir. Apart from Sir Maheshwar project, do you have any other project which is line for restructuring or anything else?
- Satnam Singh** As on date no.

**Ashwin Kumar Agarwal** Do you see any kind of stress, any kind of problems in the private players which you have lent to earlier?

**Satnam Singh** No problem so far.

**Ashwin Kumar Agarwal** And sir. What is the growth which we can expect in the loan book for the next year?

**Satnam Singh** Am I allowed to give guidance?

**Ashwin Kumar Agarwal** Sir, this is just an expectation.

**Satnam Singh** Right but expectation is also a guidance. I have already shared with you, let me give you some background in 2009-2010, asset growth was 24% year on year. In 2010-11 on a higher base our asset growth was 25%, in, 2011-12 on still higher base our growth rate for the first nine months is 28% and we have an order book of ₹ 1,82,000 crores with yearly disbursement of ₹ 35,000 to 40,000 crores. Now it is for you to judge whether we will be able to maintain growth rate in the future or not.

**Ashwin Kumar Agarwal** Okay, thank you Sir.

**Moderator** Thank you. Our next question is from the line of Mudit Painuly from Macquire, please go ahead.

**Mudit Painuly** Just wanted to know what is the total foreign exchange loss that you will have to amortize over the life of the liabilities now?

**Satnam Singh** Total loss is about ₹ 1033 crores as of December. Of that, losses what is being booked it is ₹ 190 crs and therefore what it means that ₹ 843 crs gross has been amortized.

**Mudit Painuly** So that will be over let us over a five-year period or so?

**Satnam Singh** That is our redemptions are starting from 2014 onwards, different levels which are not equal so that given the fact that already rupee has appreciated to 48.93, I think this particular thing has lost its whatever steam, it has.

**Mudit Painuly** Okay, may be 10% less on so losses as of now, I guess?

**Satnam Singh** Yes.

**Mudit Painuly** We have heard that Rajasthan has asked for restructuring do you have exposure of short-term loans to Rajasthan, how much would that be?

**Satnam Singh** We have got but we have clearly said that we do not restructure loans. In fact, they might be thinking that since banks have agreed, PFC will also agree. PFC does not lend like that where

restructuring is possible. We lend project specific and even the short-term loans there is no provision for restructuring.

**Mudit Painuly** Approximate can you give, the exposure, how much would that be?

**Satnam Singh** Rajasthan?

**Mudit Painuly** Yeah.

**Satnam Singh** Rajasthan it I think it may be around ₹ 1500 crores or so, I will confirm the figure just a minute. If you send an e-mail we will confirm the figure, but it will be around that. Little less than ₹ 1500 crs.

**Mudit Painuly** Okay fine, sir. The outlook for sanctions because this year sanctions have come down quite significantly, obviously because of various conditions so you expect something like 15% to 20% growth next year on this sanctions that you have done this year?

**Satnam Singh** Well, at this point of time, that will be difficult to say because what has happened is while projecting the requirements for 12<sup>th</sup> plan, Central Electricity Authority itself has pruned its target those they have not been finalized as yet they are under discussion at the planning commission level on the basis of availability of coal, etc. There are two ways of projecting one is the desired capacity. The other one is based on current availability of fuel. So on that account unless the figures are finalized, it is very difficult for us to say whether there will be growth going forward. Coupled with that, the decision of the Reserve Bank of India for us whether they will allow exemption for lending to state and central sector beyond March 2012. So once these two issues are settled, then only it will be possible for me to comment on whether there will be growth in sanctions going forward. But that is not a worry for us because we currently have outstanding sanctions (committed sanctions) of ₹ 1,82,000 crores, including R-APDRP. So we are not worried for one and a half years, by which these issues will get resolved.

**Mudit Painuly** Okay, this lending to state upto 100% of your net worth that issue is going to be settled by what FY 13 end?

**Satnam Singh** No, March 2012. We have already submitted the roadmap with the Ministry of Power and we have sought exemption to continue up to March 2017, but let us see what RBI's view is on this.

**Mudit Painuly** So at the moment, you will lend up to 100% of your net worth, you're internal basically?

**Satnam Singh** since I have got the exemption I would continue to do that.

**Mudit Painuly** Sure thanks a lot.

- Moderator** Thank you. Our next question is from the line of Rahul Jain from Goldman Sachs, please go ahead.
- Rahul Jain** Good evening Sir. First question on this is SPV proposed by Shunglu Report if I can understand the structure of the same when will we be the SPV come into picture because it says that first the state electricity board, or may be the Discom made to it would negotiate loans with the banks and if there are defaults on the revised or may be the renegotiated loans then only the SPV will come into place. Can you just help me understand this a bit more in detail. Please?
- Satnam Singh** Yeah, the recommendation is for the banks, and not about PFC or REC because we lend project specific . Banks probably, I'm not too sure whether they have done it that way or not, lent their money which are not project specific and therefore there is a possibility of these institutions asking for restructuring of bank loans and that restructuring banks are expected to agree only on the commitment of an action plan by the respective state power utility. That will also envisage a kind of payment plan and if that payment plan is not adhered to then this SPV comes into picture.
- Rahul Jain** Because the wordings are a bit sort of confusing..?
- Satnam Singh** No , there is no confusion you ask me what is your confusion I will clarify.
- Rahul Jain** Yeah, basically it says that when SPV takes over the....
- Satnam Singh** Okay, I will take an example, suppose you are a bank and you have an outstanding loan of ₹ 500 crores to a state power utility, you will generate conversation with that power utility and agree to a revised payments schedule. Once that is done, then it is expected that this power utility will pay that money as per the schedule. If that is not adhered to then this SPV will come in the picture of taking all asset of the bank, which means that at least banks books are clean. Banks will have no difficulty, as the assets shift to the SPV. But SPV will make state power utility to agree to action plan which will improve the financial health of the SPV then only it will take over. So it will be a combined kind of effort.
- Rahul Jain** So SPV will pay back the bank about 500 crores which is due to the...?
- Satnam Singh** Taking over distressed assets means that only.
- Rahul Jain** So banks will get their full money back.
- Satnam Singh** That's right. Then SPV will make this power utility follow that action plan. Even after that if the state does not follow the action, then this SPV asset is safe, because SPV has the right to invoke the States Central account with the Reserve bank of India for getting back what is due from the state.

- Rahul Jain** Sir there was an additional follow-up question on this another participant also asked this question. What if RBI tomorrow refuses to become a defacto lender as proposed by the Shunglu report?
- Satnam Singh** When the government decides then no institution can say no.
- Rahul Jain** Second if I can as the company related question, on this Foreign exchange gain that can be sort of booked in this quarter. Can I just understand the technicalities because I believe this is because of change in accounting standard. So can you just elaborate a bit more on the transactions that we have done, the accounting entry that we have done in this quarter?
- Satnam Singh** See up to September we had booked a loss based on mark to market a notional loss of ₹ 605 crs at that point of time. In the third quarter this revision of accounting standard came and not only we have booked lower loss for the third quarter, but also reversed previous year's half year higher booking and that has resulted in to the additional profit of ₹ 317 crores for the quarter.
- Rahul Jain** So the entire amount of losses booked in this quarter mark to market losses that have booked in this quarter has been reversed and whatever 100 odd crores has been taken into account?
- Satnam Singh** No, in this quarter as we have not booked. Up to last quarter we had booked, the last quarters has been reversed, this quarter, the losses have been booked only on amortization basis.
- Rahul Jain** Correct that is ₹ 190 crores.
- Satnam Singh** That is right.
- Rahul Jain** That is it from my side. If I have any other questions I will come again. Thank you so much.
- Moderator** Thank you. Our next question is from the line of Jaskirat Chadha from ICRA Limited, please go ahead.
- Jaskirat Chadha** Good evening sir just wanted to check on what your expectation is going to be for the timelines implementation of the Shunglu Committee recommendations?
- Satnam Singh** We expect that it will happen soon, because it is in our interest but you know how the recommendations are treated at government level, you have to ask the government which is supposed to accept the recommendations. They have been submitted on the December 15<sup>th</sup> but hopefully in the next one month's time, we should hear something from the government.
- Jaskirat Chadha** All right, thank you very much.
- Moderator** Thank you. Our next question is from the line of Hiren Dasani from Goldman Sachs, please go ahead.

- Hiren Dasani** Thank you Sir. Just one question on the presentation in the statutory disclosure to the stock exchange versus your presentation. So, ₹ 39 crores of provisioning can you help me where does it reflect based on this stock exchange format?
- Satnam Singh** Which figure do you want to know?
- Hiren Dasani** ₹ 39 crores of the provision for the NPA this quarter which we have done? It looks that you have netted off in the presentation that amount from the other operating income or other income?
- Satnam Singh** No, it is shown under 2(a) interest other finance charges.
- Hiren Dasani** That ₹ 39 crores is part of ₹ 2196 crores, is that what you are saying?
- Satnam Singh** That is right.
- Hiren Dasani** Thank you for that. The other one is on the Pulok Chatterjee Committee or rather the meeting with the PMO. One is that you are saying that informally it is agreed that up to December 11 whatever projects have been commissioned, Coal India will be asked to sign the FSA?
- Satnam Singh** Because the meeting took place yesterday. The formal outcome is not there with us because it is in our interest that we are trying to find out. This is what I am sharing with you.
- Hiren Dasani** Sure I fully appreciate that. But the question is that Coal India's stance has always been that they do not have enough coal and that is why they are not able to sign FSA's up to 80% or so. So how do we resolve that issue of physical shortage of coal itself?
- Satnam Singh** Secretary Coal is also a member of that committee. So if something is coming out of that discussion, Secretary Coal would have taken all this into consideration.
- Hiren Dasani** Is there are talk of like importing coal by Coal India and then?
- Satnam Singh** How they will do it is not spelt out as yet. Maybe by tomorrow or day after it will come out, but what we came to know, I have shared with you.
- Hiren Dasani** Okay so in principle it looks like an up to December 2011?
- Satnam Singh** The message I want to give you that, it is no longer an item which is not in focus and also it is not that nothing is being done and it is moving in the positive direction.
- Hiren Dasani** Definitely. And any discussion on projects which are coming after December 2011. Because one understands that the bulk of the CapEx this is still in the pipeline in the commissioning stage?

- Satnam Singh** As far as our information is that same treatment to be given to the new plants ready for commissioning in 2014-2015 also. Let us see, the first worry is about our projects already commissioned what will happen to that. So there it is very clear that they have been asked to sign FSA for full allocation.
- Hiren Dasani** But from the thought process point of view from the policy point of view. The idea is that if Coal India has signed LOA, they should be signing the FSA up to 80% that is the thought process with which the...
- Satnam Singh** That is right.
- Hiren Dasani** Okay and lastly, as you said earlier also other than Sri Maheshwar project and Konaseema project, let us say over the next 2 to 3 quarters do you expect any projects which can come under stress?
- Satnam Singh** No as of now, we do not envisage anything.
- Hiren Dasani** Okay, thank you very much.
- Moderator** Thank you. Our next question is from the line of Vikesh Gandhi from Bank of America, please go ahead.
- Vikesh Gandhi** Good evening. Just one question just wanted to get a feel of by state if you can share your loan exposure? Just few major state exposures?
- Satnam Singh** Sure. And you are wanting to know only in the state of there will be state sector projects, central sector projects, joint sector projects, and private sector projects. You want to know all projects put together or only to that state, state sector projects?
- Vikesh Gandhi** I mean, I will take to by the state?
- Satnam Singh** All put together. Okay, Maharashtra, outstanding loan is ₹ 11,800 crs, Rajasthan is ₹ 8000 crores, Haryana is ₹ 7800 crs, Andhra Pradesh is ₹ 7800 crs, Uttar Pradesh is ₹ 7400 crs, West Bengal is ₹ 7400 crs, Madhya Pradesh is ₹ 6700 crs, and Delhi and NCR actually is ₹ 6300 crs. Tamil Nadu is ₹ 5000 crs, Uttrakhand is ₹ 4000 crs. That should be enough I suppose.
- Vikesh Gandhi** Yeah, great, thank you very much.
- Moderator** Thank you. Our next question is from the line of Kamlesh Kotak from Asian Markets, please go ahead.
- Kamlesh Kotak** Good evening Sir. Just wanted to know I've joined late, I would not be able to get through what you must have said I want to know the NPA which you have provided this is particularly for Komaseema project or..?

- Satnam Singh** Konaseema has been added in this quarter.
- Kamlesh Kotak** Also you have provided for Maheshwar project?
- Satnam Singh** No. Maheshwar earlier whatever provision we had provided that we are keeping, nothing additional in this quarter.
- Kamlesh Kotak** Any update on the proposal routed by the RBI to shift to the provisioning norm in line with the banking sector. So are we having something to work on that we are continuing with this kind of 10% provisioning on the assets which are going bad?
- Satnam Singh** No, till we get to know from them as to what is their decision with respect to that, we cannot change it. We are continuing what we were following earlier.
- Kamlesh Kotak** This is what I wanted to adjust understand that, is there something which is going to come up. Maybe somewhere by the next year or something like that?
- Satnam Singh** No. we have already submitted the roadmap. I hope that in the first quarter, they should be taking a decision on this.
- Kamlesh Kotak** And what is the current rates of leading to the SEB's to the sector, particularly for short-term as well as the long-term projects?
- Satnam Singh** Well, the interest rate varies depending upon which category one gets classified into and also the kind of projects which one takes on but at the range I can tell you it is 12.5% to 14%. All borrowers put together. State sectors is category A+, state sector category A, private sectors all thus put together 12.5% to 14% as of now. And the short-term rate of interest is about 12.25%.
- Kamlesh Kotak** Sir what is the status of the UMPPs now?
- Satnam Singh** UMPP as you may be aware that we have identified 16, four have already been awarded successfully. Though two of those projects have run into some difficulties but that is a separate issue altogether. The other two, for which we have issued the RfQ last year Orissa and Chhattisgarh had run into difficulty because of roll over issue. For Orissa that has been resolved and we had received the RfQ bids. Chhattisgarh still it has not been clarified. So we have not been able to issue the RfQ. Cheyyur which is next UMPP based on imported coal we are ready to issue RfQ but we are awaiting the decision regarding the standard bid documents to be issued by the Ministry of Power, after consulting with the Empowered Group of Ministers, only after that RfQ will be issued. So that was the status for other UMPP they are at different stages of progress.
- Kamlesh Kotak** So sir should we expect one or two kind of UMPP be awarded by FY13?
- Satnam Singh** I do not think so because Orissa is the one where the RfQ has already been issued. So we have to issue RfP for Orissa for which we are awaiting the revised documents from the Ministry of

Power. Once again they have to get clearance from EGoM and once these fresh documents come up then we have to give five months' time for RfP submission if at all in any UMPP is possible by March 13 it will be Orissa. The other two, which are right, since the process has not yet begun it will not be possible to award those UMPPs by March 13.

**Kamlesh Kotak**

What is the kind of funding requirement that is coming up from this R-APDRP, you have seen that improving what could be the target may be for the next year for that side?

**Satnam Singh**

As far as R-APDRP is concerned we have already sanctioned almost everything and the disbursement of course both for Part-A and Part-B will depend upon the progress which the various Discoms will achieve for these projects. So in terms of value this will not be a significant part of the disbursement which we are making on overall basis, it would be about 10% to 15% at best.

**Kamlesh Kotak**

Any traction happening on the renewable side, you are looking at that also as one of the areas?

**Satnam Singh**

Yes, we have opened up a separate company called PFC Green Energy Limited to give greater focus to smaller projects in the renewable area and we have already applied for NBFC status for that. Once that comes, we will start issuing sanctions under that company.

**Kamlesh Kotak**

So that will be across segments like wind and solar and biomass?

**Satnam Singh**

Yes all.

**Kamlesh Kotak**

All right and thank you very much.

**Satnam Singh**

Thank you.

**Moderator**

Thank you. Our next question is from the line of Abhishek Murarka from ICICI Securities, please go ahead.

**Abhishek Murarka**

Good evening sir. Just wanted to know what is the outstanding balance sheet provision as on December?

**Satnam Singh**

Before I answer your question can I actually one of the participant had asked a question about outstanding as of December '11. Inadvertently, I quoted the figures up to December '10. So, I would like to revisit those figures. So first I believe everybody can hear my answer or no. Only you can hear or everybody can hear. The outstanding loan figures state wise some time back, which I indicated were as of December '10. December '11 figures I would like to repeat. Maharashtra is ₹ 13,600 crores, Rajasthan is ₹ 11,800 crs, Andhra Pradesh is ₹ 10,200 crs, Delhi and NCR is ₹ 9900 crs, Haryana is ₹ 9600 crs, Madhya Pradesh is ₹ 9200 crs, Uttar Pradesh is ₹ 8600 crs, West Bengal is ₹ 8400 crs, Chhattisgarh is ₹ 7500 crs approximately. So first nine I have just mentioned.

**Abhishek Murarka**

And what about Tamil Nadu?

- Satnam Singh** Tamil Nadu is ₹ 5580 crs.
- Abhishek Murarka** Thanks for the clarification. Actually.
- Satnam Singh** Now to answer your question. The total provision is ₹ 71 crores as of December.
- Abhishek Murarka** ₹ 71 crores, outstanding on your balance sheet? And sir, you said that you are waiting for the RBI to give guidelines regarding how to comply with the prudential guidelines but in the meanwhile, we could always make some standard asset provisioning to actively from our side, is the board or are you considering such a thing for PFC going forward?
- Satnam Singh** No we have deliberately decided not to do so unless RBI directs us to do that. But even if they direct we will explain to them why it should not be made applicable to us is because being a section 4A company we create every year a reserve for bad & doubtful debts equivalent to 5% of the taxable profit, which as of December '11 is about ₹ 1100 crores which is almost about 1% of the loan book and they are talking of standard provision of only 0.25%. So when I have this kind of reserves in my balance sheet where is the need of creating another additional provision of 0.25%? And also, I am happy to share with you that against this ₹ 1100 crores so far we have not charged anything because we do not have any bad debt written-off. So the objective of standard provision is kind of buffer when you already have buffer 4 times of that I do not think it is advisable for us to create anything additional.
- Abhishek Murarka** And just a couple of the data points what I require, what is the proportion of the loan is that it is under the state guarantees on the outstanding loan book?
- Satnam Singh** I think as of December it is 12%.
- Abhishek Murarka** Okay, I think you said ₹ 3,000 crores is a short-term loans that is out of ₹ 1,18,000 crores so only that is towards working capital is that safe to assume?
- Satnam Singh** Yeah.
- Abhishek Murarka** Okay, great. Thanks a lot.
- Moderator** Thank you. Our next question is from the line of Bhavya Sandesha from Nirmal Bang, please go ahead.
- Bhavya Sandesha** Sir, I want to ask about the cost of funds basically. Your borrowing proportion is majorly from the bonds so I want to understand is how is it, the bonds are fixed interest or how is it?
- Satnam Singh** Mostly fixed, but you want a composition I can explain to you that the total borrowing as of December '11 stands at ₹ 1,00,300 crores. Out of those fixed rate liabilities are 74%.
- Bhavya Sandesha** Okay so 74% is fixed?

**Satnam Singh** Yes, floating rate is 26%. If you work out the breakout of that under that we have base rate basis 7% bonds with one year reset 9%, Repo basis is 0.5%, PLR base 2%, like that and three year reset 1% and foreign currency it is 4%.

**Bhavya Sandesha** I asked this question because as you told earlier that basically the cost of funds increases as and when the RBI increases the interest rate, whereas the advances get repriced quarterly?

**Satnam Singh** Yes so if RBI increases interest every now and then let us say more than once in a quarter then we will not be able to pass on the entire thing onto our borrowers it will be scattered over a period of time. Over a period of time, everything will get passed on, but not at that point of time. For example, you see in the quarter the RBI raises 50 basis points all my liabilities which are floating will go up 50 basis points. Whereas only one-fourth of the assets in that quarter will go up by that rate and in the second quarter additional one fourth, and in the third quarter additional one fourth and by the time it is year and it will be complete. However, if RBI puts a full stop as it has done now then in the second quarter onwards my spread will start going up.

**Bhavya Sandesha** I asked this question because as you told me that it is around 26%. So here also for funds also around one fourth you can say one fourth funds are only subjected to incremental cost? One fourth of the total borrowings are only subjected to the incremental cost right?

**Satnam Singh** That is, right but all, not at the same time because some are three years reset so to that extent we we have to adjust something that is base rate yes immediately but something which is in the three year reset not immediately once in three years only.

**Bhavya Sandesha** Okay so the margin decline is only because this or there is some pressure on the basically the interest that you receive also sir?

**Satnam Singh** Say it again.

**Bhavya Sandesha** Sir basically the margin reduction are little is majorly due to this only or it is little due to also the rate that you are selling the loans now?

**Satnam Singh** No it is definitely because of this.

**Bhavya Sandesha** Only because of this. Yeah, and sir secondly I wanted the entire the gross addition of the NPAs during the quarter sir?

**Satnam Singh** Gross addition of NPA but I will clarify the earlier question that is the composition of loan asset book undergoes change then also trade gets affected to some extent. In the sense that if most of the lending has gone to central sectors, which is mostly AAA companies then there will be some impact on the spread. As far as your other question on addition to gross NPA is concerned it is ₹ 395 crs.

**Bhavya Sandesha** ₹ 395 crs is the addition?

- Satnam Singh** That's right. We have added Konaseema in October-December and our structure at the moment is that first we have to provide 10% i.e. 10% of ₹ 395 crs.
- Bhavya Sandesha** Okay this additional provision right?
- Satnam Singh** That's right.
- Bhavya Sandesha** No sir only the additional gross NPA addition?
- Satnam Singh** NPA will be ₹ 395 crs.
- Bhavya Sandesha** The only one?
- Satnam Singh** That's right.
- Bhavya Sandesha** Okay.
- Satnam Singh** See how many do you expect, only one, one is also because gas is not available otherwise this is not NPA.
- Bhavya Sandesha** Yes sir actually you are performing much better than the banks at least so the reaction was that sir?
- Satnam Singh** Thank you, thank you for that.
- Bhavya Sandesha** Yeah, and sir just earlier that you commented over the mix of the loan, you said that for the central sector the margin are competitively lower right as we can see your private sector exposure has increased over the period now during this year and this quarter also, so we expect the margin increment also?
- Satnam Singh** Well yes over a period of time since in the case of private sector margins are higher they will increase.
- Bhavya Sandesha** Over a quarter or two or more than that?
- Satnam Singh** Yeah as the time goes by depending on the competition you see that answer was general whether the spread is lower or higher only on account of differential in liabilities and assets and I think I said yes primarily because of that but also the competition.
- Moderator** Thank you. Our next question is from the line of Ameya Sathe from JM Financial please go ahead.
- Ameya Sathe** Hello, sir just one question sir. On the Maheswar project if equity is not infused before the March 31<sup>st</sup>, when that loan will be treated as NPL after six months?

- Satnam Singh** No after 31<sup>st</sup> March.
- Ameya Sathe** After 31<sup>st</sup> and it will be recognized as an NPL right?
- Satnam Singh** That's right.
- Moderator** Thank you. Our next question is from the line of Bajrang Bafna from Sunidhi, please go ahead.
- Bajrang Bafna** Yeah, sir my question pertains to what is the recourse which is available to PFC for loans which lets say turns into bad or the project is not starting because of some reasons how long we will wait and what is the security that is available to us on project basis?
- Satnam Singh** Well our primary security is project assets and our payment security is escrow account in the case of state sector and central sector projects and if for central projects is AAA rated then we actually don't ask for escrow and in the case of private sector it is through primary security charge on assets and secondary security is the trust and retention account coupled with collateral depending upon our evaluation of the promoters.
- Bajrang Bafna** Sir for an example like this Maheshwar project the project is ready but because for some reasons it is not getting started let's say it takes two years or three years you know just hypothetically then can PFC has the right to dispose-off that asset because it has got the first right on the asset itself and to sell somebody who can run that project because in this case the promoter doesn't have the funding that's why the project is not getting started or whatever be the reason so how long we will wait for that and know, how the closer of that particular loan will happen ultimately?
- Satnam Singh** I think you have already given the answer when we have charge on the assets of a project and in the case of default we can exercise that charge whatever rights any institution who has a charge we also have that right.
- Bajrang Bafna** Okay finally you can dispose-off the asset and realize whatever....
- Satnam Singh** Yes in the case of Maheshwar we already have the management control. The MD is appointed by us, the Director of Finance is appointed by us, board members composition is such that our board members are more or at least equal to as compared to the promoters board members. So we are already acting in that direction.
- Bajrang Bafna** Okay sir and my second question pertains to you indicated that 74% of your total borrowing is on fixed and remaining is on floating but what about on the advances side how much is fixed and how much is floating?
- Satnam Singh** On the advances side it is 5% fixed and 95% floating and within that 85% is with three year reset, 7% with 10 year reset, 2.5% short term loans which are floating and foreign currencies is 0.26% so majority of the loans fall in the category of three year reset and 10 year reset.

- Moderator** Thank you. Our next question is from the line of Atul Kumar from Quantum Asset Management please go ahead.
- Atul Kumar** Hello sir I just wanted to know on the Forex side what percentage right now would be hedged and would be open right now?
- Satnam Singh** Well as far as foreign exchange the currency risk is concerned we have hedged 14% and open position is 86%. The open position in the case of interest rate risk is 76%.
- Atul Kumar** And sir one thing was on the asset and liabilities what is there for the pricing in FY13 which you could clarify?
- Satnam Singh** Assets and liabilities coming up for repricing.
- Atul Kumar:** That's right.
- Satnam Singh** Assets coming up for reset in which year do you want to know.
- Atul Kumar** Sir next year that is FY13 if you could give?
- Satnam Singh** FY13 assets will be about ₹ 33,000 crs and liabilities ₹ 5,400 Crs .
- Atul Kumar** Sir yeah the question was on the approvals which you have done for the current year or what you have been doing. So as we understand that I mean that the linkage which is there that is not so great and I mean Coal India has been giving relatively lower kind of linkage for the projects so in your case how do you take care of the approvals because as you are saying that we are taking care that fuel security has to be in place and PPAs have to be in place, so how do you take care of that?
- Satnam Singh** No see in the past what we were saying was that since it takes time, we would start the disbursement but we will give 12 months' time from the date of first disbursement to comply with these two conditionalities. Based on our experience since we found that it is not happening for the last two, three and a half years, so we started putting stricter conditionalities of FSA and PPA being there prior to disbursement from April 2011 onwards. initially we thought that this is only a temporary phenomenon but when we found that it is not happening then we started putting stricter conditionalities. So the projects where we have given a condition that it is to happen in 12 months from the date of first disbursement there after depending on the progress, the developer has made, we have at times allowed additional time, otherwise no.
- Atul Kumar** And sir so the projects I think from April 2011 you have been enforcing this and what about the projects before that so can there be some cases where disbursement, etc., have started but still some of the FSA, etc., could not have been in place or are there any issues on that side?

**Satnam Singh**

Yeah there are some projects where disbursements have started and FSA and PPA are not in place but it is about those projects where Prime Minister's office is looking at and asking Coal India to sign FSAs as I said in my opening remarks that Coal India to sign FSA with all the plants which have been commissioned by 31<sup>st</sup> December, 2011, and similar treatment is to be given for the projects likely to be commissioned by 2014-15. So those are the areas where this PMOs committee is taking action on, but we should not be worried because I have shared with this media that with whatever commitment Coal India is wanting to give now that is 50% supply with that the developers can achieve at least 42.5% PLF plus in any case even as per the original agreement they were to import another 30% coal which if they import they can achieve PLFs in the range of 70 to 75%. And this is minimum and with that I don't think any default will take place to the lenders. Only the question is the equity holders may not be able to earn any return for some time. But lenders should not be worried according to me.

**Atul Kumar**

Okay sir and one question was on the I mean not about at restructuring per se but I mean have you seen any cases of reschedulement of the loans and I mean if you could quantify on that side?

**Satnam Singh**

No we have told to all our borrowers that look our lending is project specific and there is no question of restructuring the project specific loan and I think earlier also we have shared with in conference that our structure of disbursement is such that none of the utilities at least State power utilities can divert the funds because we ask them to give the bills of the suppliers and we make direct payment to the supplier. When will you seek restructuring when you have not used the loan for the purpose for which it was given because then you cannot meet the repayment liabilities since in our case we are not allowing that there is no question of any restructuring. Yes, we do accept the request of restructuring of state borrowers only when there is earthquake, Tsunami or some kind of typhoon, etc., because this is beyond their control. At that time we do accept but not in general.

**Moderator**

Thank you. Our next question is from Kunal Shah from Edelweiss. Please go ahead.

**Kunal Shah**

Yes sir thank you for taking another question. Just on Tamil Nadu last time if I recollect you mentioned the exposure of say almost ₹ 5,500 crores?

**Satnam Singh**

₹ 5,500 crores.

**Kunal Shah;**

No last time it was ₹ 8,500 crores and this time we are seeing ₹ 5,500?

**Satnam Singh**

No, no it was ₹ 5,000 crores right now we have now ₹ 5,500 crs.

**Kunal Shah**

No sir the last time also it was ₹ 5,000 not 8,500 crs?

**Satnam Singh**

That's correct.

- Kunal Shah** Okay and sir in terms of margin sir how do we look at on the guidance with the interest rates almost peaking and whatever like the ALM and the fixed and floating nature of the liabilities and assets you have mentioned so what is the guidance in terms of margins going forward?
- Satnam Singh** Well, if the RBI does not increase rates for some time to come our spread should come back to the level of 2.5% or so.
- Kunal Shah** Okay so again it should move from 2.15% to almost like 2.5% or so?
- Satnam Singh** Right, currently it is 2.22%, for the quarter we are looking at 2.15% as of now. But cumulative it is 2.22% which should move towards that.
- Kunal Shah** Okay sir and any chunky loans during the quarter to central utilities because there is ₹ 1,500 crores of disbursement?
- Satnam Singh** No additional loan was given but earlier sanctions they are entitled to receive disbursement.
- Kunal Shah** Yeah so that was a chunky one during this quarter?
- Satnam Singh** Chunky what do you mean by chunky I don't know.
- Kunal Shah** No sir slightly definitely here it would be large quantum only so?
- Satnam Singh** No, no large quantum we have not sanctioned anything additionally.
- Kunal Shah** No sir disbursement?
- Satnam Singh** Disbursement is ₹ 1000 crores to NTPC.
- Moderator** Thank you. Our next question is from the line of Abhishek Puri from Deutsch Equity please go ahead.
- Abhishek Puri** Sir good evening. Just a couple of questions one that you have exposure to Udipi Power which has recently defaulted on the payment, so have we booked that as NPA and what is the status of payment?
- Satnam Singh** Well in our case it becomes NPA if it remains outstanding for six months as you know. So just I think January due which have not been paid so it's of that interest has been paid and only principal has not been paid so it's not NPA in our books and therefore no provisioning has been done.
- Abhishek Puri** Okay sir that will be recognized as six months' time?
- Satnam Singh** Yeah if it continues like that up to the next quarter yes. The outstanding loan to Udipi Unit-1 and 2 is ₹ 929 crores.

**Abhishek Puri** ₹ 929 crores

**Satnam Singh** But that is for the let me share with you that this project has only one difficulty that the respective government whose responsibility was to set up the evacuation system that is transmission line, only 17 kilometer stretch has got some issue about the environment clearance. Which once sorted out it will no longer remain a NPA.

**Abhishek Puri** Sir but we are given to understand that state government has actually gone ahead and put up a force majeure clause that they have not got the clearances?

**Satnam Singh** That is okay but what I am saying is going forward it is not that the project has run out with some difficulty but it is only about 17 kilometers stretch of transmission line which at the moment is not in place that's why they have not been able to pay our dues.

**Abhishek Puri** Okay the other question would be on the Essar Power MP project where again we have significant exposure. Again there you know the company has asked the Gujarat Government that they will not be able to supply under the PPA. So is there any concern over there as far as you are concerned?

**Satnam Singh** They have paid all their dues up to January.

**Abhishek Puri** Okay fair enough. Just last question on the West Bengal Power Development Corporation we are hearing that since last almost like nine months since Coal India have increased prices in the month of February last year, they have undergone into deep losses and the state government is not allowing tariff increases although they have just allowed 10% increase very recently. So will this require a status update on that if we have any loans outstanding which are to come up in the repayment due in next say six months or so?

**Satnam Singh** Even in the case of West Bengal we have received whatever was due up to January 15<sup>th</sup> but yes you are right there is some issue about compensation of the fuel escalation in West Bengal which state government is not allowing but that has not affected our dues so far.

**Abhishek Puri** Okay but do you expect this to continue or government is willing to budge on to allow tariff increases?

**Satnam Singh** I will not be able to comment on that at this point of time, but we know that the power utility has taken up the issue with government and there is no other way according to me they have to accept it. More and more state governments are realizing that there is no other go, but to pass on the cost on account of fuel escalation to the consumers.

**Abhishek Puri** Okay but as a lender would you be concerned about West Bengal?

**Satnam Singh** No.

- Moderator** Thank you. We have the next question from the line of Omkar Kulkarni from Crisil. Please go ahead.
- Omkar Kulkarni** Good evening sir. This is Omkar Kulkarni. Sir just wanted to know what is the megawatt of projects that you have lent to will get commissioned in FY13 and if you could just tell which these projects are?
- Satnam Singh** I don't have the data at this point of time. I thought you will talk about only financial figures. You can send us the mail we will respond to you tomorrow maybe.
- Omkar Kulkarni** Sure sir. Also sir I missed the interest income reversed on account of Konaseema could you just tell me that?
- Satnam Singh** Yeah ₹ 19 crores.
- Omkar Kulkarni** ₹ 19 crores, sir and when do we expect the gas issues in this getting resolved any sense on that?
- Satnam Singh** Hopefully this committee of secretaries constituted by Prime Minister's office in which principal secretary to Prime Minister has said the gas allocation issue will also be resolved by then and priority is going to be given to those projects which are already been commissioned.
- Omkar Kulkarni** Okay sir and typically just wanted to understand once your project goes into NPA how much time does it take to be treated it as an standard asset?
- Satnam Singh** If there is no restructuring done then immediate. If the restructuring is done then it is after one year.
- Omkar Kulkarni** Okay and sir on this Maheshwar, you have an RBI exemption till March 2012 so any chances of this exemption getting extended or have you made any application for that?
- Satnam Singh** We have not but I guess the promoter is trying to get it.
- Moderator** Thank you. We have the last and final question from the line of Bhavya Sandesha from Nirmal Bang. Please go ahead.
- Bhavya Sandesha** You mentioned about like one of the projects are like one of those which have not been classified NPA because as per your terms you classify it after six months right?
- Satnam Singh** Right.
- Bhavya Sandesha** Yeah so sir gross amount of such accounts which have not let's say those have defaulted and the period has exceeded a month?
- Satnam Singh** It is six months.

- Bhavya Sandesha** No exceeded a month, one month?
- Satnam Singh** Well, those figures are not readily available but I would request you to send email. It's not much that but you see calculating like this will not be appropriate because sometimes some of the borrowers clear the dues like for example North East they have always paid with little delay so to assume that they are going to be NPA will not be appropriate. Even in Madhya Pradesh for example on the due date if they are not able to clear the dues like they clear after a month, sometimes after 15 days, and sometimes after one and a half months like that. So strictly speaking asking for a gross figure and then assuming that that is likely to become an NPA is not fair.
- Bhavya Sandesha** No sir actually I wanted that?
- Satnam Singh** We will give you this figure so kindly send the email.
- Bhavya Sandesha** Okay sir actually I wanted the figure majorly because there will be little interest loss there right?
- Satnam Singh** No, we will get additional interest for that.
- Bhavya Sandesha** Okay there won't be any interest loss?
- Satnam Singh** No plus we will get penal interest.
- Moderator** Thank you so much. As there are no further questions at this time I would like to thank the management of Power Finance Corporation Limited for giving their valuable time to us. Mr. Satnam Singh would you like to add any closing comments to this conference call sir?
- Satnam Singh** Well, apart from thank you for participating in this conference, I thought some people might ask questions about cost of borrowing going forward. We were given tax free bonds of ₹ 5,000 crores in this financial year and we have already raised that. Part of it was raised from the private placement in the range and the borrowing cost was in the range of 7.5% to 7.75% depending on the tenure and balance what was raised through the public issue the cost was in the range of 8.2% and 8.3%. Which going forward will have a positive impact on our capacity to lend at a competitive rate. That is all about I thought I will share. Thank you very much.
- Moderator** Thank you so much sir. On behalf of JM Financial Institutional Securities Private Limited that concludes this conference. Thank you for joining us. You may now disconnect your lines