

Power Finance Corporation Ltd.  
A Navratna PSU

## Performance Highlights

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Quarter ended 30<sup>th</sup> June 2019



Funding for a  
Brighter Tomorrow



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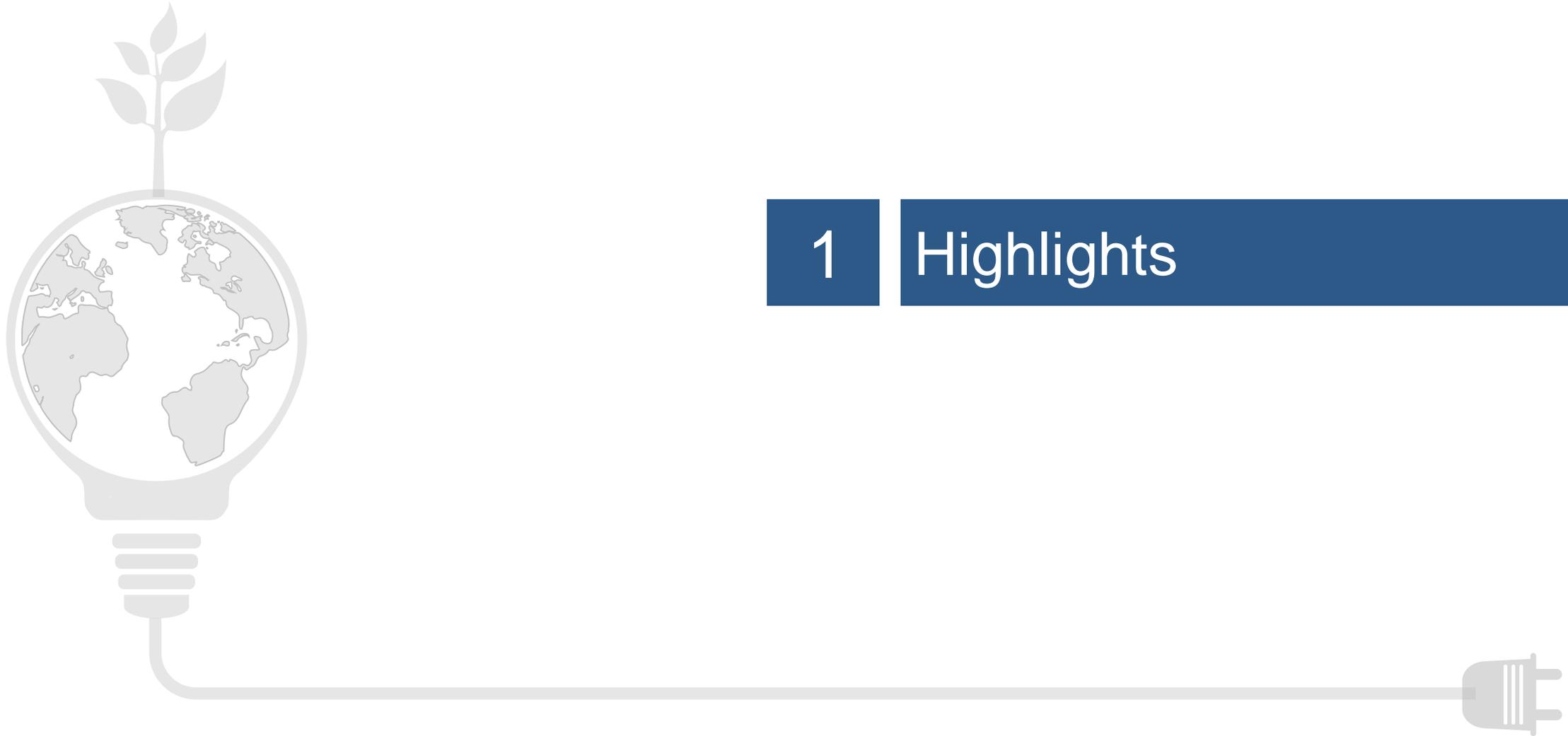
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## A. Stand Alone Performance



# 1 Highlights

# Stable Performance in Q1'20



➤ **Total Comprehensive Income at Rs.1,408 cr. - 14% increase from Q1'19**

➤ **Resolution reached in GMR Chhattisgarh loan of Rs.928 cr. No additional provisioning required**

➤ **Cost of Funds at 7.90%  
18 bps reduction from Q1'19**

➤ **Comfortable CRAR at 17.84%**

➤ **Steady yield at 10.61% in Q1'20**

# Performance Snapshot

## Q1'20 VS Q1'19

>	<b>Profit</b>	<b>Q1'20 - Rs. 1,383 cr.*</b>	<b>TCI<sup>^</sup></b>	<b>Q1'20 - Rs. 1,408 cr.</b>
		Q1'19 - Rs.1,384 cr.		Q1'19 - Rs.1,234 cr.
>	<b>Interest Income</b>	<b>Q1'20 - Rs. 7,545 cr.</b>	<b>Yield</b>	<b>Q1'20 - 10.61%</b>
		Q1'19 - Rs.6,631 cr.		Q1'19 - 10.57%
>	<b>Interest Expense</b>	<b>Q1'20 - Rs. 5,350 cr.</b>	<b>Cost of Funds</b>	<b>Q1'20 - 7.90%</b>
		Q1'19 - Rs.4,624 cr.		Q1'19 - 8.08%
>	<b>Net Interest Income</b>	<b>Q1'20 - Rs. 2,195 cr.</b>	<b>Spread</b>	<b>Q1'20 - 2.71%</b>
		Q1'19 - Rs.2,007 cr		Q1'19 - 2.49%

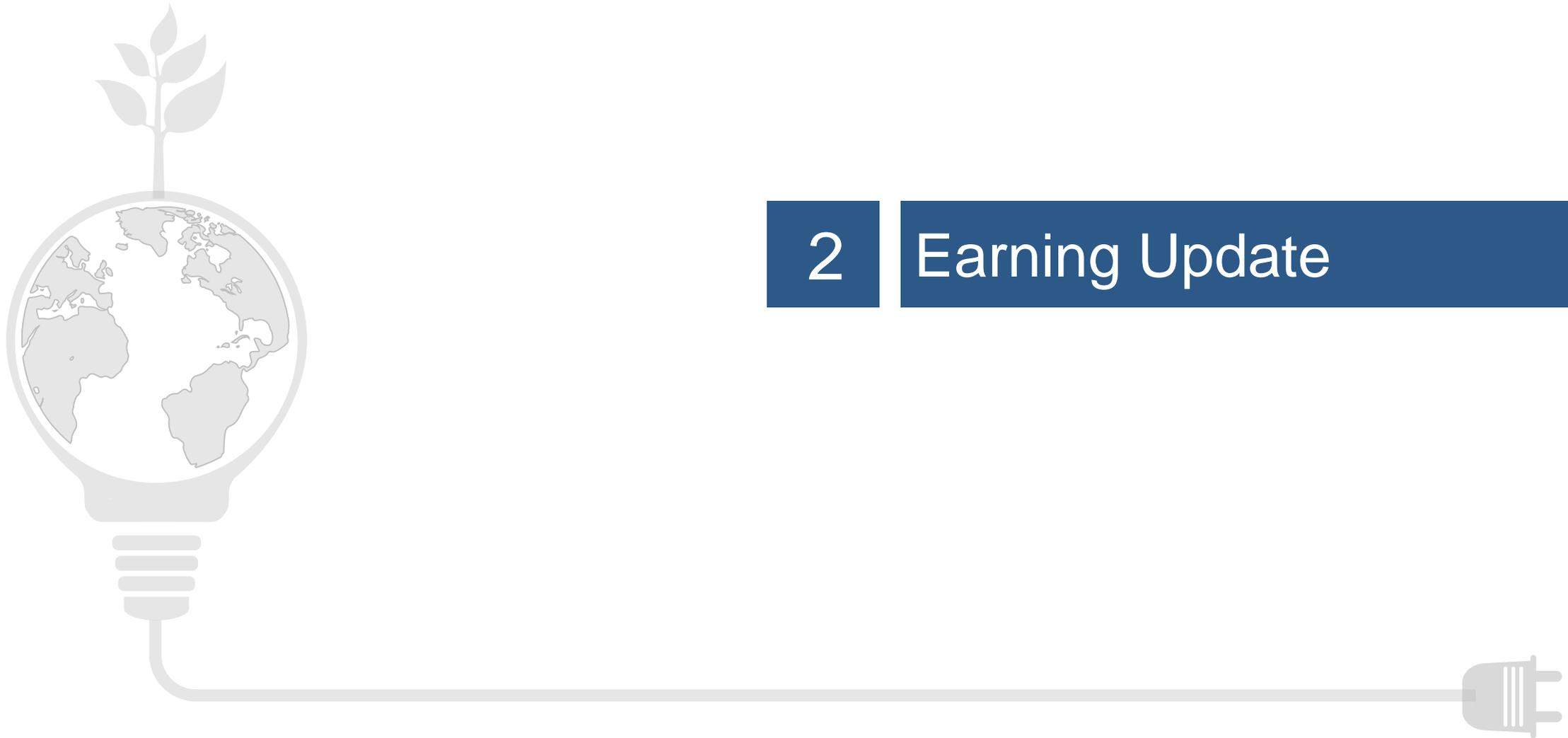
\*It is envisaged that the impact of Rs.14,500 cr. acquisition price paid for REC acquisition will be made up in profits during the year through the dividend declared by REC, if any.

<sup>^</sup>Total Comprehensive Income

## Performance Indicators

		(in Rs' cr.)
<b>Gross Loan Assets</b>		3,16,886
<b>Stage III Assets Govt.</b>		Nil
<b>Stage III Assets Pvt.</b>		30,440
<b>Stage III Provisioning</b>		15,700
<b>Net Stage III % (%of Gross Loan Asset)</b>		4.65%
<b>Capital Adequacy Ratio</b>		17.84%
<b>of which Tier I</b>		12.53%
<b>of which Tier II</b>		5.31%

**As on 30.06.2019**



## 2 Earning Update

# Revenue & Growth



(Rs.'crore)

	Q1 FY 20	Q1 FY 19	FY 19
Interest Income	7,545	6,631	28,447
Interest Expense	5,350	4,624	19,146
Net Interest Income	2,195	2,007	9,301
Profit After Tax	1,383	1,384	6,953
Cumulative Provisions (Stage I+II+III)	16,588	17,247	16,368
Reserve for Bad & Doubtful debts	3,826	3,450	3,740

(Y/E- March)

Figures are based on Ind As and have been regrouped / reclassified to make them comparable. Therefore, the totals may not reconcile with the reported figures. Further, the reported figures for Q1'19 have been restated to make them comparable pursuant to amalgamation of PFC GEL from 01.04.2017.

# Key Ratios

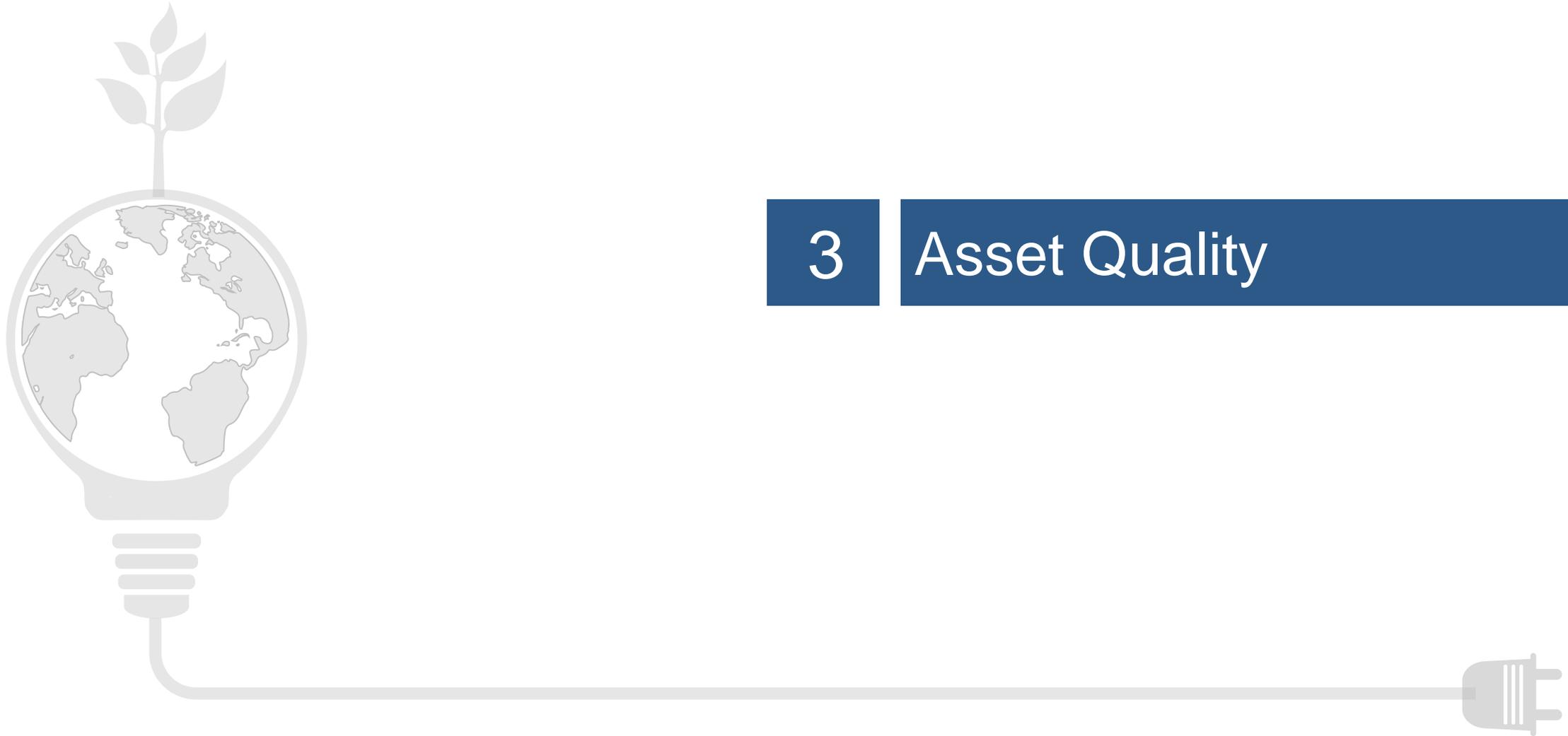


(Ratios in %)

	Q1 FY 20	Q1 FY 19	FY 19
Yield on Earning Assets	10.61	10.57	10.62
Cost of Funds	7.90	8.08	7.95
Interest Spread on Earning Assets	2.71	2.49	2.67
Net Interest Margin on Earning Assets	3.06	3.26	3.37
Net worth (Share Capital + All Reserves)	Rs.44,709 cr.	Rs.37,697 cr.	Rs.43,288 cr.
Return on Average Net worth	12.57	14.83	17.33
Return on Average Assets	1.62	1.95	2.23

(Y/E- March)

*Ratios are annualised & are based on daily average & excluding exchange/loss gain and rounded off. The figures are based on Ind As. Further, the reported figures for Q1'19 have been restated to make them comparable pursuant to amalgamation of PFC GEL from 01.04.2017.*



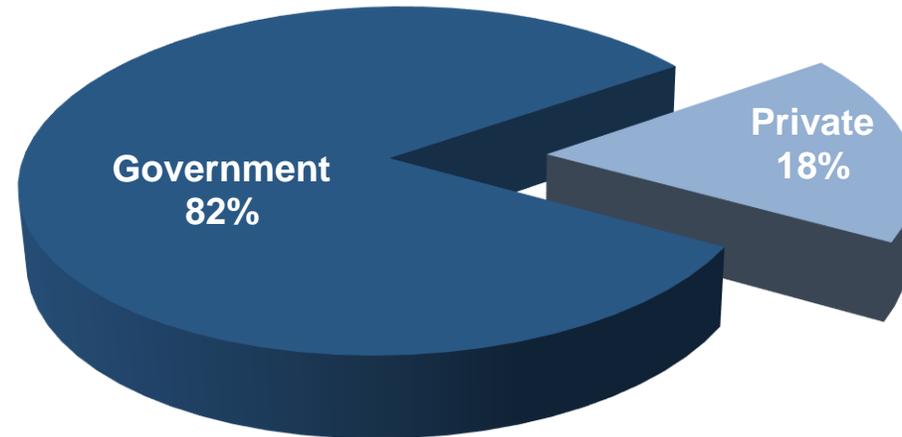
### 3 Asset Quality



## Loan Book of Rs.3,16,886 cr. as on 30.06.2019

Rs.2,60,402 cr. Govt. Loan Assets

Rs.56,484 cr. of Pvt. loan Assets



All Govt. loan assets are regular in servicing

Rs. 26,044 cr. Pvt. loan assets regular in servicing

Rs.30,440 cr. in stress

***90% of Loan Assets are regular in servicing & no stress is envisaged***

# Provisioning Snapshot



## Provisioning Status as on 30.06.2019

(Rs.'crore)

	Stage I & II	Stage III	Stage III (NPA) as % of Gross Loan Assets	Total
<b>Outstanding Loan Assets</b>				
- Government Sector	2,60,402	-	Nil	<b>2,60,402</b>
- Private Sector	26,044	30,440	9.61%	<b>56,484</b>
<b>Total Outstanding Amount</b>	<b>2,86,446</b>	<b>30,440</b>	<b>9.61%</b>	<b>3,16,886</b>
<b>Total Amount</b>	<b>Provisioning</b> 888	15,700	-	<b>16,588</b>
<b>Net Assets</b>	<b>2,85,558</b>	<b>14,740</b>	<b>4.65%</b>	<b>3,00,298</b>

***52% provisioning against Stage III Assets (NPA) of Pvt. sector***

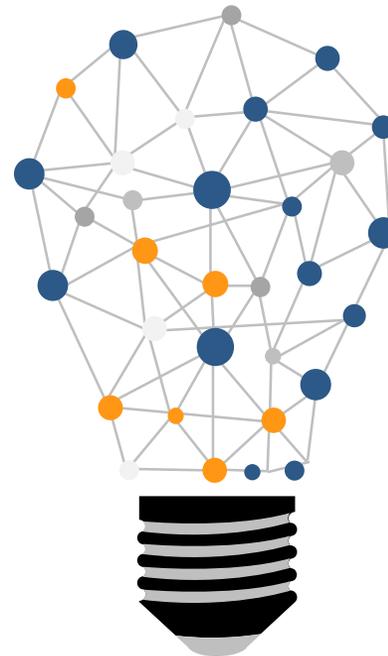
# Resolution Status – Stage III Assets (1/2)

## Resolution status of Rs.30,440 cr. of loan assets in Stage 3

### NCLT Resolution

Rs.14,438 cr. in  
NCLT

13 projects  
61% provision



### 7<sup>th</sup> June RBI Circular

ICA signed/likely  
to be signed  
Rs.12,165 cr.

5 projects  
46% provision

Not covered under  
Circular  
Rs.3,837 cr.

12 projects  
35% provision

**72% provision/reserve\* available against Stage III Assets**

# Resolution Status – Stage III Assets (2/2)



13 projects of Rs.14,438 cr. are in NCLT

Application filed & admitted



Application filed but Not admitted yet



Liquidation order passed in NCLT



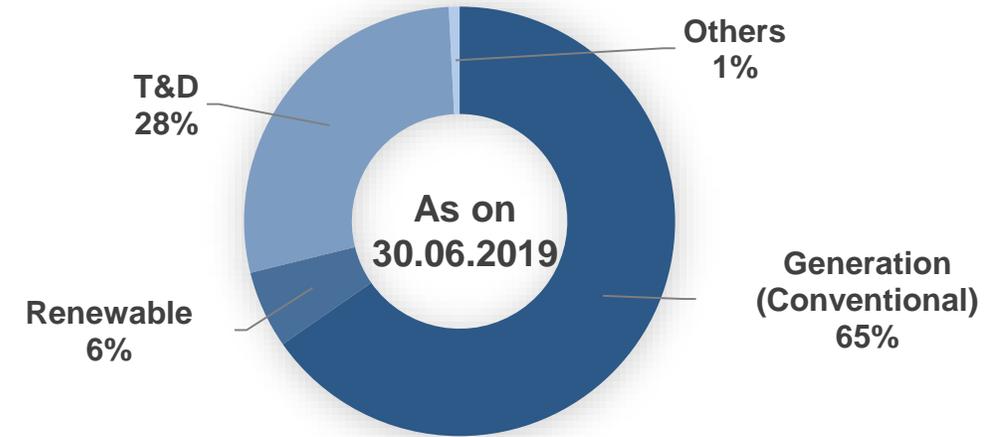


## 4

## Operational Performance

# Loan Asset - Composition

Increasing thrust towards T&D & renewable business



(Rs.'crore)

	As on 30.06.2019	As on 30.06.2018	As on 31.03.2019
<b>Gross Loan Assets</b>	<b>3,16,886</b>	<b>2,85,280</b>	<b>3,14,667</b>
<b>Scheme Wise</b>			
Generation	2,25,449	2,13,008	2,22,965
- Renewable Energy	18,502	12,973	15,390
- Other than Renewable Energy	2,06,947	2,00,035	2,07,575
Transmission	25,811	21,760	25,481
Distribution	63,075	47,543	63,094
Others	2,551	2,969	3,126
<b>Sector Wise</b>			
Government Sector	2,60,402	2,33,300	2,61,055
Private Sector	56,484	51,980	53,612

# Disbursements - Composition



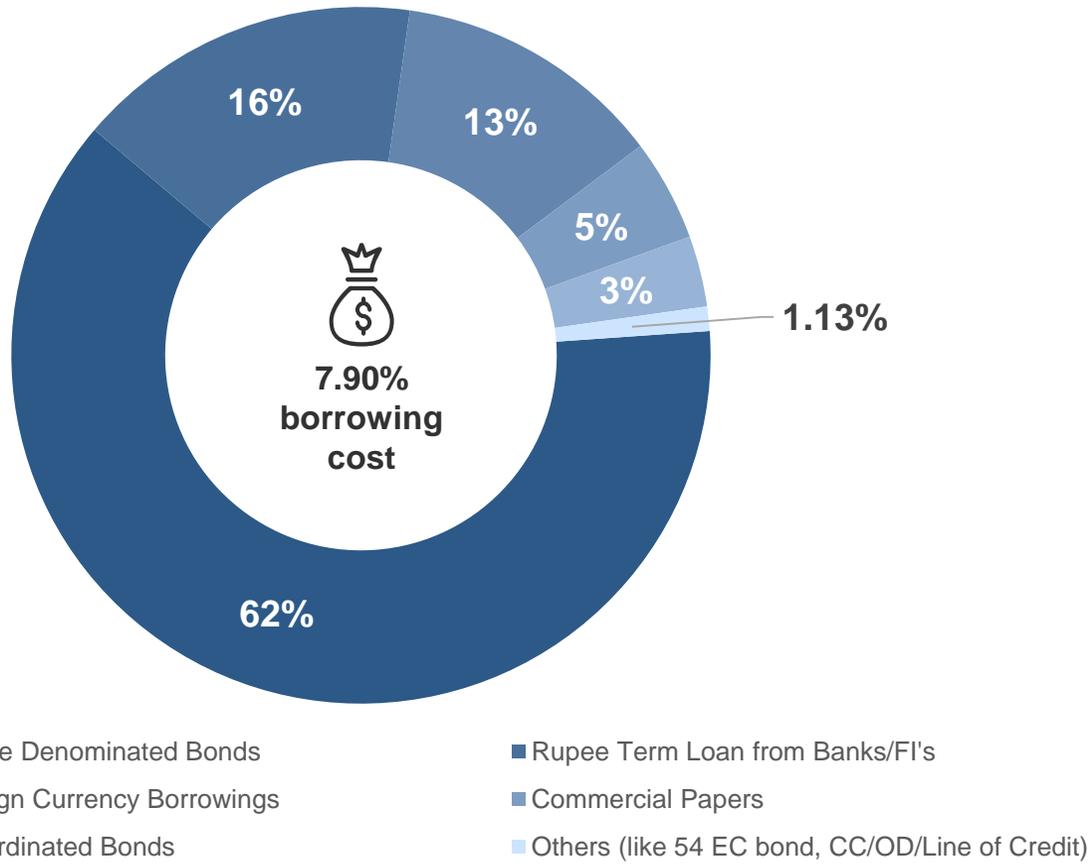
(Rs.'crore)

	Q1 FY 20		Q1 FY 19	
	Amt.	%	Amt.	%
<b>Disbursements</b>	<b>10,466</b>	<b>100%</b>	<b>12,981</b>	<b>100%</b>
<b><u>Scheme Wise</u></b>				
Generation	6,483	62%	4,918	38%
Transmission	883	8%	377	3%
Distribution	3,053	29%	7,385	57%
Others	48	0.5%	302	2.3%
<b><u>Sector Wise</u></b>				
Government Sector	7,091	68%	11,918	92%
Private Sector	3,375	32%	1,063	8%

# Well Managed Liability Profile



**Rs. 2,80,618 of outstanding borrowings as on 30.06.2019**



**Issued PFC's largest USD 1 bn bond**



**Diversification of funding profile**  
87% from domestic sources & 13% from foreign currency sources



**18 bps decrease in cost from Q1'19**



**77% exchange risk hedging**  
for FCL with residual maturity upto 8 years. 49% exchange risk hedged for total FCL portfolio



# Liability Mix as on 30.06.2019



## Diversified Liability Mix

Rs.2,80,618 Cr.  
outstanding  
Borrowings as  
on 30.06.2019

### Bonds

Rs.1,74,859 cr.

### RTL from Banks/FI's

Rs. 45,004 cr.

### Foreign Currency Borrowing

Rs.35,085 cr.

### Commercial Papers

Rs.13,275 cr.

### Subordinated Bonds

Rs.9,212 cr.

### 54EC Bonds

Rs. 987 cr.

### Others (CC/OD/line of credit)

Rs. 2,196 cr.

# PFC's access to low cost funds



**54EC Resource  
Mobilization  
Triples from  
Q1'19**

## 54EC Salient Features

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

Tenor  5 years from deemed allotment date

Coupon Rate  5.75% per annum.

### Benefit to Investor

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

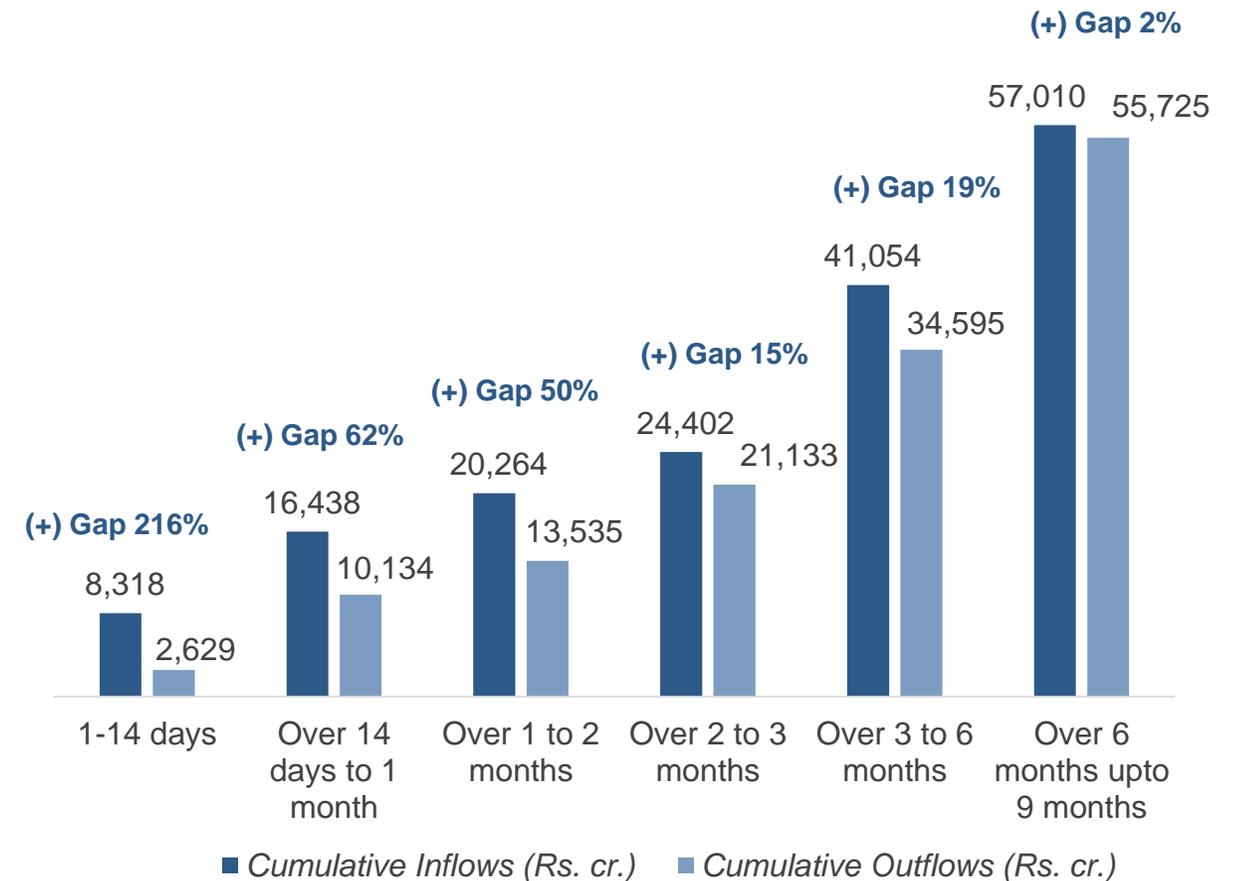


## Comfortable Liquidity Outlook for FY 20 (Jul-March'20)

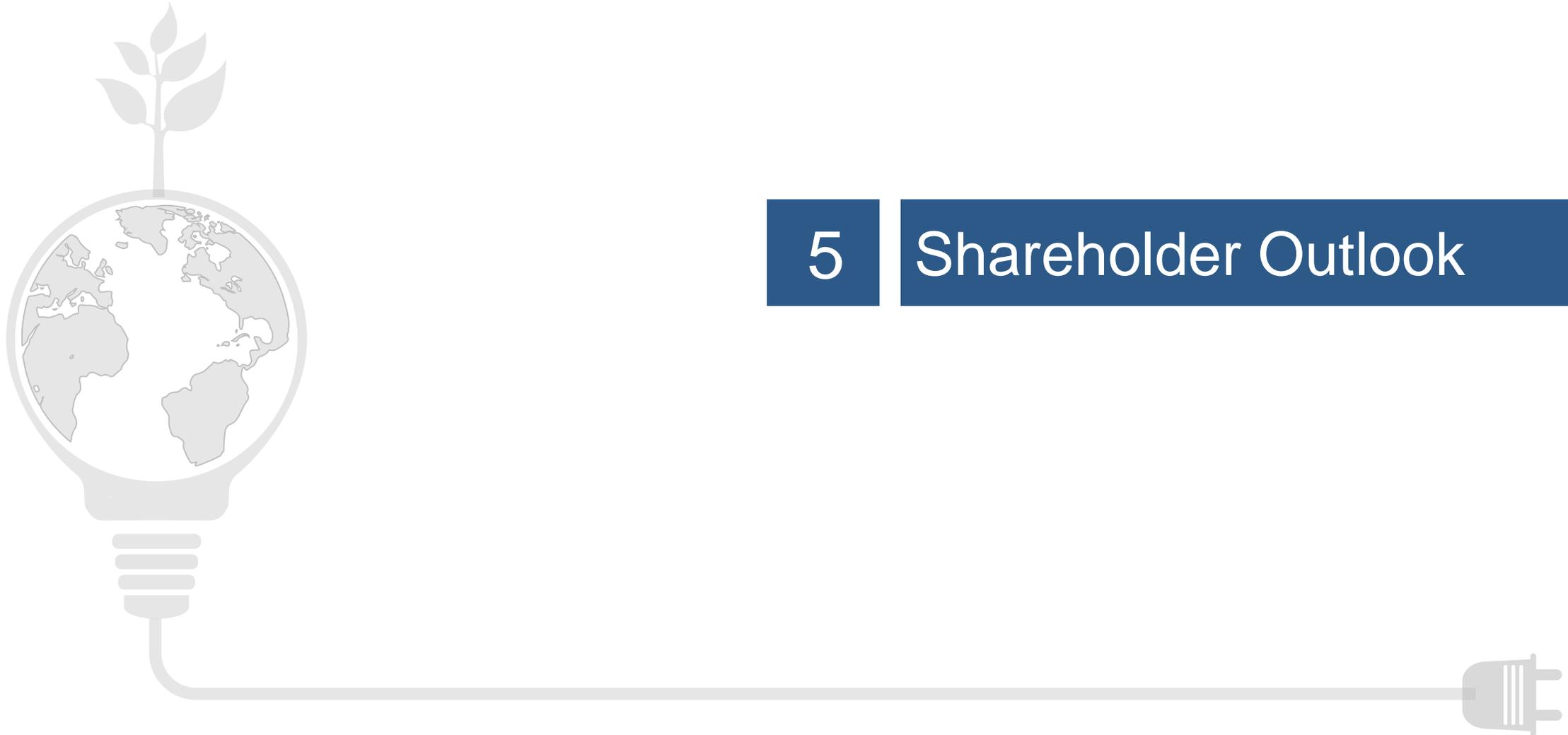
Surplus liquidity in all buckets

Sufficient cash flows to cover maturing liabilities

Rs.14,000 cr. of additional liquidity in form of bank lines (CC/OD)



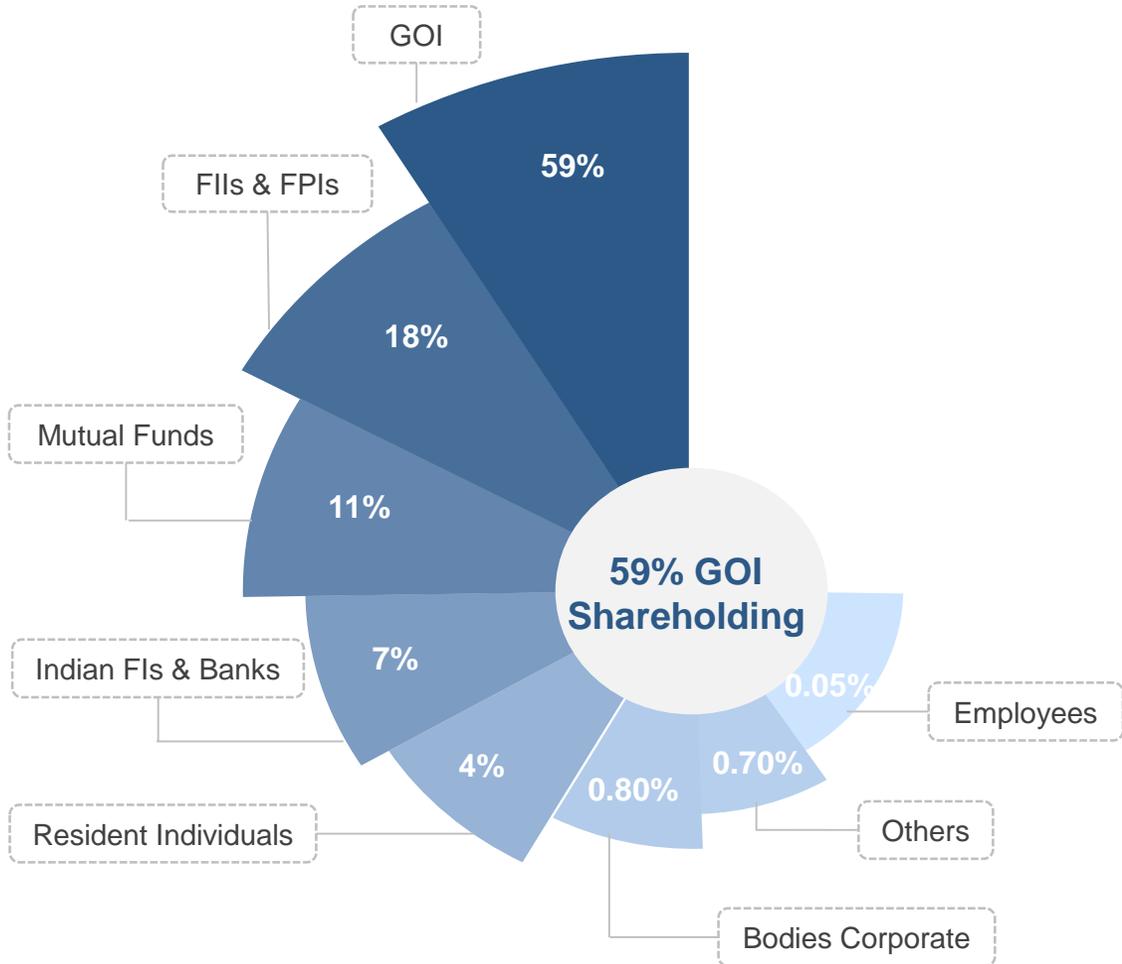
(+) Gap – Positive Gap



## 5 Shareholder Outlook

# Shareholders Outlook

## Equity market valuation ratios indicate potential for upside



**EPS** Rs. 21  
(Annualised)

**Book Value Per Share** Rs. 169

**Price to Earning Ratio** 6.4

**Price to Book Value Ratio** 0.79

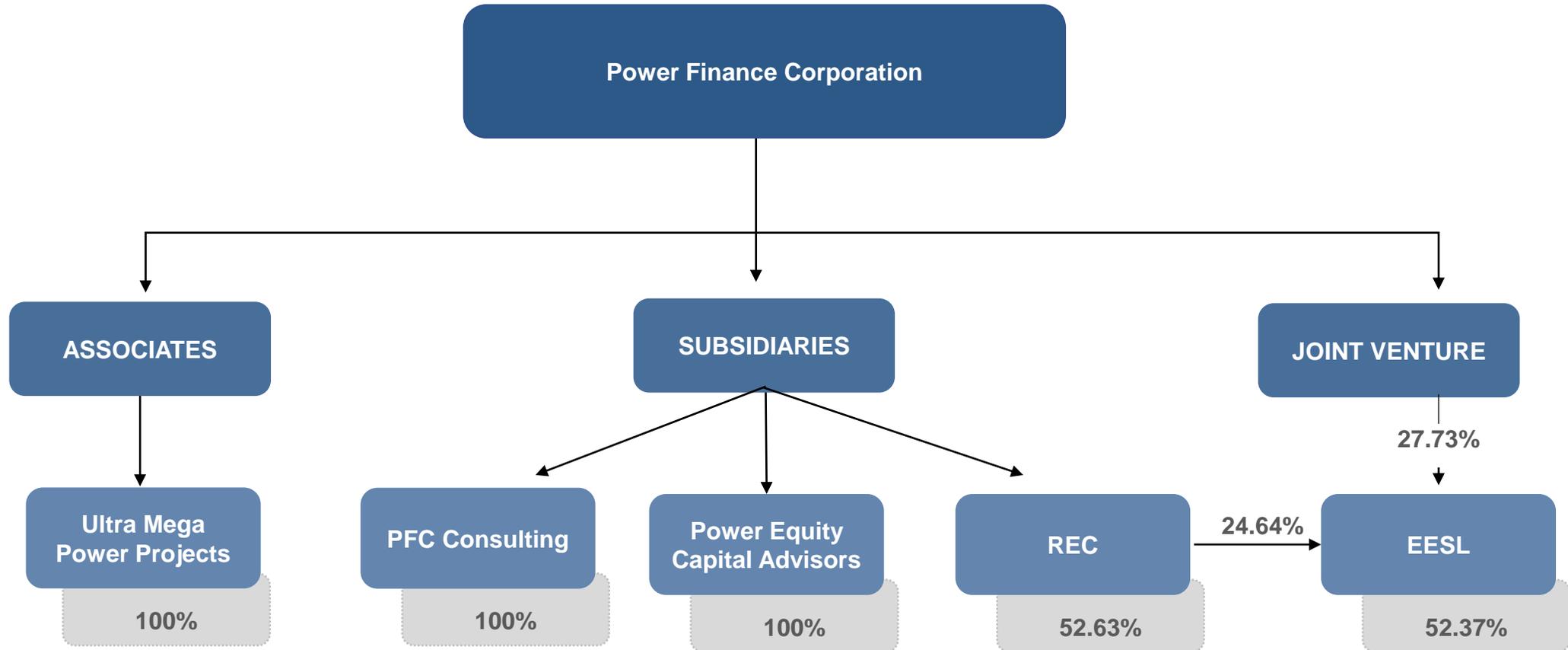
*Above ratios are for Q1 20 & are based on the last available closing share price from BSE as on the end of reporting period*

## B. Consolidated Performance



# 1 Consolidated Snapshot

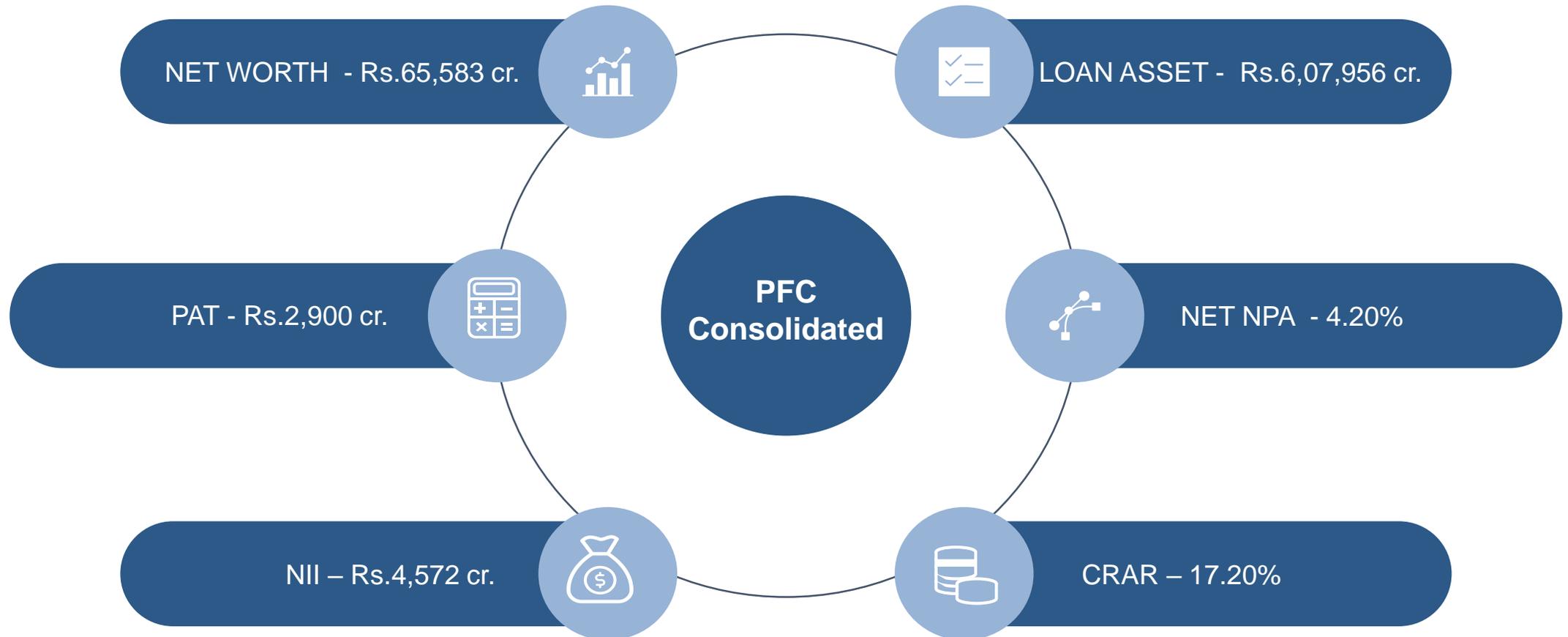
# PFC at a Glance



1. EESL – Energy Efficiency Service Ltd.

2. 52.37% stake in EESL is consolidated stake of PFC (27.73%) & REC (24.64%)

# Performance Snapshot



*Note: Net worth includes non-controlling interest.*

*NII Interest Income*

# Thanks!

## Any questions?

You can reach PFC's Investor Relations Team at  
[investorrelations@pfcindia.com](mailto:investorrelations@pfcindia.com)

Join us:    @pfclindia  [www.pfcindia.com](http://www.pfcindia.com)

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