



Power Finance Corporation Ltd.

Performance Review – Quarter Ended 30th June 2020

PFC announced its financial result for the quarter ended 30th June 2020 on 13th August 2020. The performance highlights for Q1'21 are detailed under.

A. Financial Performance - Q1'21

1) Consolidated Financial Performance

- 23% increase in consolidated Profit After Tax from Q1'20 - PAT at Rs. 3,557 cr. for Q1'21
- 16% increase in Consolidated Revenue from Operations from Q1'20 - Consolidated Revenues at Rs. 16,914 cr. for Q1'21.
- Reduction in consolidated net NPA ratio from 4.20% in Q1'20 to 3.15% in Q1'21 due to resolution of stressed assets.
- Comfortable capital levels to support future growth - Consolidated CRAR at 16.48% as on 30.06.2020
- Consolidated Loan Asset Book of Rs. 6,84,383 cr. as on 30.06.2020

2) Standalone Financial Performance

- 23% jump in Standalone Profit After Tax from Q1'20 - PAT at Rs. 1,700 cr. for Q1'21.
- 16% increase in Interest Income from Q1'20 – Interest Income at Rs. 8,749 cr. for Q1'21
- Even in a challenging operating environment, key financial indicators maintained within a stable range:
 - Yield on Earning Assets for Q1'21 maintained at 10.68%
 - Cost of Funds for Q1'21 at 7.68% - achieved 22 bps reduction from Q1'20
 - Spread for Q1'21 touched 3% as against 2.71% in Q1'20
 - NIM on earning assets for Q1'21 at 3.48% as against 3.06% in Q1'20.
- CRAR improved by 36 bps from Q4'20 majorly due to profit addition. CRAR as on 30.06.2020 is 17.32% with Tier I capital of 13.11% and Tier II capital of 4.21%.

Delivered a resilient financial performance for Q1'21 in a challenging operating environment.

B. Asset Quality

1) Asset Quality Mix

- As on 30.06.2020, PFC's total loan asset book stands Rs.3,53,595 cr. Out of this:
 - 83% is Government Sector & 17% in private sector
 - Rs.3,22,336 cr. are in Stage I, Rs. 4,725 cr. in Stage II and Rs.26,535 cr. in Stage III.

2) Sustained resolution efforts yielding results –2 stressed loan assets of Rs.1,353 cr. resolved & upgraded

- Post COVID lockdown, PFC has successfully resolved & upgraded 2 stressed assets i.e. Essar Power Transmission loan of Rs. 438 cr. & Suzlon Energy loan of Rs. 915 cr. Sufficient provisioning was available against these projects.

3) Improving NPA levels

- Owing to the resolution, the net NPA ratio as on 30.06.2020 is at 3.41%, the lowest in past 4 years.
- Gross NPA ratio also saw a drastic reduction of 211 bps from Q1'20. The current GNPA ratio is at 7.50% against 9.61% in Q1'20.
- Now, after resolution, the total NPA Assets (Stage III Assets) stand at Rs.26,535 cr.

4) Update on Resolution Status

- Currently, 27 projects of Rs. 26,535 cr. are in Stage III. Out of this 17 projects of Rs.16,162cr. are being resolved through NCLT and the remaining 10 projects of Rs.10,372 cr. are being resolved outside NCLT.
- Sufficient provisioning level of 55% on these assets.

Positive resolution outcome post lock down strengthens hope for future resolution of stressed loan assets

C. COVID Update

1) Status of PFC's Lending under Discoms Credit Package

- As mandated by the GOI, PFC & REC are the co-funding partner for Rs.90,000 cr. Discoms credit package announced by the GOI under the Aatma Nirbhar Bharat Abhiyaan.
- Currently, out of PFC's lending portion of Rs.45,000 cr., PFC has sanctioned more than Rs.30,000 cr. which is to be disbursed equally under Tranche I & Tranche II. In tranche I, more than Rs.8,500 cr. has been disbursed till date. For remaining sanctions/disbursements, states are in the process of completing the formalities.

2) Liquidity Status

- On the liquidity standpoint, despite a challenging market, PFC has been able to actively borrow from the market due to its high credit worthiness and well established relationship with lenders.
- In Q1'21 itself, PFC has raised around Rs.33,000 cr. from the Domestic Market. Out of this 85% raisings has been done through long term instruments either through bonds or term



loans and balance raising is through Commercial papers. This will help in managing PFC's ALM profile.

- Further, PFC has approx. Rs.9,200 cr. of line of credit available with us from Banks.
- We believe that PFC will continue to maintain adequate liquidity in future also.

3) Moratorium

In line with RBI Guidelines, currently moratorium has been provided on an amount of Rs.11,497cr. falling due between March to June i.e. on approx. 70% of the due(s) receivable by PFC.

With strong fundamentals, PFC has been able to smoothly navigate through the COVID situation. However, given the Covid-19 pandemic situation, the impact on PFC will continue to be dependent on future developments, which will become clear as the Covid-19 situation evolves.

D. Future Outlook

As the COVID-19 situation is continuously evolving, a clear path will emerge as the situation pan out. However, at present:

- PFC's continued focus will be on T&D & renewable business & lending under the DISCOM Credit Package
- Loan Asset Growth is expected to be at similar levels as previous year.
- PFC is envisaging business opportunity in FGD space and refinancing business
