



Power Finance Corporation Ltd.

Performance Review – Quarter Ended 31st December 2021

PFC announced its financial result for the quarter ended 31st December 2021 on 11th February 2022. The performance highlights for Q3'22 and 9M'22 are detailed under.

A. Financial Performance

1) Consolidated Financial Performance

- 23% increase in consolidated Profit After Tax from 9M'21 - PAT at Rs. 14,483 cr. for 9M'22.
- 7% increase in revenue from operations from 9M'21- Revenue from operations at Rs. 57,409 cr. for 9M'22
- 16% increase in Net Interest Income from 9M'21 – Net Interest Income at Rs. 22,843 cr. for 9M'22.

2) Standalone Financial Performance

- 21% increase in Standalone Profit After Tax from 9M'21 - PAT at Rs. 7,412 cr. for 9M'22.
- Interim Dividend of Rs.6 per share declared taking cumulative interim dividend this financial year to Rs.10.75 per share
- PFC CRAR as on 31.12.2021 is at 22.68%. Further, this quarter PFC has declared interim dividend for FY 21-22, the payout for which will happen in Q4 of FY 22. Thus, even after dividend payment, PFC CRAR will continue to be at a comfortable levels.

• Key Financial Indicators

- Yield on Earning Assets for Q3'22 is at 10.21% and is within the expected range.
- Cost of Funds for Q3'22 is at 7.18%, a 21 bps reduction from Q2'22.
- The spread and NIM on earning assets for Q3'22 continues to be within the stable range – Spread for Q3'22 is at 3.03% and NIM for Q3'22 is at 3.70%

C. Asset Quality

1) Update on NPA

- This quarter, TRN Energy Project which is a 600 MW commissioned thermal plant and with an outstanding loan of Rs. 1,139 cr. has slipped to Stage III. Sufficient provisioning has been created on this asset.
- In view of the downgrade, the Net NPA levels has slightly increased from 1.92% in Q2'22 to 2.00% in Q3'22. The Gross NPA ratio is at 6.06% as on 31.12.2021.

2) Update on Resolution Status

- Currently, 27 projects of Rs. 22,505 cr. are in Stage III. Out of this 16 projects of Rs.16,688cr. are being resolved through NCLT and the remaining 11 projects of Rs.5,817 cr. are being resolved outside NCLT.

- Out of the above 27 projects, 2 projects with outstanding of Rs. 3,608 cr. are in advance stages of resolution. In Essar Power Mahan loan of Rs.1,345 cr. the resolution plan has been approved by NCLT and the legal formalities are underway. In South East UP Power Transmission Company, which is being resolved in NCLT, bids have been received and the resolution is expected to conclude in near future.

3) Provisioning Status

- In Q3'22, additional provisioning has been created mainly on Stage III assets. With this the Stage III provision coverage is at 67% as on 31.12.2021

E. Borrowing

- On domestic front, PFC participated in the sixth tranche of issue of Bharat Bond ETF and raised an amount of Rs.1,180cr for around 10 years maturity. With Bharat bond ETF, PFC has been able to establish an additional funding stream in the domestic market.
- On foreign borrowing, PFC successfully raised USD 625 million through Foreign Currency Term Loan. It is a 5 year loan with a fixed rate coupon.
- Further, PFC has been actively focusing on managing its foreign currency risk. Currently, around 90% of the portfolio with residual maturity upto 5 year has been hedged for exchange risk and out of this, 100% of USD denominated borrowing has been hedged.

F. Award & Accolades

- PFC has been awarded the prestigious ICAI (Institute of Chartered Accountants of India) silver award for excellence in financial reporting for the financial year 2020-21 in 'Public Sector Entities' category.
- The recent Euro Green Bond Issuance by PFC has been awarded the "Best Green Bond –Quasi Sovereign" by the Asset Country India Awards 2021.
- PFC bagged Dun & Bradstreet's India's Best PSU Award'21.
