

Performance Highlights

Quarter ended 31st December 2018



Foreign Borrowings



Renewables



54EC Bonds

Funding for a Brighter Tomorrow....

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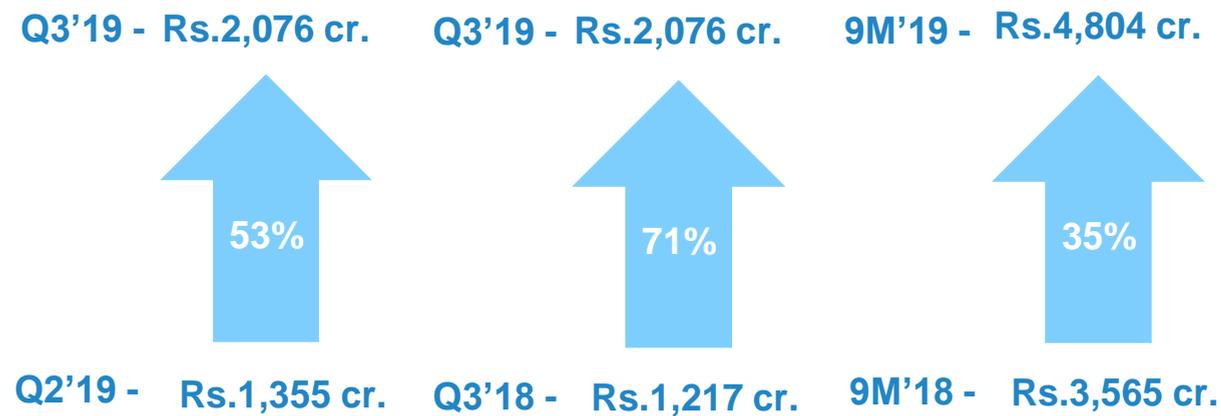


1. HIGHLIGHTS

Performance at a Glance

QUARTER HIGHLIGHTS

53% growth in profit from Q2'19



CRAR at 18.95% - Up by 1% from 17.91% in Q2'19

Rs.319 cr. of provision reversal on account of upgradation

SNAPSHOT – As on 31st DECEMBER 2018

(Rs.'crore)

<i>Profit & Loss Highlights</i>	Q3'19	Q2'19
Interest Income	7,249	6,929
Interest Expense	4,815	4,749
Net Interest Income	2,435	2,180
Net Interest Margin on Earning Assets	3.42%	3.33%
Cost of Funds	7.97%	8.09%
Interest Spread on Earning Assets	2.68%	2.50%

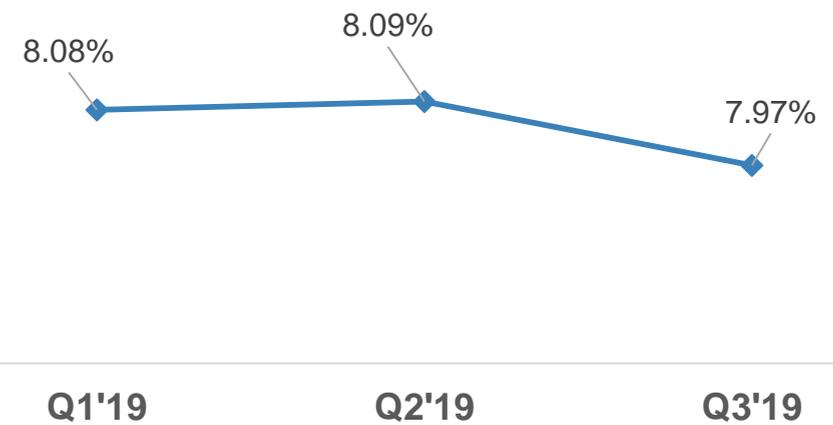
<i>Balance Sheet Highlights</i>	As on 31.12.2018
Gross Loan Assets	2,98,128
Provisioning	16,866
Net Loan Assets	2,81,262
Stage III Assets - Govt. Sector	Nil
Stage III Assets - Pvt. Sector	28,236
Stage III Assets -% of Gross Loan Assets	9.47%
Net Stage III Assets - % of Gross Loan Assets	4.55%
Capital Adequacy Ratio	18.95%
of which Tier I	15.95%
of which Tier II	3.00%

Improving Earning Performance in a Challenging Operating Environment

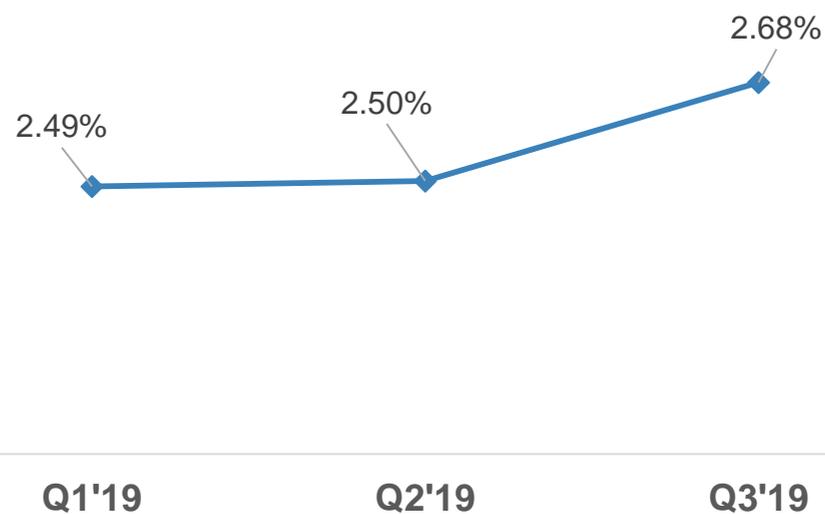
Yield on Earning Assets



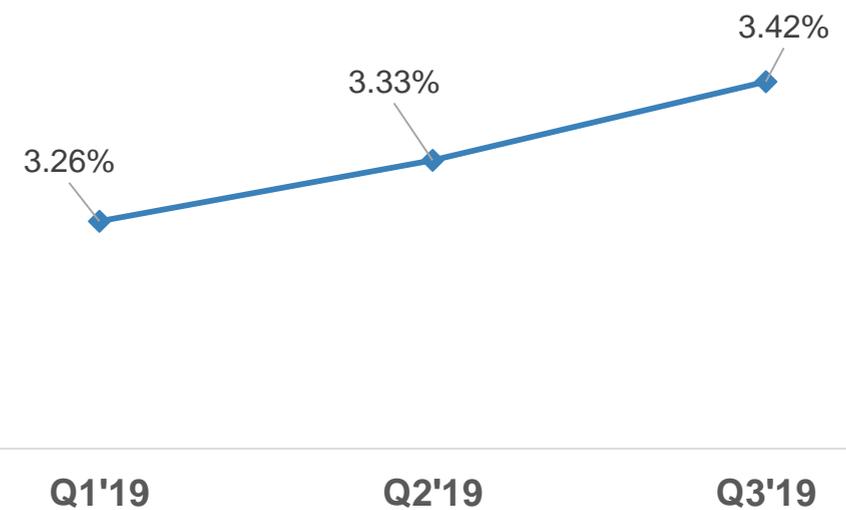
Cost of Funds



Spread on Earning Assets



NIM on Earning Assets



2.

UPDATE ON PFC - REC
ACQUISITION DEAL

PFC to acquire Govt. of India stake in REC (1/2)

'In Principle' approval given by Cabinet on 6th Dec 2018 for strategic sale of Government of India's existing 52.63% equity shareholding in REC Ltd. to PFC along with transfer of management control.

Key Aspects related to PFC – REC acquisition Deal

Expected Timeline for Conclusion

- Endeavour to conclude the deal by 31st March 2019.

Financing Structure

- The actual transaction price will be known once the modalities of the deal are finalised by PFC in discussion with GOI.
- Price will be arrived at keeping in view the applicable SEBI Guidelines.
- Funding is likely to be through internal accruals and/or debt.

Impact on PFC's Capital Ratio

- Presently, PFC will make all necessary efforts to maintain the Capital Levels prescribed by RBI.
- PFC may consider infusion of Tier II capital to recoup the CRAR levels.

PFC to acquire Govt. of India stake in REC (2/2)

Key Aspects related to PFC – REC acquisition Deal contd...

Approval Status

- Status of major approvals is as under:
 - In Principle approval obtained from PFC's Board for the deal.
 - Approval obtained from SEBI w.r.t. related party transaction.
 - Approval obtained from Competition Commission of India.
 - Approval from RBI is underway.

Credit Rating

- PFC will strive to maintain the current credit ratings assigned by the domestic and international rating agencies.

Merger with REC

- Current focus is to complete the acquisition deal.
- Timelines for merger will be considered subsequently.

3. EARNING UPDATES

Earning Updates

Revenue & Growth

(Rs.'crore)

	Q3 FY 19	Q2 FY 19	Q3 FY 18	9M FY 19	9M FY 18
Interest Income	7,249	6,929	6,198	20,773	19,662
Interest Expense	4,815	4,749	4,292	14,188	12,704
Net Interest Income	2,435	2,180	1,905	6,584	6,958
Profit After Tax	2,076	1,355	1,217	4,804	3,565
Cumulative Provisions	16,866	17,162	16,670	16,866	16,670
Reserve for Bad & Doubtful debts	3,626	3,502	3,326	3,626	3,326

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.

Earning Updates

Key Ratios

	Q3 FY 19	Q2 FY 19	Q3 FY 18	9M FY 19	9M FY 18
Yield on Earning Assets	10.65%	10.60%	11.17%	10.58%	10.94%
Cost of Funds	7.97%	8.09%	8.28%	8.04%	8.31%
Interest Spread on Earning Assets	2.68%	2.50%	2.89%	2.54%	2.63%
Net Interest Margin on Earning Assets	3.42%	3.33%	3.87%	3.32%	3.72%
Net worth (Share Capital + All Reserves)	Rs.40,932 cr.	Rs.38,274 cr.	Rs.37,198 cr.	Rs.40,932 cr.	Rs.37,198 cr.
Return on Average Net worth	20.97%	14.29%	13.02%	16.47%	13.11%
Return on Average Assets	2.77%	1.86%	1.85%	2.20%	1.83%

The figures are based on Ind As. Ratios are annualised & are based on daily average & excluding exchange/loss gain and rounded off.

4. ASSET QUALITY

Provisioning Snapshot – Total Portfolio

(Rs.'crore)

Status as on 31.12.2018

	Stage I & Stage II	Stage III	Stage III (NPA) as % of Total Loan Assets	Total
Outstanding Loan Assets				
Government Sector	2,46,465	-	Nil	2,46,465
Private Sector	23,427	28,236	9.47%	51,663
Total Outstanding Amount	2,69,892	28,236	9.47%	2,98,128
Total Provisioning Amount	2,185	14,681	-	16,866
Net Assets	2,67,707	13,555	4.55%	2,81,262

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

Resolution Status – Stage III Assets (1/2)

Resolution status of Rs.28,236 cr. of loan assets in Stage 3

1 16 projects of Rs.23,607 cr. are in NCLT

- ▷ **Projects where NCLT application filed & admitted**
 - 4 projects of Rs.1,895 cr.
 - 60% provisioning available.

- ▷ **Projects where NCLT application filed but not yet admitted**
 - 10 projects of Rs.20,077 cr.
 - 51% provisioning available against these projects.
 - Major highlights on some of these projects is as under:
 - Lanco Amarkantak - Out of 4 units, units 1&2 are commissioned and are being serviced.
 - Indiabulls Amravati - Resolution envisaged in this financial year.

- ▷ **Projects where liquidation filed in NCLT but not yet admitted**
 - 2 projects of Rs.1,635 cr.
 - 93% provisioning available against these projects

Resolution Status – Stage III Assets (2/2)

2 10 projects being resolved outside NCLT

- ▷ Four projects worth Rs.298 cr. in SARFAESI/DRT
 - 100% provisioning available.
- ▷ 6 projects worth Rs.3,521 cr. resolution plan under discussion
 - 26% provisioning available.
 - Major highlights on some of these projects is as under:
 - GMR Chhattisgarh - 82% lenders have approved change in management. Recovery expected at 55% against which 51% provision already available.

3 1 Project resolution has been reached

- ▷ In 1 Project worth Rs.811 cr. resolution plan agreed and the borrower is servicing accordingly.
 - 79% provisioning available, which is expected to reverse in next quarter.

75 % provisioning/reserves¹ (Rs.21,248 cr.) available against Stage III Assets of Rs.28,236 cr.

¹ Includes Stage I Provision + Reserve for Bad & doubtful debts + Sec 45 IC Reserve

5. OPERATIONAL PERFORMANCE

Loan Assets - Composition

(Rs.'crore)

	As on 31.12.2018		As on 31.12.2017	
	Amt.	%	Amt.	%
Gross Loan Assets	2,98,128	100%	2,62,109	100%
<u>Scheme Wise</u>				
Generation	2,14,980	72%	2,02,456	77%
Transmission	24,118	8%	18,836	7%
Distribution	55,903	19%	37,754	14%
Others	3,127	1%	3,064	1%
<u>Sector Wise</u>				
Government Sector	2,46,465	83%	2,17,416	83%
Private Sector	51,663	17%	44,693	17%

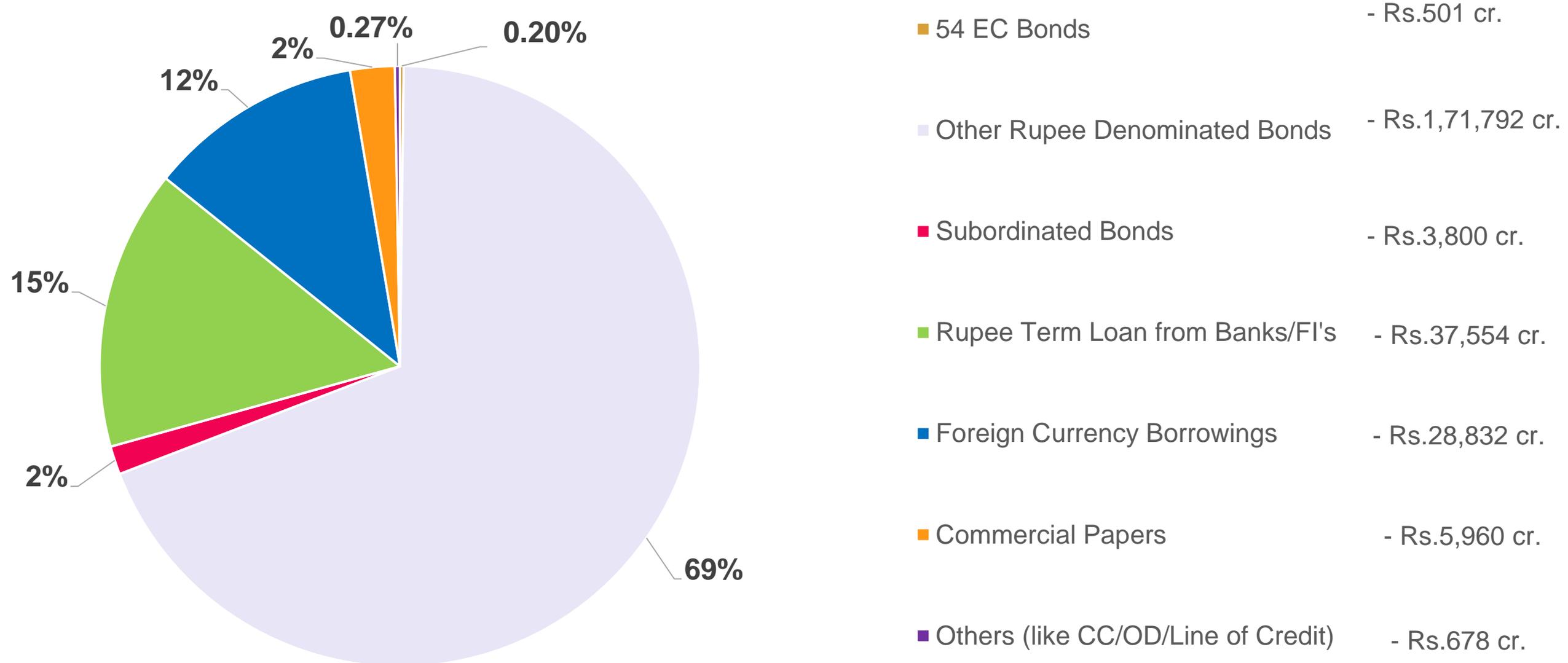
Disbursements - Composition

(Rs.'crore)

	Q3 FY 19		Q3 FY 18		9M FY 19		9M FY 18	
	Amt.	%	Amt.	%	Amt.	%	Amt.	%
Disbursements (excluding R-APDRP/IPDS)	14,648	100%	10,893	100%	45,134	100%	37,562	100%
<u>Scheme Wise</u>								
Generation	7,908	54%	7,770	71%	18,556	41%	22,738	61%
Transmission	1,588	11%	906	8%	4,389	10%	3,066	8%
Distribution	4,944	34%	2,190	20%	21,605	48%	11,563	31%
Others	207	1%	27	0.3%	584	1%	195	1%
<u>Sector Wise</u>								
Government Sector	13,841	94%	8,030	74%	42,282	94%	30,338	81%
Private Sector	807	6%	2,863	26%	2,852	6%	7,224	19%
<u>R-APDRP/IPDS</u>	1,170	100%	1,034	100%	2,950	100%	2,691	100%
R-APDRP (Part A)	77	7%	29	3%	182	6%	126	5%
R-APDRP (Part B)	74	6%	289	28%	412	14%	409	15%
IPDS	1,019	87%	716	69%	2,356	80%	2,156	80%

Borrowing Profile

Liability Mix of Rs. 2,49,116 cr. O/s borrowings as on 31.12.2018



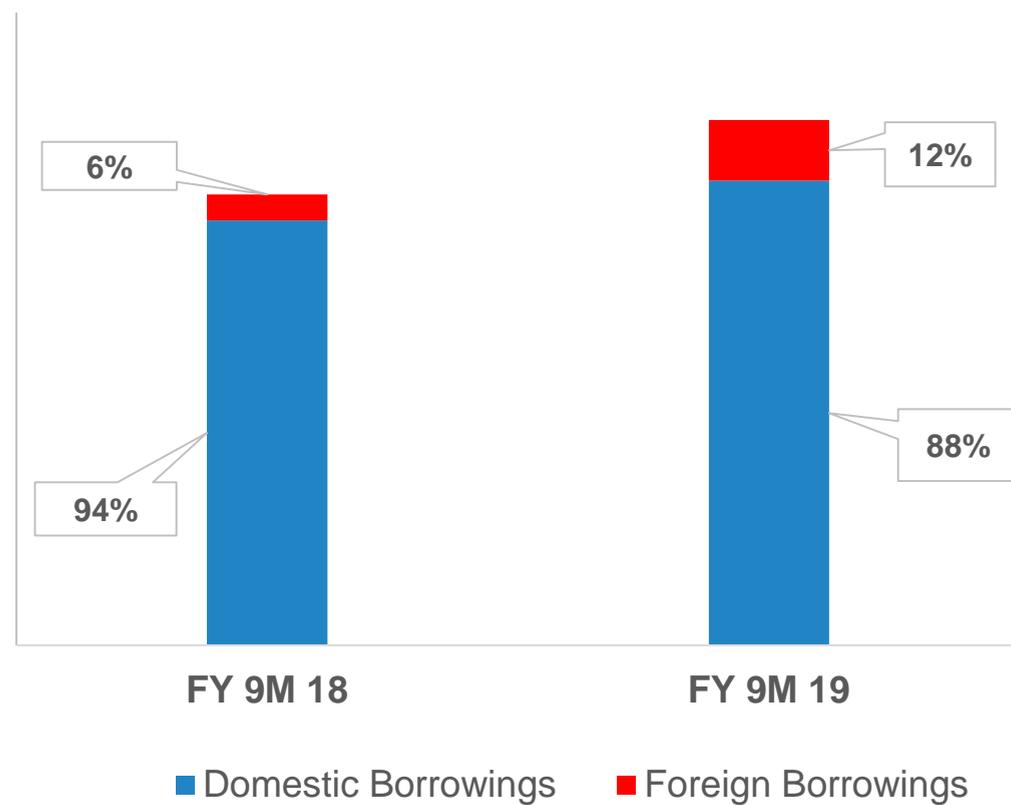
Total Foreign Currency Portfolio – 57% Exchange Rate Risk hedged.

For Portfolio with residual maturity of upto 8 years – 81 % Exchange Rate Risk hedged.

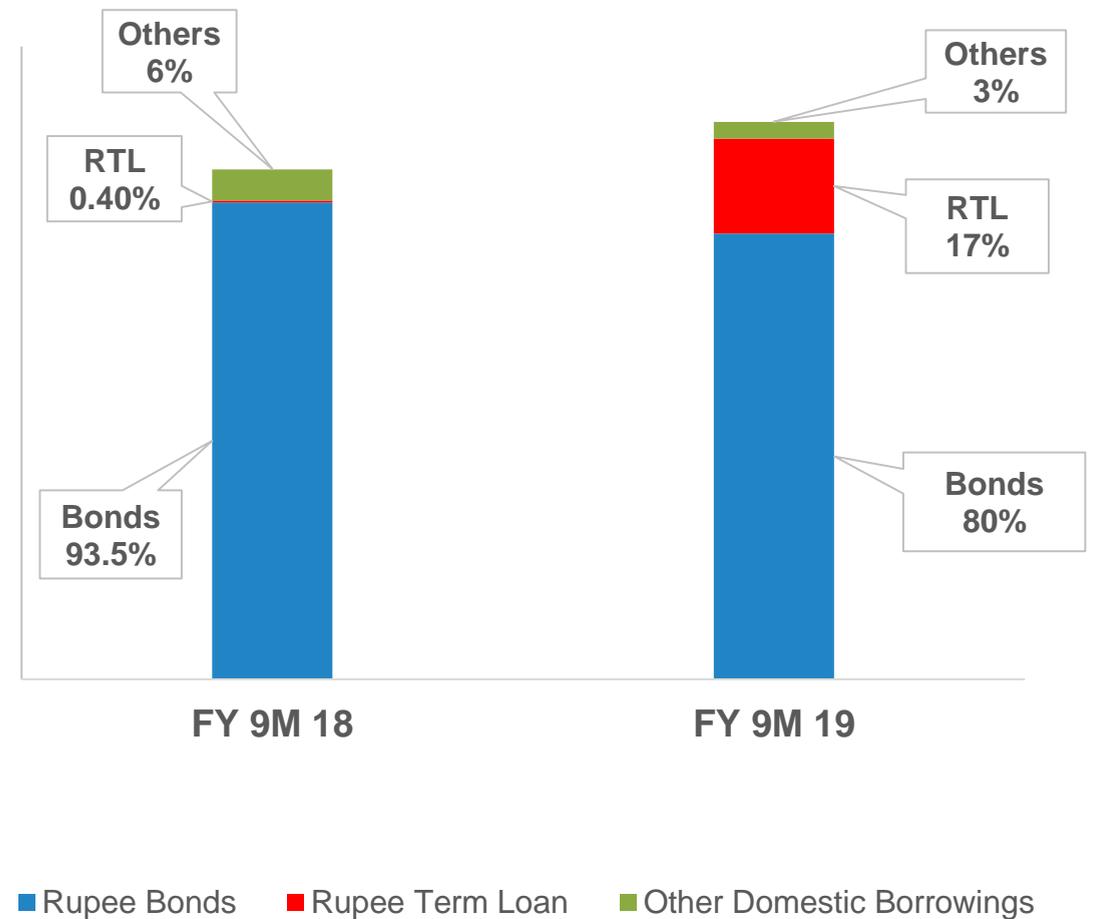
Borrowing Profile

Diversification of funding profile

Domestic vs Foreign Borrowing Mix



Rupee Bonds vs. Rupee Term Loan

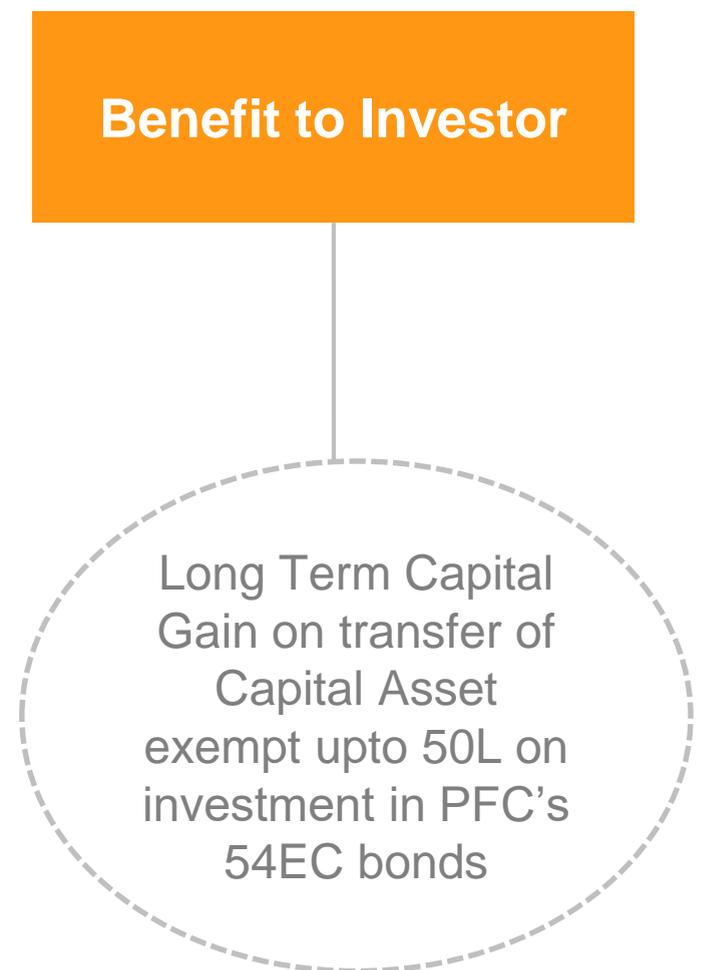


PFC's access to low cost funds

54EC Resource Mobilization on an upward trend

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.

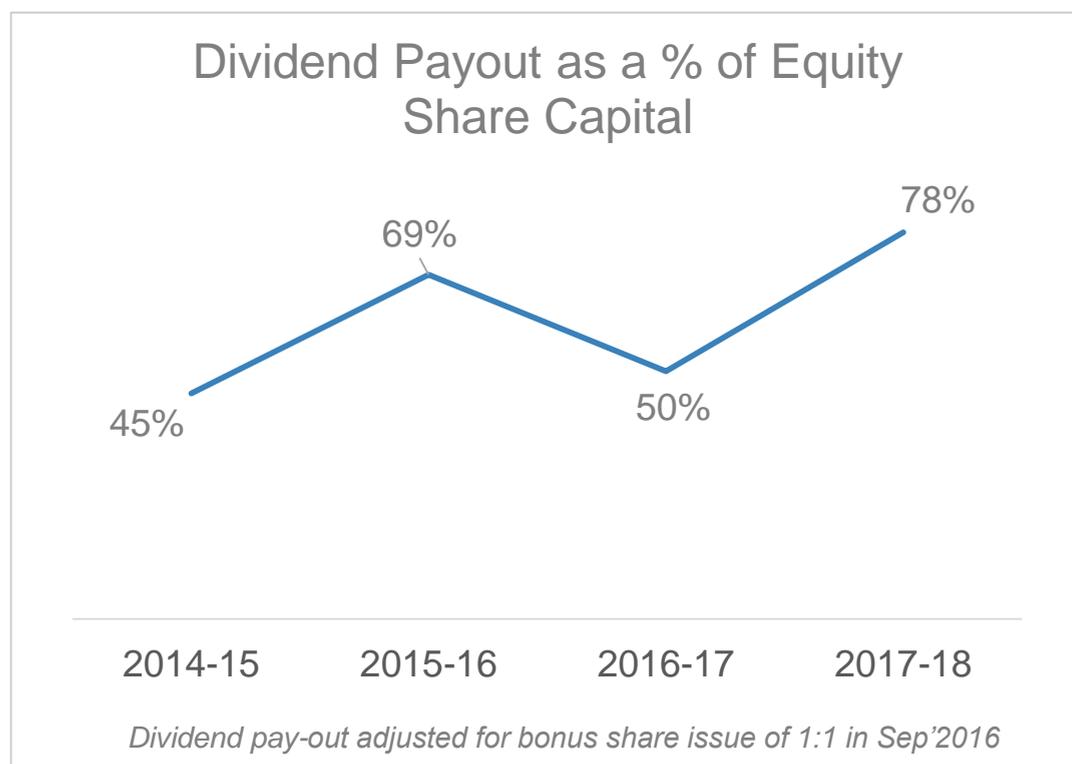


6. SHAREHOLDERS OUTLOOK

Shareholders Outlook

➔ Dividend Performance

1 Consistent Dividend Pay out Track Record



➔ 61.5% GoI Shareholding

Particulars	31.12.2018	31.12.2017
President of India	61.48%	65.92%
FII's & FPIs	14.18%	14.47%
Indian FI's & Banks	7.02%	7.24%
Bodies Corporate	0.84%	1.58%
Resident Individuals	4.55%	4.24%
Mutual Funds	10.99%	5.73%
Employees	0.05%	0.05%
Others	0.83%	0.77%
Total	100%	100%

2 Delivering 7% Dividend Yield*.

*Based on the last available closing share price from BSE as on the end of reporting period

Shareholders Outlook

 **Equity market valuation ratios indicate potential for upside**

	Q3 FY 19	Q2 FY 19	Q3 FY 18	9M FY 19	9M FY 18
EPS (in Rs.)	31.45	20.53	18.44	24.26	18.01
Book Value Per Share (in Rs.)	155.04	144.97	140.90	155.04	140.90
Market price per Share (in Rs.)*	107.05	76.15	121.55	107.05	121.55
Price to Earnings ratio	3.40	3.71	6.59	4.41	6.75
Price to Book Value ratio	0.69	0.53	0.86	0.69	0.86

**The last available closing share price from BSE as on the end of reporting period*

Thanks!

Any questions?

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