



(एक महारत्न कंपनी)

पावर फाइनेंस कॉर्पोरेशन लिमिटेड POWER FINANCE CORPORATION LTD.

(भारत सरकार का उपक्रम)

(A Govt. of India Undertaking)

(आई.एस.ओ. 45001:2018 प्रमाणित)

(ISO 45001:2018 Certified)

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National Stock Exchange of India Ltd, Listing Department, Exchange Plaza, Bandra – Kurla Complex, Bandra (E) <u>MUMBAI – 400 051.</u> नेशनल स्टॉक एक्सचेंज ऑफ इंडिया लिमिटेड लिस्टिंग विभाग, एक्सचेंज प्लाजा, बान्द्रा-कुर्ला कॉम्प्लेक्स, बान्द्रा (पू), मुंबई-400 051	BSE Limited, Department of Corporate Services, Floor – 25, PJ Towers, Dalal Street, <u>MUMBAI – 400 001.</u> बीएसई लिमिटेड, कॉर्पोरेट सेवाएं विभाग, मंजिल-25, पी.जे. टावर्स, दलाल स्ट्रीट, मुंबई-400 001
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SUB: Intimation of Transcript of Earning call of Investor/Analyst meet held on Friday, November 07, 2025.

Madam/Sir,

In continuation of our earlier letter dated November 03, 2025 and November 07, 2025 pursuant to Regulation 30 read with Schedule III of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find attached herewith Transcript of Earning call of the company with Investors/Analyst held on November 07, 2025. This is submitted for your information, record and further dissemination.

Transcript of the above-mentioned conference call has been made available at <https://www.pfcindia.co.in/ensite/Home/VS/109> and the same is attached herewith.

Thanking you,

Yours faithfully,
For Power Finance Corporation Ltd.

(Manish Kumar Agarwal)
Company Secretary & Compliance Officer
mk_agarwal@pfcindia.com



"Power Finance Corporation Limited

Q2/H1 FY26 Earning Call"

November 07, 2025

MANAGEMENT: SMT. PARMINDER CHOPRA – CHAIRMAN & MANAGING DIRECTOR

SHRI RAJIV RANJAN JHA – DIRECTOR (PROJECTS)

SHRI MANOJ SHARMA – DIRECTOR (COMMERCIAL)

SHRI SANDEEP KUMAR – DIRECTOR (FINANCE)

MODERATOR: MR. ABHIJIT TIBREWAL – MOTILAL OSWAL FINANCIAL SERVICE LIMITED.



*Power Finance Corporation
November 07, 2025*

Moderator: Ladies and Gentlemen, Good Day and Welcome to Power Finance Corporation Q2 FY26 Earnings Call hosted by Motilal Oswal Financial Service Limited.

As a reminder, all participants' lines will be in listen-only mode and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during the conference call, please signal an operator by pressing “*” then “0” on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Abhijit Tibrewal from Motilal Oswal. Thank you and over to you, sir.

Abhijit Tibrewal: Thank you, Dhanesh. Good afternoon, everyone. I am Abhijit Tibrewal from Motilal Oswal and it is our pleasure to welcome you all to this earnings call. Thank you very much for joining us for the Power Finance Corporation Call to discuss their Q2 FY26 Earnings.

To discuss the Company's Earnings, I am pleased to welcome the Senior Management Team at PFC represented by Smt. Parminder Chopra – Chairman and Managing Director; Shri Rajiv Ranjan Jha – Director (Projects), Shri Manoj Sharma – Director (Commercial), Mr. Sandeep Kumar – Director (Finance).

On behalf of Motilal Oswal, we thank the senior management and the Investor relations team of Power Finance Corporation for giving us this opportunity to host them today.

I now invite CMD Ma'am for her Opening Remarks, post which we will open the floor for a Q&A from the Participants on this Call.

With that, over to you, ma'am.



*Power Finance Corporation
November 07, 2025*

Parminder Chopra: Thank you very much. Good afternoon, everyone, and a very warm welcome to all of you. We have declared our Q2 & H1'26 results today.

I am happy to connect with all the investors today to discuss PFC's performance.

Starting with the consolidated performance, for H1'26, the consolidated profit after tax stood at Rs.16,816 crores, a 17% increase on a year-on-year basis.

The group loan asset book registered a 10% growth on a year-on-year basis and is at Rs.11,43,370 crores as on 30th September 2025.

On the asset quality front, we continue to see a declining trend in the NPA level. The consolidated gross NPA level for H1'26 is at 1.45% and net NPA is at 0.30%.

Now, coming on to the Standalone Performance. I am happy to share that in H1'26, our loan asset book registered a 14% growth. With this, our loan asset book is now at Rs.5,61,210 crores. The growth was driven by strong disbursement of around Rs.86,000 crores, which is a 30% increase from previous half year.

Out of the total H1 disbursement, about 57% were in distribution segment and 30% were in generation segment, which includes a mix of renewable and conventional generation projects.

For FY26, we continue to maintain our loan book growth guidance of 10%-11%.

On the lending business front, I would like to share that with the vision to expand our footprint, PFC entered into its first-ever cross-border financing deal in Bhutan with the special approval of Reserve Bank of India. It is a Rs.4,800 crores deal for financing, 600 MW Khorlochu Hydro Power Project. The lending would be dominated in Rupee. The project is a strategic partnership between Bhutan Government-owned Druk Green Power Corporation Limited and Tata Power Company, with 60% and 40% shareholding respectively.



*Power Finance Corporation
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Now, I would like to share highlights on PFC's Financial Performance:

I am pleased to inform that for H1'26, we have delivered a net profit of Rs.8,960 crores versus Rs.8,088 crores in H1'25. This was mainly led by 23% year-on-year growth in net interest income. The net profit for Q2'26 is at Rs.4,462 crores.

Continuing with the endeavor to share our success with the shareholders, the board has declared an interim dividend of Rs.3.65 per share. With this, the cumulative interim dividend for FY'26 stands at Rs.7.35 per share.

Now, coming on to our Key Financial Indicators:

The yield for H1'26 is at 9.98%. The cost of fund is at 7.43%.

The spread and NIM continue to be within our guided range at 2.55% and 3.62% respectively.

We continue to maintain comfortable CRAR levels quarter-on-quarter. As on 30th September 2025, our CRAR is at 21.62% with tier 1 capital at 19.89%. The CRAR is well above the minimum regulatory requirements.

Now, moving on to the Asset Quality:

I am happy to share that the net NPA ratio is at the lowest level in last 10-years and is at 0.37%. Owing to resolution of KSK Mahanadi in last financial year, our gross NPA levels have declined by 84 bps from 2.71% in H1'25 to 1.87% in H1'26. With this, now our Stage-3, i.e. NPA book is at Rs.10,490 crores with healthy provisioning coverage of 80%.

On the resolution status, I would like to share that currently we have 22 stressed projects of Rs.10,490 crores in Stage-3. Out of these 22 projects, 11 projects worth Rs.8,470 crores are being resolved under NCLT, of which six projects of Rs.2,600 crores are under liquidation, on which 100% provisioning is being



maintained. On remaining 11 projects of Rs.2,015 crores are being resolved outside NCLT.

Now, I would like to share an update on one of the major stressed assets which is Sinnar Thermal Power project with an outstanding of Rs.3,000 crores. It is a 1,350 MW coal-based plant. This project is being resolved under NCLT, and the resolution plan has been submitted for NCLT approval. Currently, 80% provisioning is maintained on this project.

Now, moving on to the Borrowing Side:

As on 30th September 2025, our outstanding borrowing is at Rs.4,74,430 crores. Out of this, around 20% of the outstanding borrowing are foreign currency borrowing. As on 30th September 2025, outstanding foreign currency borrowing is at USD10.4 billion, out of which 68% is USD denominated, 19% JPY, and 11% in EUR. We continue to maintain 95% hedging on the total foreign currency portfolio for exchange risk.

Now, I would like to discuss the movement in the exchange gain/loss line item in Profit & Loss:

In H1'26, we saw exchange loss of around Rs.1,100 crores on our unhedged portfolio and also on some portion of the derivative book. The loss was primarily due to movement in EUR/USD exchange rate wherein EUR has appreciated against USD by around 8% in H1'26. Further, in case of positive exchange rate movement, we would have the opportunity to reverse these losses as the loans have long-term maturity. Also, currently in the last few days, we are seeing a positive EUR/USD movement.

I would like to share that we remain fully focused on actively managing our forex exposure to ensure resilient financial performance.



*Power Finance Corporation
November 07, 2025*

Also, on the foreign currency borrowing front, I am happy to share that in H1'26, we executed two milestone agreements to further strengthen PFC's support for India's energy transition. We signed Japanese Yen's 60 billion loan agreement with the JBIC to fund a bamboo-based bio-ethanol project in Assam.

We also partnered with Export Finance Australia, raising USD180 million for clean energy projects, marking ESA's first financing initiative in India. These collaborations highlight our commitment to diversify global funding sources and accelerate India's clean energy journey.

I would like to highlight that PFC continues to be the largest renewable sector financial in India with a renewable loan book of Rs.84,680 crores as on 30th September 2025.

Now, before I close, I would like to share some updates on the recent RBI circulars:

The first one is with respect to RBI's project financing directions which were issued in June 2025. These directions are now effective from 1st of October 2025 on new project loan sanctions on/or after this date. The existing loans will continue to be guided by the earlier norms unless there is a fresh credit event or a material change in terms, in which case the new guidelines will apply. As per these directions, provisioning of 1% is required to be maintained during construction phase and 0.40% during the operational phase after commencement of repayment of interest and principal.

I would like to share that PFC on an average is maintaining provision of around 1.01% on its stage-1 and stage-2 assets. Accordingly, the current provisioning levels are more than the statutory requirement. Further, for the purpose of provisioning, we follow expected credit loss model. Therefore, any incremental



provisioning required under RBI norms over and above the ECL model will be created through impairment reserve without impacting the profit & loss account.

The second update relates to the draft circular released by RBI on 24th of October 2025 regarding the applicable risk weights for infrastructure exposures of NBFCs. The draft circular prescribes the methodology for assigning risk weights on the infrastructure assets for the CRAR calculation purposes. The circular is applicable from next financial year, i.e. 1st of April 2026 and would be applicable on the outstanding loan portfolio. Unlike the current simplified framework, this draft introduces a more detailed approach to classify projects as high-quality infrastructure assets eligible for lower risk weights. In the current framework, 50% risk weight is applicable for eligible commissioned infrastructure projects which are in existence for over a year of commercial operation. However, in the draft framework, risk weight is now split into two slabs of 50% and 75%. The split is based on the percentage of amount repaid and other various conditions, which is not there in the extant regulations.

I would like to share that our loan book covers projects across generation, transmission, distribution and other infrastructure segments:

So, we are currently reviewing the draft circular in detail to understand its implications across different portfolios.

As always, we will continue to keep our investors informed as we gain further clarity on this and we receive the final guidelines from Reserve Bank of India in this regard.

With this, I would like to close my remarks. Thank you once again for joining us today. We can now have the questions.



- Moderator:** Thank you very much ma'am. We will now begin with the question-and-answer session. The first question comes from the line of Shreepal Doshi from Equirus Capital. Please go ahead.
- Shreepal Doshi:** Hi ma'am. Thank you for giving me the opportunity. My first question was pertaining to one of the exposures, Kaleshwaram irrigation project. So, wanted to understand how have we sort of accounted for this? Have we not seen some rundown or prepayments from this exposure? And what was the total exposure?
- Parminder Chopra:** Till now, we have not received any prepayments from the Kaleshwaram project. Our exposure is approximately Rs.26,000 crores.
- Shreepal Doshi:** Okay. So ma'am, some prepayments coming in 3Q from this exposure?
- Parminder Chopra:** Right now, normal repayments are happening. But we do not have any request from the borrower for prepayment of this portfolio.
- Shreepal Doshi:** So, it remains in let us say stage 2 for us, and unlike our subsidiary, we have not seen any prepayment request from them coming in?
- Parminder Chopra:** Yes, till now not.
- Shreepal Doshi:** Got it. Got it. And then the second question was in our filing in Note 6, we have highlighted a fraud amounting to closer to Rs.262 crores. So, what is this exposure, if you could just throw some light?
- Parminder Chopra:** Yes, I think in the last quarter, we have clarified that it was primarily on account of Gensol exposure which we have.
- Shreepal Doshi:** Okay. Got it. Got it. Thank you for clarifying that. And the last question was pertaining to the incremental yield for the quarter. So, have we seen some moderation there versus what our blended yield was in Q1, and what is the same



in Q2, have we seen some moderation there, and if you could highlight the number that will be helpful?

Parminder Chopra: In the yield, I think we have marginally dipped and that was due to the market forces and the competition which we are facing; it was marginally from 10.01 to 9.98%.

Shreepal Doshi: Okay. Got it. Well, thank you so much for answering my question. I will come in the queue for more questions.

Moderator: Our next question comes from the line of Raghu from Travest Capital. Please go ahead.

Raghu: Thanks for the opportunity, ma'am. My question is regarding the net transaction, whatever the FOREX loss which we are having. This quarter it has been around Rs.650 crores and the previous quarter was something around Rs.500 crores. Do you not feel this is just too much amount of transaction loss? For two quarters, we have faced around Rs.1100 crores for an exposure of Rs.90,000 crores book. So, one first part of the question is, do we expect some write-back if, suppose, the FOREX improves favorably towards us? Second is, in the previous call, you have mentioned saying for every rupee, the loss is something around Rs.250 crores, but we see it is substantially more than that. So, can you please give an idea of the present loss and the future what is going to be for the next two quarters?

Parminder Chopra: Because of the uncertainty, which is there and the weakening of the dollar, we have seen that Euro appreciating a lot. Euro has appreciated to approximately 8% during the half year. So, what we expect and this is primarily the major amount is towards the strengthening of the Euro. But I would like to mention that in case of Euro, we have longer maturities which is starting from 4-5 years and going up to 8-9 years in few of the multilateral loans. So, in such cases, and with the



strengthening of the dollar in the near future, we are expecting that these losses will be reversed gradually from quarter-to-quarter.

Raghu: Okay. So, it is not that it is a book loss and then nothing can be recovered? So, in the next few quarters, there is a possibility we can recover something back, right?

Parminder Chopra: Yes, right. Once we have the positive moment in favor of rupee versus euro, then these will be reversed.

Raghu: Sure. The second question of mine is regarding, please again excuse me if I am raising one of your competitors name, we have heard from the news that IRFC has gone now into infrastructure lending and they are lending with a spread of around 120-130 basis points. So, do you foresee any competition for us in this particular segment and some pressure for us in our NIMs?

Parminder Chopra: See, definitely I agree that there has been competition on various fronts. Earlier, we have competition with the banks. Now, we have been competing with IRFC is there, HUDCO is there and we have seen NABARD also funding for few assets in the power sector and NaBFID is also there. So, there is definitely competition in the market, but I would like to state, there is enough scope for business for each one of us to grow. So, yes, we have to see that how competitive we can be. But till now, we are expecting that we will be able to maintain our spreads and margins.

Raghu: Okay. And any chance for us to quicken our growth in the loan book if suppose there is so much opportunity because 10-11% somehow feels too low, so, is there any chance we can raise it to 14%-15% maybe a broader long term outlook is what I am looking for?

Parminder Chopra: I think with the number of lot of routine repayments also, even if we have to grow at 10-11%, we have to disburse around Rs.2 lakh crores and to grow at a base of last year Rs.5,41,000 crores itself is a huge amount. We would like to be prudent



in our approach in lending. So, that is how we have given the guidance for 10%-11% for the growth in the loan book.

Raghu: For the next few years, do you foresee any improvements there in the loan growth ?

Parminder Chopra: More your base is growing, you can very well understand that the more pressure on the disbursement and because of the repayments also which is happening. On an average, we have repayment to the tune of Rs.85,000-90,000 crores every year right now as on date if you see. So, it is a huge amount which we are talking about.

Raghu: What is the nature of this repayment, maybe you can clarify? Why are we having so much amount of repayment?

Parminder Chopra: It is a routine repayment of our loan assets.

Raghu: Okay. That means we have to look for a new customer each time, that is my question. The same customer we are lending it or what is the exact nature of the transaction of repayment?

Parminder Chopra: Basically, once you lend, we lend for a period of 15-20 years and with a staggered maturity. So, after the moratorium, we get some amount repaid every year. So, it all depends on the new loan assets which are being funded. It could be with the same customer or it could be with the new customers also.

Raghu: One last question ma'am, just adding to this. Suppose we are lending to a project for about 10 years or something, why will we get a repayment at second year or third year? The customer just pays the interest and maybe a very marginal amount of repayment. Why is it so high, almost 20% of the loan book?

Parminder Chopra: What we are doing is we are doing a project funding. So, it has to match with the revenue structure of the project. Otherwise, we will be putting our assets at risk.



So, we have to stagger the maturities to match with the revenues of the project and that is how the repayment structure is being decided. So, it is on an average five years but there are few fundings which we have done 10-years back for which the repayment is continuing. There is the current funding for which the repayment might start maybe after three to four years. Around six years is the asset profile.

Raghu: Sure.

Moderator: Next question is from Sarvesh Gupta from Maximal Capital. Please go ahead.

Sarvesh Gupta: Good afternoon, ma'am and thanks a lot for giving the opportunity. So, first question is that the return on equity that we are earning is almost like 20%. And I think a few quarters back we were growing at a much more healthier pace but now the pace of growth has come down to 10% or 11%. So, given that situation now we have excess equity in the balance sheet which can ideally be utilized for higher dividend payout ratio. So, have you thought on those terms because now the growth rate is no longer going to be around 15%, 16% but more like 10% which is half the incremental profit that we are earning?

Parminder Chopra: See, the profit what we are earning is we have been paying a dividend at a rate of around 30% of our profit after tax. So, for an NBFC I think we need profit to be added to our retained earnings for growth also because we have to maintain a capital adequacy, that the mandatory capital adequacy requirement is around 15%. So, as I already said, with the higher base we have to disburse around 2 lakh or you can say around maybe if 540,000 crores is there, 54,000 crores is the incremental assets we need to book. On 54,000 crores you can very well work out how much capital I require to maintain a sufficient capital adequacy. So, maintaining a balance between the investors' return on their capital and as well as the growth of the company, I think we are distributing the dividend and we expect that 10%-11% growth we will be able to maintain for the years to come.



- Sarvesh Gupta:** And second question ma'am, so basically as both you and the subsidiary have started moving more towards renewable power funding and there I think the tenures are lower and the asset is getting operationalized earlier and then the bank transfer or something is happening because of which the prepayment rate has increased. So, I mean, going forward are we also putting some terms in our loan agreement which can lead to sort of lower prepayments, because as I see the numbers, the major reason why the loan book growth has come down is not because of disbursements which are actually growing quite healthy, but because the prepayments are increasing at an even faster pace than the disbursement growth. So, are there some ways to arrest the prepayment or not?
- Parminder Chopra:** See, I agree with you that we are trying our best to arrest the prepayments in our loan book, but the terms and conditions are to be in line with the market expectation. If any of the borrower is getting better terms and conditions from any other borrower, so they would like to choose that lender. So, nowadays the borrowers are very choosy, they would like to negotiate on the interest rate, they would like to negotiate on the terms and conditions. And we as a borrower, if we talk to the banks, we are also negotiating in that direction. So, we have to see the market conditions and the expectation of our clients.
- Sarvesh Gupta:** Okay. Thank you ma'am and all the best.
- Moderator:** Our next question comes from the line of Suraj Das from Sundaram Mutual Fund. Please go ahead.
- Suraj Das:** Hi, thanks ma'am for the opportunity. I think I joined a bit late. Sorry if this question is a bit repetitive. Ma'am, there are incremental news articles saying that there would be some cancellation on the renewable tenders, some sort of 40-45 GW type. So, any comments on that ma'am and if this will have any impact on the growth on the renewable side or not?



- Parminder Chopra:** Yes, there was a news article about cancellation of some allocations made by SECI, NTPC and NHPC, etc., But that was where the PPA could not be signed with the discoms. So, for us, if I say precisely, we do not have any impact right now because in all our funding, we have PPAs tied up in advance. So, I do not think that is going to impact the present sanctions which we have in place.
- Suraj Das:** Sure. So, effectively we are having very minimal exposure towards unsigned PPAs, I mean, without any PPA exposure, right?
- Parminder Chopra:** So, generally wherever PPA is envisaged, it is a pre-disbursement condition from PFC side to have those PPAs and only then we start doing the disbursement.
- Suraj Das:** Okay, sure, understood. And ma'am, last again on some of the news articles saying that there would be some discom bailout news or some sort of that. I think last time also, 2016-17 during UDAY, we had some accelerated prepayment. So, this time, I mean, if this kind of thing goes ahead, any assessment from your side, what could be your accelerated prepayment on that front?
- Parminder Chopra:** See, a committee of group of ministers have been formed to assess the viability of the discoms and they are working on the various ways and means and they have not yet submitted the report. Once we have some clarity on the report, only then we will be able to comment on anything.
- Moderator:** Our next question comes from the line of Kushagra Goel. Please go ahead.
- Kushagra Goel:** Thank you, ma'am, for taking the question. Firstly, just sort of continuing the last participant's question regarding the discom segment, even if we set aside some bill or govt action coming in, just wanted to understand how the discom segment growth will look like for us going forward? So, I understand that RBPF will be sort of we will see higher disbursements and then higher repayments. But now that LIS or LPS repayments will start coming, then how does this segment sort of grow, just wanted to understand that?



- Parminder Chopra:** The Government of India is working for strengthening of the distribution network across the country along with the respective state government. And I think with the more and more demand coming in for the power, there is a need to further strengthen. As you are already aware, there is already RDSS scheme is going on, and some of the CAPEX has been taken up by the state. So, we are expecting that going forward also that the CAPEX work will be undertaken by the discoms to strengthening of their network. So, the LIS, LPS schemes, I agree that they were one-time schemes and LIS, you know, that was a bailout package at the time of COVID and then LPS was to infuse some liquidity into the power sector value chain, but going forward, we will see more and more CAPEX coming in the distribution sector.
- Kushagra Goel:** Okay, got it. Secondly, second question was on the margins front. So, just wanted to understand, one, from the perspective that as the share of renewable projects increases, will it have sort of negative pressure on our margins? And secondly, how do our margins get impacted by repo rate changes, so, if you could give some more color on that.
- Parminder Chopra:** The impact of the repo rate change directly, we may not have much, but indirectly, the market benchmark rate move with any reduction in any repo rate cut. So, we have seen that in the last year when we were raising the funds through bonds, the yields have dropped from the then 7.38% to current year to 6.7%. So, that was the result of the repo cut in the market. And going forward also, if there is some repo rate cuts and the liquidity is improved, we may see reduction in the PFC's cost of borrowing. And ultimately, the cost of reduction in the cost of borrowing temporarily may improve the spread, but on overall basis, we presume that since we will also be passing on to our borrowers, so it is going to be within a range bond.
- Kushagra Goel:** Okay. Is the renewable segment share increasing?



- Parminder Chopra:** I do not think increase in the renewable segment is going to impact our margin and spread adversely, because right now due to competitive reason, the transmission, distribution, lending also is at very competitive rate and so is the other conventional generation lending.
- Kushagra Goel:** Got it. Thank you.
- Moderator:** Thank you, sir. Our next question comes from the line of Rohit Deshmukh from VISHWAI INVESTMENTS. Please go ahead.
- Rohit Deshmukh:** Ma'am, I just want to ask that what H2FY26 loan growth or disbursement targets are you building versus H1?
- Parminder Chopra:** See, we have given for FY26, we are expecting that our growth will be in the range of 10% to 11%.
- Rohit Deshmukh:** Okay. So, within that, what is the expected mix between generation, I mean, thermal, renewable transmission and distribution?
- Parminder Chopra:** It is very difficult to say at this stage that what is going to be the mix. Since we are sector-specific NBFC, so we have a lot many sanctions in our hand, and as and when the project matures a bit and the disbursement starts, the actual position will be depending on that.
- Rohit Deshmukh:** Okay. Thank you, ma'am. That is all from my side.
- Moderator:** Thank you, sir. Our next question comes from the line of Punit Bahlani from Macquarie. Please go ahead.
- Punit Bahlani:** Yes, hi, ma'am. Thanks for taking my question. Firstly, on the Kaleshwaram project side, we have not received any repayments, but REC had received. So, how should I read through into this, because we know there are various issues surrounding the project, so, receiving that prepayment would have been good?



And an extension to that question, like, if we say we received the prepayments in 3Q and 4Q with respect to the same project, do we still maintain the growth guidance of 10%-11%, are we factoring in that? Also, on the second bit, on the Euro-USD book, what percentage of our book is linked to the Euro-USD book? You mentioned like around 5% of the book is unhedged. Like, what proportion of that is linked to the Euro-USD book?

Parminder Chopra: So, with respect to the Euro exposures, out of the total book, around 11% is Euro-denominated notes. So, that is there. And on the other question about the Kaleshwaram, we know that we have been receiving some news clipping that there has been some issues with the project. But under this project, we have a government guarantee as well as the budgetary support from the government, and the funding was based, apart from other things, based on the security of the state government. So, we do not see any risk in the repayment of the loan to PFC. And as you asked, some repayment comes, then we will see how we are going to make it up for that. But we expect that we will be able to maintain around 10%-11% growth.

Punit Bahlani: Got it. Now, you said 11% is Euro-denominated, right? This is entirely hedged or how is the mechanism here?

Parminder Chopra: Only 5% is unhedged.

Punit Bahlani: The entire portion which is unhedged is Euro-denominated basically?

Parminder Chopra: Yes, majorly it is Euro-denominated which is unhedged.

Moderator: Our next question comes from the line of Shreya Shivani from Nomura. Please go ahead.

Shreya Shivani: Yes, hi. Thank you for the opportunity. Congratulations on a good set of numbers. I have three questions. First one is on the sanction book of H1. So, we have the



sanction amount on annual basis for FY24-25 about 2.8 lakh crores-3.6 lakh crores. Can you let us know what has been the trend in sanction book in the first half? My second question is on the repayments. So, the repayment rate in the generation book is quite elevated. I just wanted to know is there some large one, two projects or names who have made some prepayments or something has happened in that book? And my last question is to do with we had been discussing with you about different formats of PPAs need to be launched in our country as more of renewable projects come into play. So, is there any progress on that discussion or have we heard anything from the Ministry of Power on that matter to solve for the crisis of PPAs not getting signed and PPAs being too long term for renewable projects, etc.,? Those are my three questions.

Parminder Chopra: With respect to the sanctions during H1, we have sanctions to the tune of around Rs.1,52,000 crores under various segments. And your next question was about the prepayments which PFC has received.

Shreya Shivani: In the generation book particularly? Yes.

Parminder Chopra: I do not have the figure right now, but I think there were two major projects to the tune of, if I am correct, around Rs.10,000 crores prepayment was towards the generation project.

Shreya Shivani: Okay, two projects accounting for Rs.10,000 crores?

Parminder Chopra: Yes.

Shreya Shivani: Okay.

Moderator: Our next question comes from the line of Ankit Mehta, an individual investor. Please go ahead.



- Ankit Mehta:** Thank you for allowing me the opportunity for the question. So, I have been seeing some reports and it is about the book value per share. I can see that in spite of having earnings per share, like around 60 or 75 as earnings per share, the book value per share is going down since 2023 onward. So in 2023, the book value per share was around 424, in 2024, it came down to 406, and in 2025, now it is like hovering around 356. So, what is the reason of reduction in book value per share in spite of having healthy earnings per share of around INR75?
- Parminder Chopra:** I think we, if you remember correctly, twice we have issued bonus shares. At one stage, we have issued 1:1 bonus share, and at other time, we have issued 4:1 as the bonus share. That could be the reason for reduction in the book value.
- Ankit Mehta:** Okay, thank you very much.
- Moderator:** Our next question comes from the line of Raghu from Travest Capital. Please go ahead.
- Raghu:** Thanks for the opportunity again. Just one small suggestion. Because one of the previous person has asked a question, we have return on equities around 20% and the loan book is 10% to 11%. So, we have a margin of around 10%, and assume we devote 30% as dividend according to the company policy, still we are left with maybe 6%, 6.5%. So, do you have any plan of something of a buyback or something like that, because we see our share is traded at very, very cheap valuations, almost at book value, and there is a regulation change from the central government where Maharatna do not need any other approval from other than the board approval for a buyback if it is near book value, I think 1.2x less than book value. So, is the board considering something like that?
- Parminder Chopra:** Right now, there are no plans.
- Raghu:** Okay. Please do consider if there is an option like this.



Parminder Chopra: Okay.

Raghu: Thank you.

Moderator: Our next question comes from the line of Nikhil Kumar Agarwal from BT Capital. Please go ahead.

Nikhil Kumar Agarwal: Hi. I am sorry if this has been clarified before, but I just want to know the reason behind the 241 crores of incremental provisions. I understand that this is not related to general...

Moderator: I am really sorry to interrupt you, Mr. Agarwal, but your voice is not very clear, it is echoing.

Nikhil Kumar Agarwal: My question is regarding provisions. I am sorry if this has already been clarified, but I just want to understand the reason behind the Rs.241 crores of incremental provisions during the quarter? I understand that there is no new fraud. Gensol was reported as fraud in October to RBI, and it was already provided in Quarter 4. So, what is this Rs.241 crores related to?

Parminder Chopra: This is increase in the standard assets because of the new disbursements which have happened during the quarter.

Nikhil Kumar Agarwal: So, is this related to the construction projects and 1% on that?

Parminder Chopra: 1% is not yet implemented, because these were the sanctions prior to 1st of October. So, we have been maintaining 0.40% on the ECL. And for that, since we have disbursed around Rs.80,000 crores during the quarter, this is the incremental provisioning on account of that.

Nikhil Kumar Agarwal: Understood. Ma'am, could you also comment on provision write-back expected in the second half? And if there is any delay in provision write-back, do we expect standard provisions to continue as such run rate?



Parminder Chopra: See, there are few assets as we said that for Sinnar also we have approved the resolution plan in NCLT. And there are few other assets on which the resolution is in advanced stage. If we get some cushion in that, then there will definitely be some reversal.

Nikhil Kumar Agarwal: Okay. And if no write-back, then the standard provision run rate, is it going to be 200-plus?

Parminder Chopra: It all depends on the incremental disbursement or incremental growth in the loan book.

Nikhil Kumar Agarwal: Okay. Can you provide any number on this, any expectation on how this should turn out?

Parminder Chopra: It would be very difficult to say because that how much is the normal repayment or prepayment and how much we are going to incrementally disburse. So, it will be a fixed outcome of those numbers.

Nikhil Kumar Agarwal: Got it. One last question I have, which is regarding growth, which we have reported 13.75%, but our guidance is 10 to 11%. So, is it because we expect more prepayments in the second half or we can expect to be above 12.5%, 13%?

Parminder Chopra: Pardon?

Nikhil Kumar Agarwal: I am saying there was growth of 13.75% in second quarter, but our growth guidance is 10% to 11% for the year. Is this because you expect more prepayments in the second half?

Parminder Chopra: See, this is 14%, 13.5% is year-on-year basis. So, it is not for the current financial year. So, for the current financial year, what we have given is the guidance for 10% to 11%.

Nikhil Kumar Agarwal: Okay. Thank you. Best of luck.



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Parminder Chopra: I think there is technical issue. So, we would close the call for today, please. Thank you, everyone for joining.

Moderator: Sure, ma'am. Ladies and gentlemen, on behalf of Motilal Oswal and Power Finance Corporation, that concludes this conference. Thank you for joining us and you may now disconnect your lines.