



May 15, 2025

To

BSE Limited Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai- 400001 Scrip Code : 533344	National Stock Exchange of India Limited Exchange Plaza, C-1, Block G, Bandra- Kurla Complex, Bandra (East), Mumbai- 400051 Scrip Symbol: PFS
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Sir/ Madam,

Sub: Submission of transcripts of Audio recording of the Conference Call held on Saturday, May 10, 2025 at 10:00 AM (IST) on the financial results for the Quarter and Year ended March 31, 2025.

With reference to our letter dated May 7, 2025, and pursuant to Regulation 30 and 46(2)(oa) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed the transcripts of Audio recording of the Conference Call held on Saturday, May 10, 2025 at 10:00 AM (IST) on the financial results for the Quarter and Year ended March 31, 2025.

This is also available on the Website of the Company at www.ptcfinancial.com

This is for your information and record please.

Yours faithfully,

For PTC India Financial Services Limited

Manohar Balwani
Company Secretary

Enclosed: as above

PTC India Financial Services Ltd. (CIN: L65999DL2006PLC153373)

(A subsidiary of PTC India Limited)

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“PTC India Financial Services Limited Q4 & FY '25 Annual Results Conference Call”

May 10, 2025



MANAGEMENT: **MR. R. BALAJI – MANAGING DIRECTOR AND CHIEF EXECUTIVE OFFICER**
MR. DILIP SRIVASTAVA – DIRECTOR FINANCE AND CHIEF FINANCIAL OFFICER
MR. K. SRINIVAS – EXECUTIVE DIRECTOR AND CHIEF CREDIT OFFICER
MR. ABHINAV GOYAL – SENIOR VICE PRESIDENT, FINANCE AND ACCOUNTS
MS. PRIYA CHAUDHARY – HEAD INVESTOR RELATIONS

Moderator: Ladies and gentlemen, good day and welcome to the Q4 and FY '25 Annual Results Conference Call of PTC India Financial Services Limited. As a reminder, all participant lines will be in the listen-only mode, and there will be an opportunity for you to ask questions after the presentation concludes. Should you need assistance during this conference call, please signal an operator by

pressing star then zero on your touchtone phone. Please note that this conference is being recorded.

I now hand the conference over to Ms. Priya Chaudhary from PTC India Financial. Thank you and over to you, Ms. Choudhury.

Priya Chaudhary:

Thank you. Good morning, everyone. I am Priya Chaudhary. I am Head Investor Relations at PTC India Financial. I would like to take this opportunity to welcome all for financial year '25 investor call for a discussion on Q4 and FY '25 Annual Results of PFS. Now, just to set the context for today's discussion, over the past one-year, steadfast steps have been taken to steer the organization through a phase of stabilization.

Significant efforts have been made towards resolving the legacy issues, institutionalizing internal processes, and strengthening the leadership and management team. These efforts are evident and are reflected in a qualification-free balance sheet, improvement in NPAs, revision in our rating outlook by ICRA from negative to stable, to strengthening our senior management through appointment of MD and CEO, DF and CFO, and company secretary in financial year '25. These initiatives will act as a stepping stone for a cautious and a sustainable growth going forward.

As we look forward to financial year '26, we are guided by a clear strategic focus of delivering customer-centric financial solutions, expanding our presence in distributed infrastructure, diversifying our funding base to build financial resilience, and enhancing internal systems for greater agility. All these measures, along with the tailwinds in the infrastructure sector and continued focus on sustainability, augurs well for the organization.

I will now like to introduce the top management team of PFS present in today's call. Mr. R. Balaji, MD and CEO, Mr. Dilip Srivastava, DF and CFO. Dilip has joined us recently in March 2025. Mr. K. Srinivas, Executive Director and Chief Credit Officer, and Mr. Abhinav Goyal, Senior Vice President, Finance and Accounts.

With this, I will now like to invite our MD and CEO, Mr. R. Balaji, to share his opening remarks and insights on the company's performance. Over to you, Balaji.

R. Balaji:

Good morning, all. I am happy to be here sharing with you what's happened in quarter 4 and the full year FY '25. First of all, I would like to again introduce Dilip Srivastav to you. He's joined us as Director of Finance and CFO on March 28. And with this, one of the things which we have been seeing earlier, right, our leadership team is getting strengthened. This is a significant addition to the team. And another senior person will be joining shortly.

So with this addition, the leadership bandwidth is completely filled up. And going forward, this will give us the necessary wherewithal and management bandwidth to focus on the transformation journey that we have embarked on in this organization. The two things what I would like to say up front is, the fourth quarter could be divided into two parts.

Dilip and his team would be taking you through the financials. One is we continue on the process of transformation. We have restructured the organization into more agile, so the roles and

responsibilities have been defined to ensure that our ability to serve the customers is enhanced. Two, keeping with our motto of enhancing systems and controls, we have created a separate operations department to ensure that post the sanctions of the loans, the monitoring and the regular covenant monitoring happens in a regular manner without any conflict of interest. So that's one thing which we have done.

And three, whatever systems and controls which we have improved in other areas, we continue to focus on those to strengthen it. And this is evident by the fact that if you look at our annual results, the qualifications which were there come down and there's no qualifications and even the emphasis of matter has come down significantly.

Now, as far as the areas that could have been better, if you look in when we spoke to you in the last week of January after Q3 results, we said we have got a strong pipeline. The pipeline was there, but possibly I overestimated the amount of business that we would do, as one was not from the infrastructure finance industry, we thought certain things would happen.

We evaluated close to INR1400 crores of proposals. Out of the INR1400 crores, couple of proposals have got spilt over to the first quarter of this year. One proposal, which is a significant value, there was a delay in the processing. Consequently, the customer went with another leading bank of the country, although it was sanctioned at our stage. And finally, some of the proposals which were sanctioned, which were pending for disbursement, they got deferred to quarter one. So because of that, compared to the figures that we had said in the quarter four, in disbursements, we could not proceed. There's substantial under delivery compared to that.

But on the other aspects, organization has progressed well. And more importantly, as far as the stress asset is concerned, in terms of the resolution of the stress asset, one happy news is that one of the key assets is ILFS Tamil Nadu. In the ILFS Tamil Nadu, we are happy to say that the project has got investment-grade rating from two rating agencies. And the lead bank for this project, that is Punjab National Bank, has written to RBI for their approval for converting to a standard asset. We expect that approval in the next few weeks. And once that comes, that will go away from the stressed asset at the Stage 3.

Secondly, one of the other stressed assets Vento; we have proceeded on the resolution plan. In fact, initially after the thing, we received 18 expressions of interest. And finally, on the 8th of May was the closed -- final date for submission of the bids, we got a significant number of bids. We expect the process to identify the winning bidder in the next few weeks. And therefore, in the quarter 2, the entire procedure would come in the quarter 1, apart from finalizing of the winning bid. The winning bidder would also bid an EMD of 20%. Therefore, that would also go away.

So with these two out of our gross Stage 3 of close to INR700-odd crores, the important thing that would happen is with these two cases alone, there'll be a significant reduction in the NPAs, in the sense that straight away close to around INR280 crores would go away. That would be a significant thing. And as far as the NSL is concerned, we are happy to say that while we got a successful resolution applicant, there isn't multiple legal challenges against the award. The NCLT has heard it and possibly the judgment will be given in the next few weeks. So out of the

INR686 crores of the total four accounts, which accounted for close to 96% of the total INR711 crores of gross Stage 3, close to INR405 crores is sorted out by September. And that's a very, very significant cleanup as far as we are considering. And the next thing going forward would be the only key one that is Danu, which we expect it to be resolved in the second half of this financial year. So that's what we are doing.

And the other critical thing which has happened in the last few weeks is that to strengthen our IT capabilities, a new Chief Information and Digital Officer has joined, Siddharth Dutta.

Siddharth comes with a significant experience. He was earlier the IT Head of FINCAP Small Finance Bank and also the IT Head of Northeast Small Finance Bank. So coming from a banking background, he would be able to add a lot of value towards overall of our IT system to make it more user friendly at the same time ensuring that the information security is highly maintained. Plus, we are also adding a few more key people in line with our focus on going into smaller loan sizes. So we are creating like what was shared earlier, we are creating a new vertical SME lending. Basically, this would focus on projects in the range between INR30 crores to INR70 crores. The head of that business is expected to join in the third week of May. So with this addition, plus also a new director in charge of projects and operations in terms of lending, that person will be coming in the first week of June, the entire management overall would be complete. In the sense, we've got a full-fledged CFO, we've got a full-fledged director for operations. Anyway, already we have got a Chief Credit Officer, we've got a Chief Risk Officer plus a Head of SME lending and a new Head of IT has come. With this, the entire management overall is complete.

Going forward, we are also recruiting at the junior levels in the credit, risk and business development function so as to boost our revenue generating capability. So with this, we're strongly poised to go forward. Now I leave it to Dilip to take you through the financials.

Dilip Srivastava:

Hello. So I would like to highlight that this time in our financials, there is no qualification. Last year, qualifications were there. But this time, there is no qualification from the statutory auditor. That is a good achievement of the company. And in terms of total income, this year, we had earned INR638 crores against previous year of INR776 crores. PAT has been INR217 crores and against previous year of INR161 crores, that is a 35% positive increase. I mean that is additional revenue earned.

In terms of return of assets, it has been 3.56% in comparison to previous year of 2.27%. So that is an incremental 129 basis points. And gross statutory assets, again, there's a reduction from 769 to 711. And capital adequacy ratio, so it is improved to 59.65% against previous year of 43.07%. That is an additional incremental positivity of 16%. And net worth of the company has been improved and it is now INR2,754 crores against INR2,458 crores in the previous year. So it's an incremental growth of 9%.

So loan assets, it's INR4,746 crores. So Priya Chaudhary already explained that our rating has also been improved and we are taking up with the rating agencies as well. We are expecting that it will be further improved. And regarding that lending part, we have taken up with the multiple lenders and things are in the positive direction. We are expecting that we will be closing, you

know, financing with the multiple banks very soon. And this, our AUM base will also be increased.

So Priya, over to you.

Priya Chaudhary: Yes, thank you, Dilip. I think I will now like to circle back with Balaji.

R. Balaji: So now Srinivas, our Chief Credit Officer, will speak to you all about the efforts we are putting into ramp up our business and build up a high quality portfolio.

K. Srinivas: Yes, thank you, Balaji. Good morning, everyone. Srinivas here. Just to give a brief overview in terms of the efforts that we are putting in to improve the credit pipeline. As of March 31st, 2025, we are happy to share that while it's a work in progress, there has been a healthy increase in terms of the number of proposals that we are evaluating. We have evaluated in terms of detailed due diligence on 10 to 12 proposals, of which a few have gone for sanctions.

The sanctions and rather the commitments that we have as of today are roughly about INR500 crores, of which we hope a significant amount of it could be disbursed by this quarter end. Going forward, we will continue with our efforts to improve the pipeline of sanctions. We are currently in the process of evaluating INR1,000 crores plus of proposals, some of which will definitely be going for sanctions in the coming months.

So whatever commitments we have today, while we hope that they will be disbursed by this June end, it will be an ongoing effort to continue to replenish the commitments that we have in terms of lending. The mix of proposals that we have across different sectors, which include renewables, roads, conventional thermal, and of course, inquiries are there across in terms of water treatment, treatment plants or in terms of solar projects, or in terms of corporate banking proposals, structured proposals. The ticket sizes, as consciously, Balaji has been mentioning from the last couple of calls, we are trying to consciously reduce our average ticket size, keeping in line with our reduced load in order to ensure that our exposure size is limited. But till we reach a level where our load book increases significantly and thereby our single ticket exposure can also ramp up in relation to that. So we, on I think the NPA issue, Balaji has already given a detailed explanation. So there's nothing more to add to that from my side. Thank you.

Priya Chaudhary: We will now be opening the floor for Q&A session, please.

Moderator: Thank you. We will now begin the question and answer session. The first question is from the line of Vishal Mehta from Oaklane Capital. Please go ahead.

Vishal Mehta: Hi, sir. Just wanted to check what has been the revision in terms of our outlook towards our loan book targets and disbursement targets for the next two years?

R. Balaji: Like what we would do is we got a very aggressive plan for disbursements of this year. And what we expect to do sequentially, right; we expect to on a quarter on quarter to have a 7% to 9% growth in AUM on a sequential basis, quarter on quarter. So currently, if you can see our year ending March 25 is 4746 crores is the AUM. And every quarter, our AUM will increase by 7% to 9% going forward.

Vishal Mehta: Okay. So, sir, just to follow that up, our disbursements are just, INR50 crores for the quarter. So are we confident that we'll be able to achieve that kind of growth every quarter? Because I mean, even when sir said that the pipeline is having...

Dilip Srivastava: Yes.

Vishal Mehta: It's not a very long pipeline, right? So are we confident of getting to that number every quarter?

R. Balaji: First of all, thanks for asking this question. It's a very important question. See, if you look at that fourth quarter, right? We disbursed INR50 crores. There was a particular case we were supposed to give to a state utility, but then we did not disburse because they wanted a renegotiation of rates. We did not want to compromise on our margins while lending.

And third, like one of the case, which was in the final stage, since we took delay in processing, we lost out that case. So if you had added all these three things, instead of the INR50 crores, we'd have come up close to our disbursement coming close to INR400 crores to INR450 crores. And like what I said, couple of cases which were there in the fourth quarter as pushed to the first quarter.

So what we could say is in the next, by the end of next week, say, for example, 17th or 18th of May, already we would have been disbursing close to INR200 crores for the quarter. And in the first quarter, we'll be looking at close to INR600 crores to INR650 crores.

So what we are saying is 7% to 9% on a quarter-on-quarter is confident for two simple reasons. Last quarter, we made a significant shift. We started this shift from the third quarter of last year, where we started focusing more on private sector. Obviously, this is a new, for the company to work on this, evaluate this, it took some time. And now the pipeline is strong. That's what is happening.

And two, once a new person comes on board, the head of SME, a new channel also gets activated. That will also start contributing. So with this, we are confident that it'll happen. Just wait and watch when we are in July to see how our first quarter has been. We'll be completely confident about it.

And more importantly, it's not just what we are doing on the ground. There is a greater managerial bandwidth. If you look until March of last year, there were only Srinivas and me as a part of the senior management to look at all aspects of the organization. Now today, going forward at this point of time, there is Srinivas, Dilip, and myself. And in the next few weeks, there'll be two other senior people also joining the organization.

So our ability to look at all facets of the business, right from resource mobilization, to garnering business, generating leads, then evaluating proposals and taking them through to the logical conclusion. It is a significant increase in the end of quarter one compared to what was there in the fourth quarter. That gives us the confidence.

And finally, most important thing, right? There was a lot of legacy issues in the organization. They have been settled properly and we are moving about in a coordinated manner, in a systemic

manner. So therefore, the overall efficiencies and effectiveness will also be enhanced significantly.

Vishal Mehta:

Great, sir. Thank you so much. That's very encouraging. I also had one more question regarding the spreads. As we've seen, the spreads have kind of tapered off from about 2.5% to almost 1.5%. So one question is, where do you see this settling? If there are any initiatives that we've taken to kind of improve this?

I understand that, you know, we are looking at a rating upgrade and diversifying our borrowings. We've highlighted that earlier. But is there a number which we believe that we want to kind of maintain below which we're not okay to give out loans? Just if you could share some light on that as well, please. Thank you.

R. Balaji:

On this, we are guided by three things. First is our emphasis is to build a high quality, low volatility book. So to that extent, while we are focusing on building such a business, automatically the spreads would be lower.

Two, if you look into it, the key reason behind the low spreads is the fact that our cost of borrowings is very high. And that cost of borrowings would come down once our rating upgrades happen. So this would start coming down progressively over the next few quarters.

But the third thing which is in our control, which we are focusing upon is to look at the yield on our portfolios. And that's the reason we are focusing on smaller projects, wherein the risk adjusted return on capital would be significantly higher, therefore our spreads. So answering your question directly, going forward, right, our spreads would be in the 1.75% to 2% range for the next few quarters.

But this should not be a hindrance because our leveraging is very low, therefore we'll be able to add significantly. The primary metric that we'll be looking at is our return on asset, which would be closer to 2.75% to 3%. That's what we'll be doing.

We expect the benefits of a cleaner balance sheet with a significantly lower NPA and the larger book size to manifest into better credit rating coming to a lower cost of borrowing. The benefits of it would start accruing from the second half of this year. So the spreads for next year, FY27, will be higher than this year. But for this year, we'll be looking at the spread of 1.75% to 2%; that would be our spread.

Vishal Mehta:

Got it, sir. Thank you so much, sir. I'll jump back in the queue if I have any further questions. All the best.

Moderator:

Thank you. Participants who wish to ask a question, may press star and one now. The next question is from the line of Chanamanu, an individual investor. Please go ahead.

Chanamanu:

Thank you for this opportunity. Am I audible, sir? Am I audible, sir?

R. Balaji:

Yes.

Chanamanu:

I'm a very serious investor in this company. I'm holding more than 120,000 shares. Since I am interested to get good dividend yield every year, I invested in this company. Since two years, I have not paid any dividend to the investors. That is a very serious matter. Previously, this company was giving very good dividend.

And one more question. What is the present status of the new credit line from the different banks? Because the loan book size is continuously decreasing every year. In two quarters back only, you said the loan book size will be increased by 15% by the end of this financial year. But what happened, sir? Again, it is reduced. What happened, sir? Why you are not serious about this?

R. Balaji:

First of all, thanks for being an investor of our company. So to summarize, you have asked three questions. One is dividends. What is the status as far as resource mobilization is concerned, and third is the AUM buildup.

As far as dividend is concerned, that we would like to offer dividends to our shareholders because it's a way of rewarding them. And more importantly, apart from rewarding the shareholders, it is also, giving dividends will also give a signal to the market about our future prospects. This year, we were actively contemplated it. But in the light of what has been happening in the recent past few days, yesterday in the meeting, the board took a decision that let's be conservative about it.

Because there's a lot of uncertainty in the marketplace. And since our resource mobilization has still not got back onto track, it's better to conserve the cash to meet the growth requirements of the organization. So that was the call.

But if things change going forward, we'll review the thing. As far as the resource mobilization plan is concerned, I will leave it to Dilip to explain what efforts are we doing to bolster additional resources. Dilip?

Dilip Srivastava:

Yes, thank you. Mr. Chanamanu, so you are right that dividend has not been declared by the company, but you will see that as we discuss that performance of the company, that earning per share, that has improved. So being a shareholder, that value is already increased at your end. So maybe due to because we have been planning for that further expanding our AUM base and accordingly, we are taking up with the multiple lenders, right, in different mix of borrowings as well. So the things are a very advanced stage. So everybody was waiting for this. Now results has come and there is a qualification free balance sheet. So things are improved, right? So capital adequacy ratio, our net worth, everything has been improved. So we are expecting that we will be getting the good amount of credit line during this quarter so that we can expand our business, right? AUM base should be increased.

R. Balaji:

And as far as the AUM was concerned, you are right. When I say we'll expect a 15% growth in our AUM. Now instead of the growth, we are at a decline. I would like to just correct you only one thing what you have said. When will be face? Let me assure you the team, the entire PFS is serious about growing the book. Now like what I explained earlier, we lost out on a few business. One, because we did not want to compromise on our margins. Two, there was some internal

glitch which caused the delay in the processing. So we lost a certain amount of business of close to INR400 odd crores. That was one.

And two, more importantly, what has happened has been a surge in prepayments in the fourth quarter. That means quite a few prepayments in the fourth quarter. As far as this line of business is concerned, while we finance for projects in the infrastructure space, while we originate the loans, it's for 12 to 15 years. But once the project gets commercialized, they start the prepayments. And therefore, whatever prepayments which we are witnessing is of the financing that was in a few years back.

And since in the preceding 2 years, our disbursements were low, our book has come down. What I would urge you to look at is while the numbers are low, like in the last year, that is FY '25, our total disbursements are close to 60% higher compared to the previous year. And going forward this year, if you look at the guidance that we gave, every quarter will have a 7% to a 9% growth on AUM.

If you can work out the numbers, this disbursement numbers of this would be significantly more than last year. So what I would like to assure you as a valuable shareholder of this organization is that the bottom of the AUM has been seen. And from now going forward, quarter-on-quarter, there'll be a significant increase in AUM.

Chanamanu: Okay, sir. Thank you. What is the fresh loan sanctions from any bank, sir?

R. Balaji: Dilip, explained it. Dilip, please reiterate.

Dilip Srivastava: Yes. So as I already explained to you that things are very advanced stage with the multiple banks. But due to this, because there were no financials have been audited and that has been made available and the qualifications are not there, we are expecting very soon that disbursement will happen.

Chanamanu: Previously you said, sir, one of the NBFC sanctioned INR500 crores. What happened to that, sir?

R. Balaji: That's right. IIFCL has sanctioned this. Now, if you look into it, once if you complete the entire process, we need to draw down upon it. As it is, if you can see in our balance sheet, we have already got some INR1200 crores of capital and on which we are getting a negative carry. So as soon as we exhaust this, we will draw down upon it. But apart from that India Infrastructure Finance Company, we are in heightened stage, like what Dilip is talking with, at least two other public sector banks, countries leading banks are there in those. So that will start seeing this after June.

Now, the reason is, in the fourth quarter, since we have come through a tough time, the financial institution, the banks wanted to see the annual results completed and based on the audited balance sheet, they will be taking a call. So that would happen in the next few weeks.

Chanamanu: Okay, sir. Okay, sir. Thank you. That's all from my side.

- Moderator:** Thank you. Before we take the next question, we would like to remind the participants to press star and one to ask a question. The next question is from the line of Amey Chheda from Banyan Capital. Please go ahead.
- Amey Chheda:** Yes, thanks for the opportunity. Just wanted some clarity on, we are eyeing a 30% increase in the loan book in FY '26, right? So how much opex increase are we making in because of that?
- R. Balaji:** I think Amey, you're using the lower end of 7%, okay? So if you take the 9%, it would be different. See, basically this year, right? The way we are looking at this, we need to fill the key gaps in our manpower. Our primary objective is to look at significant investments in credit, risk and business development. That is one.
- Two, more importantly, having a full-fledged management team. As it is, Dilip has joined in March. A new director of operations will be joining in early June. And the head of SME will be joining towards the end of May. So there'll be some increase. What I would like to assure you and all the other stakeholders is that we are not a very, very manpower-intensive company. So if you actually look into it, while in percentages terms, it could be this high. The overall overhead increase would be around some all put together increment for existing employees, other office overhead and each of these things, so overall overhead increase would not be more -- in employee expenses, would not be more than some INR8 to INR10 crores.
- The way to look into it is with all these things, even if you're able to generate an incremental INR400- INR500 crore of disbursements for the year, it will be revenue neutral. But obviously our disbursement plan is significant, and if you're looking at a 30%, 35% growth in AUM. And then obviously the earnings on that would be significantly much more than this. That also on a perpetual basis will be having a significant layer earnings.
- Amey Chheda:** Got it. So we are eyeing 30%, 35% loan book growth. Opex will be increased by around 20%-odd. So then why are we expecting ROA to come down? Currently it is what? 3.5%, 4%?
- R. Balaji:** Currently it's not 3.5%, 4%. Like last year, if you look into it, based on our net worth, it's closer to a 7.5%, right?
- Amey Chheda:** ROA, sir, ROA, return on asset.
- R. Balaji:** 2.75% to 3%. See what would happen is whenever loan book increases, since the cost of funds is high -- so on the incremental leveraging whatever you do it will be a lower amount, right? So that is the reason. We consistently maintain 2.75% to 3%. That is the target. Sometimes we will be able to get more than that. That will be fine. But it's not coming to 2.75% to 3%.
- Amey Chheda:** Got it. And what kind of ROA would it translate into?
- R. Balaji:** A finance company is pretty easy, right? You know our net worth, you know our ROA, you can work it out. So let's look at it this way. Our entire thing would be two things. Build a book to a significant size, have a high quality so that what track record the company has had in the sense, in the last seven years, whatever we have lent has not even INR1 has become an NPA.

We will focus on that, continue the same rigorous credit evaluation in lending and moving forward, that will ensure that the ROE is increased. The ROE would be depressed for FY26 and FY27 because of our large capital base. But it will be sequential year-on-year ROE would be increasing by at least 1%.

Moderator: The next question is from the line of VP Rajesh from Banyan Capital Advisors.

VP Rajesh: Most questions have been answered. But just for the clarification on the commitments that have to come through from the two banks you mentioned...

Moderator: Sorry to interrupt you, sir, but your line is not clear.

VP Rajesh: Okay. So my question was regarding loan sanctions from the two PSU banks that you mentioned. What is the timing on that? Will it be at the end of this, before the end of this quarter or do you think it will go into the next quarter?

R. Balaji: See, we are not in control of that. It will be definitely, it will be before end of July. Whether it happens before June or not, we cannot say with certainty. But the only thing what we could say is, it's at the -- it's gone up for with one bank it has gone up from the branch office to their head office. Another bank, we already at a heightened engagement with at the director levels.

So definitely before July, but we expect at least one to happen in the month of June itself. Within the two PSU banks, at least one would happen in June.

VP Rajesh: And then in terms of -- the prepayments, what is your sense given, you understand the book and some of the projects will be getting commercialized. So in that sense, when you're talking about a net growth of 7% to 9%, presumably you have to disburse even more. So if you can just give some color on what kind of prepayments you're planning to see during this year.

R. Balaji: Srinivas, could you just illuminate on what will be expected prepayments for this year?

K. Srinivas: Yes, thanks Balaji. See, essentially the prepayments that we are witnessing is part of a normal business cycle that happens. I think Balaji had outlined that -- when he explained the entire position. But today, if we are looking to estimate the prepayments that are likely during this financial year, I would assume that it would be in the vicinity of anything between INR200 crores to INR600 crores.

We hope it is on the lower side. But it is -- I would also request you to kindly appreciate that it could be very difficult to estimate with certainty the likely prepayments. But we have a generally broad assessment in terms of our interactions with our borrowers. And the likelihood of prepayments based on the project completion and the maturity of the cash flows. So only a broad range can be indicated and we would hope that they are on the lower side. And to the extent possible, we'll try to minimize the extent of prepayments from our side also.

VP Rajesh: Right. So that's helpful. Yes, I was just trying to get a sense. So it sounds like up to 15% could be something that may get pre-paid. And to that extent, your loan growth has to be fixed. That's what I was trying to get a sense of?

- K. Srinivas:** Yes, essentially, yes, that's right. To that extent, we have to assume higher increase in sanctions to take care of the prepayments. So there may be a little lag between the prepayments and fresh sanctions. But then, yes, since we have resumed the normal cycle of sanctions, documentation, disbursements and this ramp-up is taking place from the last six months onwards. So we are hoping to ensure that while prepayments happen, we don't lag behind the extent of sanctions also. So that way, this coming year, hopefully it will be a much better scenario than what we have witnessed in the recent past.
- VP Rajesh:** Right. Just finally, the two people you're expecting to join in this quarter, after that -- would you still have some other roles to fill at the senior level, or it'll be just, pretty much done after that, after those folks join?
- R. Balaji:** By and large, the senior, we already have a full board. So after that, we'll be having only at the middle and the junior levels. Basically, what we'll be focusing upon is credit, risk, and business development. Because these three roles are critical to generating more revenue by sourcing more cases, assessing them, and we will be adding another 8 to 9 people in the course of this year, the junior levels in these three functions.
- VP Rajesh:** Okay, that's all I had, and all the best. Thank you.
- Moderator:** The next question is from the line of Vishal Mehta from Oaklane Capital. Please go ahead.
- Vishal Mehta:** Hi, sir. In terms of the stressed assets, we spoke about getting some resolution done by H1 of the next year, the '26. I had just a question. How do we plan to, you utilize the provision? I mean, what will be the impact of that on the financials? Because almost INR275 crores of provisions that we've already made will probably become good again. So how is the treatment going to be for the same?
- R. Balaji:** See, one of the things what we will do will be very, very conservative as far as provisioning is concerned, because this is an industry wherein whatever we do, the good or bad of it would be reflected 3, 4 years down the line. So we'll be having a very, very conservative accounting policy. Coming specifically to your query.
- Now, what would happen, let's take, for example, IL&FS per se. Now, whatever some of the provisions would come down, which will get reversed, it will add possibly add to the bottom line. That's one. And we'd also ensure that if it's there, we would see this increased money that comes as a, unstated sanctions sort of a thing. So through this year, we hope to get at least incremental INR200 crores, which will go towards deployment in future business. But from an accounting perspective, it will be translating into higher profitability for this year.
- Vishal Mehta:** Got it, sir. That's it. Thank you so much.
- Moderator:** Thank you. The next question is from the line of VP Rajesh from Banyan Capital Advisors. Please go ahead.
- VP Rajesh:** I wanted to ask you about the timeline of the rating upgrades. So if you could just comment on that?

R. Balaji: See, rating upgrade, all of you are aware that ICRA retained it, changed the outlook from negative to stable in the month of March. Now, we have had a full quarter results. So the rating agencies have acknowledged the improvement we have done in multiple areas. There are two critical things. Having said that, while we have progressed on resolution of the NPAs, the final resolution will start happening from this quarter, that is the June quarter and the September quarter.

So what we expect, like what we were saying, once the June quarter results come out, NPA would have reduced, the book would have increased, and also the sanctions would have come, not just sanctions, possibly drawn down from one bank. That will lead to a rating upgrade. Suppose the June quarter results, in July, we expect a rating upgrade. And this is what we have been informally engaging with them. And that's what we see.

It depends on two specific things, which we are focusing upon. Increase in the book, which we are confident of, and improvement in NPAs, which again we are confident of. So in July, we should see the rating upgrades. Anything, if it happens prior to that, it's a bonus.

VP Rajesh: Got it. And lastly, I assume you're not looking for equity raise, or is that still something folks are thinking about?

R. Balaji: See, that's something on our mind, because if at the end of the day, like it's one of the things which we are evaluating to see, because that could possibly give the confidence to the various lenders. So that's something which we are still contemplating. So, if any, it would be in a small amount of around INR300 crores to INR500 crores. And anyway, that would be at a premium to the current market price, significant premium to the current market price.

VP Rajesh: Got it. Okay, thank you. That's all.

Moderator: Thank you. As there are no further questions from the participants, I now hand the conference over to Mr. R. Balaji for closing comments.

R. Balaji: Thank you all. Basically, we would like to reiterate two things. If you had looked at what we said in the Jan Con call, we have made progress on significant activities in terms of processes, in terms of credit evaluation, in terms of organizational transformation. But the one key metric where our delivery was significantly below what we had communicated was our disbursement figures.

Now, what I would like to assure you on behalf of my team is that the disbursement figures have also started going up when we see the June quarter results will be, I hope all of you will be pleasantly surprised to look at the quantum of business that we have done.

But more importantly, the one key messaging that we would like all of you to have this, I would go back to the call in October, wherein we said the focus is to shift away from individual capability to shift towards in building institutional capability. As all of you can see, the management bandwidth has increased significantly. That gives us the ability to focus on multiple issues rise from resource mobilization to garnering more business.

So you would be able to see a new, more aggressive at the same time, very, very conservative with respect to credit PFS going out into the market to garner business. This is the beginning of a multi-quarter transformation. And what we had said, right? We'd be looking at a 7% to 9% sequential quarter on growth of AUM. It's not for only the first quarter, this is something you would like to take the organization through over the succeeding few quarters around 8 to 10 quarters, this would be the plan that would be guiding us going forward. And I look forward to interacting with all of you in July or even earlier when you got some significant updates as far as PFS is concerned. Thank you very much.

Moderator:

Thank you. On behalf of PTC India Financial Services Limited, that concludes this conference. Thank you for joining us and you may now disconnect your lines.