



Research Report

Power Finance Corporation Limited



Prepared By

SAHIL SHARMA

EQUITY RESEARCH ANALYST

About

Established in 1986, we take immense pride in being India's largest NBFC, specialising in providing financial assistance to the country's power & infrastructure sectors. PFC is under the administrative control of the Ministry of Power. Power Finance Corporation Ltd. (PFC) stands tall as a distinguished Schedule-A Maharatna Central Public Sector Enterprise (CPSE) and India's largest Non-Banking Financial Company (NBFC) by assets.

Customer Portfolio

- State Government
- Central/State power utilities
- State Electricity Boards
- Independent Power Producers
- Private Sector Utilities

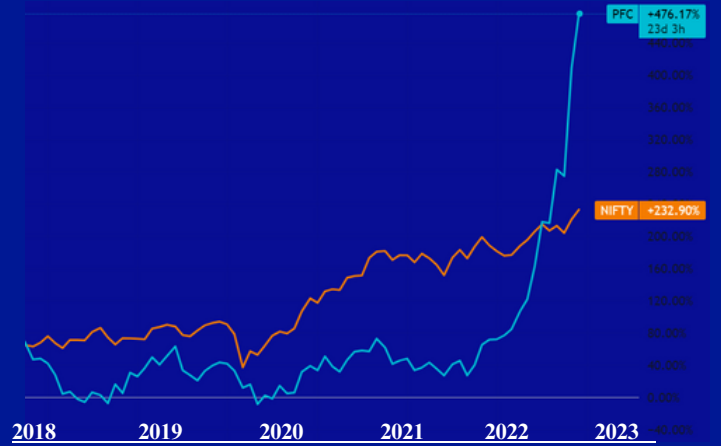
Synopsis of Financials

- The company has shown continuous increase in profit due to the increase in country's power consumption grew by over 16 per cent to 151.66 billion units in August this year compared to that of the same month last year.
- Owing to continuous and active resolution efforts, consolidated net NPA (bad loans) reached below 1 per cent and is at 0.98 per cent in April-September 2023 from 1.27 per cent in April-September 2022.

Stock data (as 5th December 2023)

Nifty Price	: 20817.40
52 week High (in Rs.)	: 386
52 week Low (in Rs.)	: 104
Market Cap. (in Crore)	: 1,23,605
NSE Code	: <u>PFC</u>

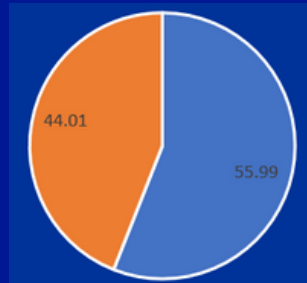
Stock data



-NIFTY50

- Power Finance Corporation Limited

Shareholding Pattern (June 2023)



-PUBLIC GROUP

-PROMOTER GROUP

Financial Summary

Particulars	March 2023	March 2022	March 2021
Sales	77,568	76,262	62,189
Interest	47,017	44,709	40,845
Financing Profit	26,501	23,338	19,871
Financing Margin %	34%	31%	28%
Profit after tax	21,179	18,768	15,716
EPS in Rs	48.15	42.47	35.6

Quarterly Results



Particular	Mar 2022	Jun 2022	Sep 2022	Dec 2022	Mar 2023	Jun 2023	Sep 2023
Sales	19,176	18,853	18,532	19,336	19,639	20,061	20,992
Interest	11,235	10,926	10,837	11,413	12,129	12,637	13,670
Financing Profit	6,053	5,435	5,511	6,608	6,610	7,763	7,404
Financing Margin %	32%	29%	30%	34%	34%	39%	35%
Other Income	38	20	12	8	24	13	9
Depreciation	9	10	12	12	14	14	12
Profit before tax	6,082	5,446	5,511	6,604	6,619	7,762	7,401
Tax %	20%	21%	17%	21%	21%	21%	19%
Net Profit	4,894	4,296	4,580	5,229	5,241	6,129	5,982
EPS in Rs	10.85	9.71	10.35	11.92	11.7	14.17	13.87

Source: Screener

Key Ratios

Ratios	Numerator*	Denominator*	As at 31.03.2023	As at 31.03.2022	% variance
Total Capital to risk-weighted assets ratio (CRAR)	Tier I Capital + Tier II Capital	Risk Weighted assets	24.37%	23.48%	3.79 %
CRAR - Tier I Capital	Tier I Capital	Risk Weighted assets	21.61%	20.00%	
CRAR - Tier II Capital	Tier II Capital	Risk Weighted assets	2.76%	3.48%	
Liquidity Coverage Ratio(LCR) (Refer Note 55.6)	Total High Quality Liquid Assets	Total Net Cash Outflows	70.00%	60.00%	NA

Source: Annual Report

Yearly Results

Particulars	Mar 2023	Mar 2022	Mar 2021
Share Capital	2,129	2,129	2,093
Reserves	51,393	49,776	51,462
Borrowings	69,376	64,534	54,532
Other Liabilities	65,210	71,089	52,891
Total Liabilities	1,88,109	1,87,529	1,60,978
Fixed Assets	86,675	83,901	64,098
CWIP	16,249	15,433	17,037
Investments	26,778	23,616	26,768
Other Assets	58,406	64,578	53,075
Total Assets	1,88,109	1,87,529	1,60,978

Synopsis Quater Results

Con-Call JUL 23: Key Highlights

1) **Financial Performance** ☒ 31% increase registered in consolidated Profit After Tax from Rs. 4,580 cr. in Q1'23 to Rs. 5,982 cr. for Q1'24. ☒ Consolidated Loan Asset Book grew by 17% - Rs.7,58,074 cr. as on 30.06.2022 vs. Rs.8,86,723 as on 30.06.2023. ☒ Consolidated disbursements increased remarkably by more than 3 times from Rs. 17,084 cr. in Q1'23 to 56,925 cr. in Q1'24. ☒ Consolidated Net worth (including non-controlling interest) increased by 19% from Rs. 99,623 cr. as on 30.06.2022 to Rs. 1,18,366 cr. as on 30.06.2023 ☒ Owing to synergies in resolution of stressed assets, Net NPA has reached its lowest level at 1% in Q1'24 from 1.57% in Q1'23. Gross NPA declined by 148 bps from 5.02% in Q1'23 to 3.54% in Q1'24. ☒ Till date, PFC group has cumulatively sanctioned Rs. 1,15,565 cr. and disbursed Rs. 60,711 cr. under Late Payment Surcharge Rules.

2) **Rs. 2.37 trillion worth MoU signed in clean energy space** ☒ To fulfill the vision of Government of India of achieving 500 GW of installed capacity by 2030 from non-fossil fuel based sources, PFC during the 'Energy Transition Working Group' meeting under G20 presidency has signed Memorandum of Understanding (MoUs) with 20 diverse companies, both in public and private sectors. ☒ These collaborations encompass a wide spectrum of avenues such as solar, wind, battery storage, Green hydrogen, electric vehicle etc.

3) **PFC becomes the first member from India to join Asia transition Finance Study Group** ☒ Power Finance Corporation Ltd (PFC) becomes the first member from India in the Asia Transition Finance Study Group (ATFSG). This pioneering initiative, led by the Japanese Ministry of Economy, Trade and Industry (METI), aims at fostering cooperation and promoting sustainable transition finance in Asian countries. ☒ Through participation in this initiative as a member, PFC has a great opportunity to collectively shape the climate financing landscape.

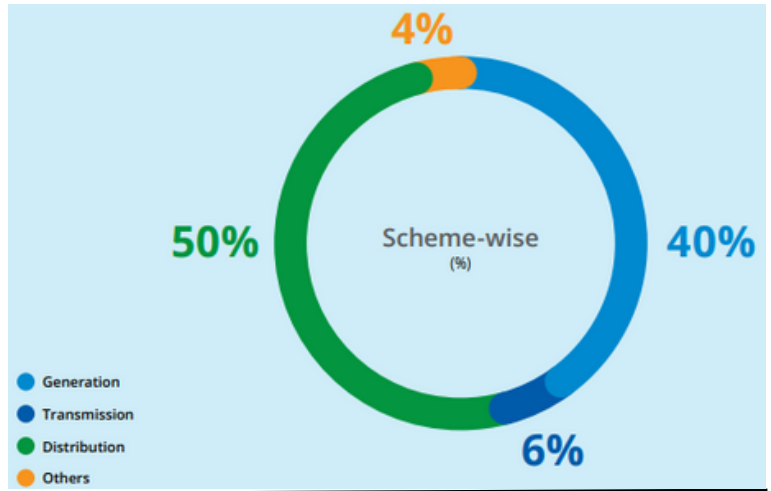
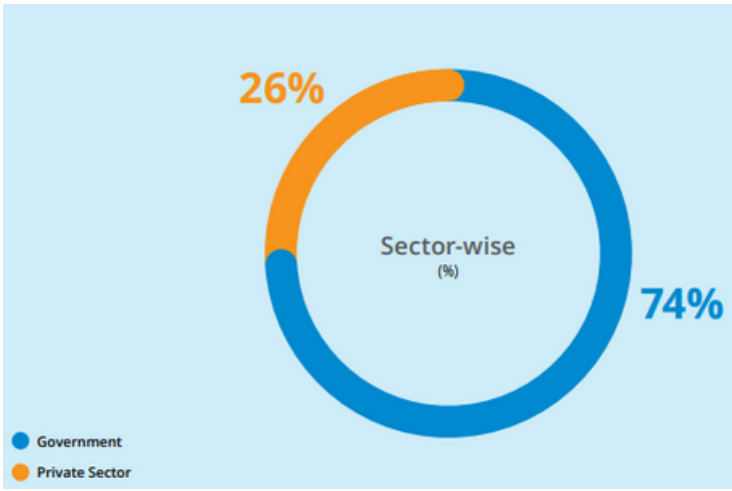
4) **Disbursement - Five times increase in disbursements-** from Rs. 4,643 cr. in Q1'23 to Rs. 22,792 cr. in Q1'24.

5) **Loan Asset Book - Double-digit growth of 17% registered in loan asset book-** from Rs. 3,70,186 cr. as on 30.06.2022 to Rs.4,32,339 cr. as on 30.06.2023. We expect the loan asset to grow at similar level as previous financial year.

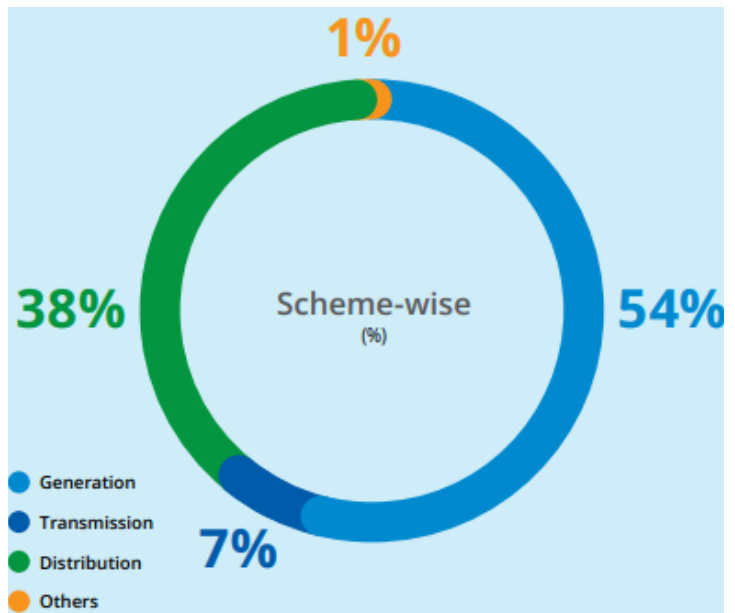
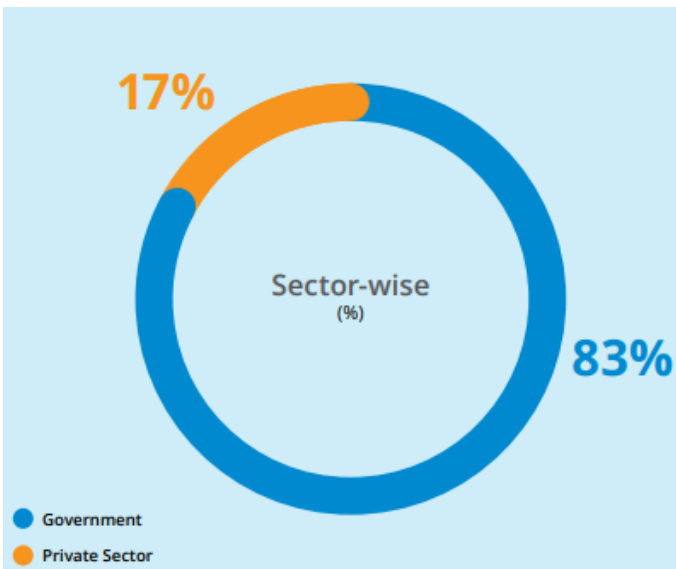
Key Performance Indicators



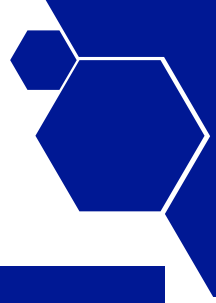
Disbursements



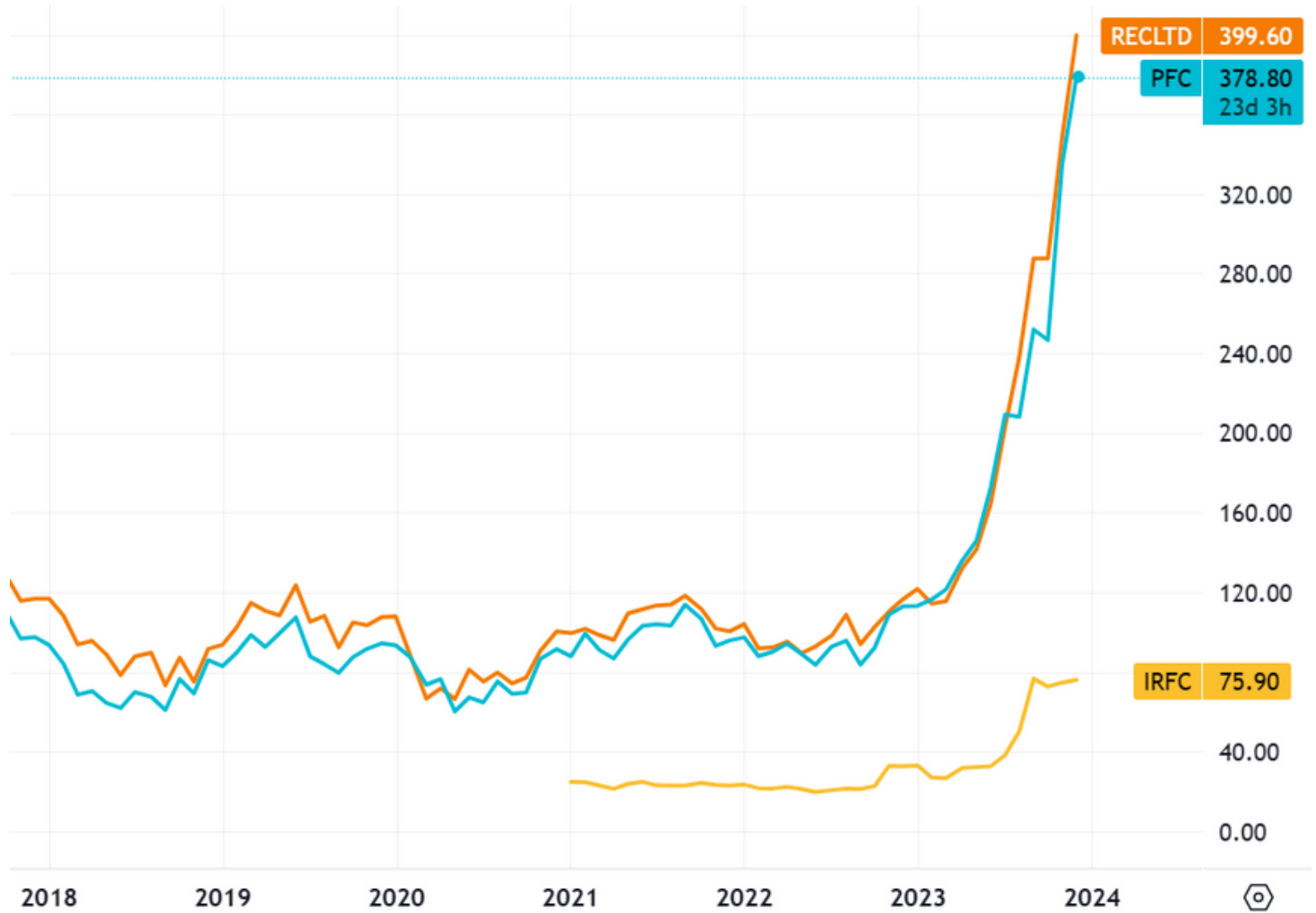
Loan Assets



Peer Comparison



Peer Stock Performance (5Y) Indexed



Source: Trading View

Peer Financial Performance

S.No.	Name	CMP Rs.	Mar Cap Rs.Cr.	Assets Rs.Cr.	Debt Rs.Cr.	NP 12M Rs.Cr.	Sales Rs.Cr.
1.	Power Fin.Corpn.	377.20	124479.91	975072.42	814064.71	23980.04	83083.49
2.	REC Ltd	392.20	103275.07	513180.97	419516.72	12738.65	42800.62
3.	IRFC	76.14	99503.64	497014.07	406442.51	6067.60	25900.39
4.	Indian Renewable	63.04	16943.76	50446.98	40165.28	864.63	3482.92
5.	IFCI	27.59	6868.78	16260.42	5746.47	-87.16	1687.85

Source: Screener

Final Outlook



PFC: HOLD | LTP: 377

Power Finance Corporation (PFC) envisions itself maintaining a 25% market share in the loan sector for renewable energy and anticipates growing its lending in the energy transition segment, notably in the renewable energy space. The corporation has disbursed Rs 55,500 crore in the first half of the current financial year, a 2.5% increase over the same period last year.

For the quarter ended 31-12-2022, the company has reported a Consolidated Total Income of Rs 19662.65 Crore, up 1.65 % from last quarter Total Income of Rs 19344.39 Crore and up 2.33 % from last year same quarter Total Income of Rs 19215.00 Crore. Company has reported net profit after tax of Rs 5241.09 Crore in latest quarter.