

Power Finance Corporation Ltd.

Performance Review – Quarter Ended 31st December 2025

PFC announced its financial result for the quarter ended 31st December 2025 on 5th February 2026. The performance highlights for Q3'26 and 9M'26 are detailed under.

Consolidated Highlights

A. Financial Performance

1) Financial Performance

- 13% increase in consolidated Profit After Tax from Rs. 22,157 cr. in 9M'25 to Rs. 25,028 cr. for 9M'26.
- Consolidated Loan Asset Book stands at Rs. 11,51,407 cr. as on 31.12.2025 vs. Rs. 10,69,436 cr. as on 31.12.2024.
- Consolidated Net worth (including non-controlling interest) increased by 14% from Rs. 1,51,338 cr. as on 31.12.2024 to Rs. 1,71,890 cr. as on 31.12.2025
- Owing to resolution of stressed assets, Net credit impaired asset ratio (Stage III) has reached its lowest level at 0.23% in 9M'26 from 0.73% in 9M'25. Gross credit impaired asset (Stage III) ratio also significantly declined by 104 bps from 2.30% in 9M'25 to 1.26% in 9M'26.

Stand Alone Highlights

A. Financial Highlights

- 1) 15% increase in Quarterly Profit After Tax, from Rs. 4,155 cr. in Q3'25 to Rs. 4,763 cr. in Q3'26.
- 2) For 9M'26, PFC registered a PAT of Rs. 13,727 cr. vs Rs. 12,243 cr. in 9M'25, an increase of 12%. The increase in PAT primarily driven by 22% Y-o-Y healthy growth in Net Interest Income from Rs. 13,430 cr. in 9M'25 to Rs. 16,373 cr. in 9M'26.
- 3) In Q3'26, the Board has declared an interim dividend of Rs. 4 per share, bringing the cumulative interim dividend for FY'2026 to Rs. 11.35 per share.
- 4) **Key Financial Indicators**
 - The key earning indicators continue to be in stable range:
 - Yield on Earning Assets for 9M'26 stands at 9.98%.
 - Cost of Funds for 9M'26 is at 7.42%.
 - Spread and NIM for 9M'26 stands at 2.56% and 3.65% respectively, within our guided range.
 - CRAR as on 31st December, 2025 is at 22.39%, with Tier 1 capital at 20.66%. PFC continues to maintain a comfortable capital adequacy levels.

- PFC's net worth has crossed Rs 1 lakh crore mark and stands at Rs. 1,00,737 cr. as on 31.12.2025, an increase of 14% from 31.12.2024.

B. Operational Performance Highlights

1) Disbursement

- 25% increase in disbursements- from Rs. 1,00,297 cr. in 9M'25 to Rs. 1,25,405 cr. in 9M'26.
- The disbursements for 9M'26 were largely driven by distribution sector at 49%, followed by conventional generation at 25% and renewable generation at 14%.
- This is the highest ever nine month disbursements.

2) Loan Asset Book

- 13% Y-o-Y double-digit growth registered in loan asset book, with Loan Asset Book at Rs. 5,69,627 cr. as on 31.12.2025.
- In line with FY'26 growth guidance shared earlier, we maintain our loan book growth guidance of 10-11%.

3) Renewable Loan Book

- Renewable loan book registered a 28% increase Y-o-Y. Renewable book of Rs. 89,169 cr. as on 31.12.2025.
- PFC continues to be the largest renewable sector financier in the country.

C. Asset Quality Synopsis

1) Asset Quality Synopsis-

- **Resolution of TRN Energy Ltd**
 - We have successfully resolved TRN energy loan of Rs. 1,139 cr, in line with the guidance shared earlier.
 - The project was resolved outside NCLT and post resolution, the asset has been moved out of Stage III category.
 - On resolution, provisioning reversal of around Rs. 166 cr. has been done on the project, which has been used to create standard asset provisioning on loan book.
- With this, the Net credit impaired asset ratio (Stage III) for 9M'26 is at its new low at 0.26% vis-à-vis 0.71% in 9M'25.
- Gross credit impaired asset ratio (Stage III) has declined significantly by more than 1% from 2.68% in 9M'25 to 1.64% in 9M'26.
- **Resolution Status-**
 - Currently, 21 stressed projects of Rs.9,348 cr. are in Stage III, with healthy provisioning of 84%.

- **Under NCLT-**
 - Out of the 21 projects, 11 projects of Rs.8,472 cr. are being resolved under NCLT.
 - Of these 11 projects under NCLT, six projects worth of Rs. 2,605 cr. are under liquidation, and 100% provisioning has been created on these assets.
 - For the remaining five projects of Rs. 5,867 cr., the application for all these projects have been admitted under NCLT.
 - One of the major stressed project under NCLT is Sinnar Thermal Power project, with an outstanding amount of Rs 3,001 cr. is in **advance stages of resolution**. It is a 1,350 MW coal based plant and was being resolved under NCLT. Now, in November 2025, NCLT has approved the resolution plan for the project. Currently, around 80% provisioning is maintained on this project.

- **Outside NCLT-**
 - The remaining 10 projects of Rs. 876 cr., are being resolved outside NCLT.
 - One of the major stressed asset under this category is Shiga Energy Pvt Ltd, with an outstanding amount of Rs. 522 cr. It is a 97 MW hydro energy plant.

D. Borrowing

- As on 31.12.2025, PFC's outstanding borrowings stands at Rs. 4,77,308 cr., out of which 80% is domestic borrowings and remaining 20% is foreign borrowings.

- Out of the total outstanding borrowing, 64% are fixed rate liabilities and remaining 36% are floating rate liabilities.

- **Foreign currency borrowings**
 - The total outstanding foreign currency borrowings portfolio of PFC as on 31.12.2025 stands at USD eq 10.6 billion, of which 62% are USD denominated borrowings, 21% JPY & 16% EURO.

 - PFC has been actively managing its exchange risk from foreign currency borrowings. As on 31.12.2025, nearly 98% of the total foreign currency portfolio has been hedged for exchange rate risk.

 - On the hedged portfolio, hedging is done through various derivative structures with defined protection ranges. While movements beyond these ranges may impact the forex book, PFC actively monitors the exposures and take appropriate risk-mitigating actions, as required.

E. Other Updates

1) RBI final circular on applicable risk weights for infrastructure exposures of NBFCs introduced on 1st January,2026

- The draft circular on this subject was issued in October last year. Now, the final circular, after incorporating the industry feedback, has been released on 1st January, 2026. The circular will be applicable from 1st April, 2026.
- The circular prescribes the methodology for assigning risk weight on the Infrastructure assets for the purpose of CRAR calculation. A key change is the introduction of a new definition of “high-quality infrastructure assets”, with detailed eligibility conditions. So, infrastructure assets meeting these specified conditions will be eligible for lower risk weights.
- Since the new framework is more detailed and requires loan- wise evaluation, we are reviewing the circular in detail to fully understand its impact.
- Our preliminary understanding of the circular is as follows-

- As this framework is applicable for infrastructure project loans, non-capex loan book will not be impacted.
- Currently, a 50% uniform risk weight is applicable for eligible commissioned infrastructure projects that have completed more than one year of commercial operation, irrespective of the amount repaid by the borrower.

Now, in the new framework, risk weight is split into two slabs of 50% & 75%, basis the amount repaid along with other prescribed conditions.

Therefore, going forward, this two-slab risk weight structure would need to be applied to the eligible loan book, which could result in higher risk weight classification.

- One of the eligibility conditions for classification as a High Quality Infrastructure asset is that the borrower’s revenue depends on contract by Central Government, a State Government, a public sector entity, or a statutory or regulatory body. Private counterparties are not covered under this condition.

PFC’s loan book covers projects across generation, transmission, distribution, and other infrastructure segments. Currently, majority of the outstanding infrastructure asset with lower risk weight for CRAR computation are thermal generation projects. Most of these thermal projects are backed by PPAs with the specified counterparties. Therefore, we do not see any major impact on account of new circular on this segment.

- In case of renewable book, currently, there is no major impact. However, as per the new circular, the renewable loans to C&I/merchant/captive segment would not be eligible for lower risk weight.

- Currently, we remain comfortably placed with a CRAR level of more than 22%.

Note: - Pursuant to the Budget announcement on 1st Feb,2026 regarding the restructuring of PFC and REC, a disclosure has been uploaded on the stock exchange on 12th Feb,2026. Kindly refer to the same for update.
