



**FIN2RESEARCH**  
Investment Advisor Pvt. Ltd.

Date : 03/04/25

## Techno Funda : Buy Power Finance Corporation Limited

Buy Range : @ ₹410-₹420

Target : 1st @ ₹445 , 2nd @ ₹520

Stock Info	
Mkt Cap (cr)	138785.8
52-Weeks High/Low	580.00/357.25
Avg Volume	89,49,767
No. of eq shares (cr)	330.01
Face Values	10.00
Bse Code	532810
Nse Code	PFC
Free Float (cr)	61079.62
Source : NSE/BSE	

Particulars	2023	2024
Operating Margin (%)	35.70	38.27
Net Profit Margin (%)	29.26	31.21
Net NPA (%)	1.07	0.85
Net Debt to Equity (X)	5.32	5.14
EPS	35.17	45.53
Net Worth	68202.23	79203.49
Debt to Assets (X)	0.82	0.81
Cost of Funds (%)	7.51	7.37
Return on Assets	1.88%	2.04%
Return on Equity	20.39%	21.33%
P/E	2.52	6.52
P/B	0.48	1.27
EPS	35.17	45.53

Source : Company, Fin2Research

Particulars	2023	2024
Interest income(₹ cr)	76495.93	90085.40
Other Income(₹ cr)	601.44	420.58
Interest Expended(₹ cr)	51129.13	57586.57
Profit before tax(₹ cr)	26496.07	33588.12
Profit after tax	21178.59	26461.18

Source : Company

Particulars	% of Total Shares
Promoters	55.99%
Mutual Funds/AIF	11.57%
Insurance co. & others	4.21%
Other DIIs	1.38%
FII	18.04%
Retails and Others	8.80%
Total	100.00%

**Power Finance Corporation Ltd:** Power Finance Corporation Limited is an Indian financial institution specializing in funding the power, logistics, and infrastructure sectors. It provides financial assistance to state and central power utilities, private sector entities, joint ventures, and municipal power utilities. Its key products include rupee-term loans, short-term loans, and buyer lines of credit, with interest income as its primary revenue source. Registered as a Systemically Important Non-Deposit Taking NBFC with the RBI, it operates as an Infrastructure Finance Company supporting India's power sector.

### Key Highlights:

- ❑ 1. The power sector requires substantial investment and capacity expansion, with renewable power capacity projected to reach 500 GW by FY30 from 215 GW in February 2015. Significant investments are also needed for power transmission. Given the intermittent nature of renewable energy, the industry plans to expand thermal power capacity by 80 GW by FY32 and enhance storage capabilities. Moody's Ratings estimates India will require \$700 billion in investment over the next decade to meet power demand. PFC, a strategically important entity for the government and a key power-focused NBFC, plays a crucial role in implementing various power sector schemes. The company has strong revenue visibility for the next 2-3 years and promising growth prospects over the next 5-7 years.
- ❑ 2. The Revamped Distribution Sector Scheme (RDSS) is a government initiative aimed at reforming power distribution, and PFC's involvement is expected to boost Q4 performance through strength in disbursements in distribution. The scheme focuses on improving the financial and operational efficiency of distribution companies, creating opportunities for PFC to extend term loans, short-term loans, and other financial products. With the 14% loan growth guidance, RDSS is anticipated to contribute significantly, enhancing revenue from lending activities. Analysts remain optimistic, noting that progress in RDSS, alongside power generation financing, will support PFC's financial performance in 2025, potentially leading to higher margins through increased loan volumes.
- ❑ 3. PFC established a wholly-owned subsidiary, NES Pune East New Transmission Limited, to develop a transmission project in Pune, aiming to ease transmission bottlenecks in Maharashtra. Additionally, PFC transferred its subsidiary, Kurnool III PS RE Transmission, to Power Grid Corporation of India, indicating a portfolio restructuring and potential shift in operational focus.
- ❑ 4. Q3 FY25 consolidated net profit rising 23% year-on-year to Rs 7,759.56 crore and revenue from operations increasing 14% to Rs 26,798.04 crore compared to the previous year. Net Interest Income (NII) grew by 12.9% to Rs 4,694 crore, reflecting strong earnings from lending activities. Management has maintained a 14% loan growth guidance, signaling confidence in future revenue expansion. This growth is underpinned by expected strength in disbursements across power generation (both conventional and renewable) and distribution, with RDSS playing a pivotal role.
- ❑ 5. Borrowing Plan for FY 2025-26: PFC's board approved a borrowing plan of ₹1,40,000 crore for the financial year 2025-26. This significant funding strategy will support the company's lending and investment activities in the power sector.

### Key Risks :

- ❑ Interest Rate Impact: Rising interest rates could increase borrowing costs, squeezing net interest margins (currently stable due to effective cost management). With 63.63% of operating revenues spent on interest expenses (as of March 31, 2024), any significant rate hike could strain cash flows, reducing profitability and limiting funds available for new loans, thus impacting revenue growth.
- ❑ PFC's lending is heavily concentrated in the power sector, including generation, transmission, and distribution. While diversification into renewables and infrastructure (e.g., e-vehicle fleets, smart cities) is underway, the core portfolio remains tied to power utilities, many of which are state-owned with varying financial health.

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- ❑ The current price (418.9) is trading above all three key short-to-medium term moving averages. This is generally considered a **bullish signal**, indicating positive short-term momentum and trend strength. The price crossing above these MAs often suggests increasing buying interest.
- ❑ The price is currently trading in the upper half of the Bollinger Bands, between the middle and upper band. This indicates relative strength. It's approaching the upper band, which can sometimes act as temporary resistance. A breakout above the upper band on strong volume could signal a continuation of the uptrend, while failure to break above might lead to a pullback towards the middle band.
- ❑ The RSI is above 50, which indicates that bullish momentum is currently stronger than bearish momentum. It's not yet in the overbought territory (typically considered above 70), suggesting there might still be room for the price to move higher before becoming overextended in the short term.
- ❑ The MACD line is above the Signal line, and the histogram is positive. This constitutes a **bullish MACD crossover**, which is often used as a buy signal, indicating strengthening upward momentum.



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Research Report

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### THANK YOU

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