POWER FINANCE CORPORATION LIMITED
(A Govt. of India Undertaking)

Registered & Corporate Office :
Urjanidhi Building, 1-Barakhamba Lane,
Connaught Place, New Delhi – 110001
Tel : (011) 23456000 **Fax** : (011) 23456293
E-mail : 54ECinvestorcell@pfcindia.com
Website : www.pfcindia.com
Date of Incorporation : 16th July 1986
CIN : L65910DL1986GOI024862

INFORMATION MEMORANDUM DATED MARCH 31, 2020
PRIVATE PLACEMENT OF SECURED, NON-CONVERTIBLE, NON-CUMULATIVE, REDEEMABLE, TAXABLE BONDS IN THE NATURE OF DEBENTURES OF Rs. 10,000/- EACH FOR CASH AT PAR ON "ON TAP" BASIS WITH BENEFITS UNDER SECTION 54EC OF THE INCOME TAX ACT, 1961, PFC CAPITAL GAIN TAX EXEMPTION BONDS – SERIES IV ("BONDS"), FOR Rs. 500 CRORE PLUS GREEN SHOE OPTION TO RETAIN OVERSUBSCRIPTION

REGISTRAR TO THE ISSUE	TRUSTEE FOR THE BONDHOLDERS
KFin Technologies Private Limited (Formerly known as "Karvy Fintech Private Limited") Selenium Tower B, Plot Nos. 31 & 32 Financial District , Nanakramguda , Serilingampally Mandal , Hyderabad - 500032 P: +91 40 6716 2222 F: +91 40 2343 1551	**BEACON TRUSTEESHIP LTD.** 4C & D, Siddhivinayak Chambers, Gandhi Nagar, Opp MIG Cricket Club, Bandra (E), Mumbai, Maharashtra - 400051 Tel: 022-26558759

List of Arrangers to the Issue: Please visit our website: **www.pfcindia.com**

Bankers to the Issue:

HDFC BANK LIMITED	**INDUSIND BANK LIMITED**
YES BANK LIMITED	**ICICI BANK LIMITED**
KOTAK MAHINDRA BANK LIMITED	**CANARA BANK**

For list of branches of the bankers to the issue please visit our website: www.pfcindia.com

ISSUE SCHEDULE*	
Issue Opening Date	**April 1, 2020**
Issue Closing Date	**March 31, 2021**

*****_The Issuer reserves its sole and absolute right to modify (pre-pone/ postpone) the above issue schedule without giving any reasons or prior notice._

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ABBREVIATIONS

BSE	Bombay Stock Exchange Limited
CIN	Corporate Identity Number
CARE	Credit Analysis and Research Limited
CRISIL	Credit Rating Information Services of India Limited
CDSL	Central Depository Services (India) Limited
CRAR	Capital Risk Weighted Adequacy Ratio
CMD	Chairman & Managing Director of the Company
DP	Depository Participant
DRR	Debenture Redemption Reserve
FIs	Financial Institutions
FIIs	Foreign Institutional Investors
GOI	Government of India
IPDS	Integrated Power Development Scheme
Issuer/ Company/ PFC/ Corporation	Power Finance Corporation Limited incorporated on 16th July 1986 under The Companies Act, 1956 and having its registered office at UrjaNidhi Building, 1-Barakhamba Lane, Connaught Place, New Delhi – 110001 and bearing CIN: L65910DL1986GOI024862
ICRA	Investment Information and Credit Rating Agency of India Limited
IFC	Infrastructure Finance Company, as defined under RBI guidelines
ITP	Independent Transmission Projects
MOP	Ministry of Power
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited, being the stock exchange on which, the Bonds of the Company are proposed to be listed. NSE shall be the designated stock exchange for the Issue.
NPAs	Non-Performing Assets
NBFC	Non-Banking Financial Company, as defined under RBI guidelines
NEFT	National Electronic Fund Transfer
PAN	Permanent Account Number
RBI	Reserve Bank of India
R-APDRP	Restructured Accelerated Power Development and Reforms Program
RTGS	Real Time Gross Settlement
ROC	Registrar of Companies, National Capital Territory of Delhi & Haryana
RTA/R&TA	Registrar & Transfer Agent
SPVs	Special Purpose Vehicle
SEBI	The Securities and Exchange Board of India, constituted under the SEBI Act, 1992
TDS	Tax Deducted at Source
UMPPs	Ultra Mega Power Projects
WDM	Wholesale Debt Market

CHAPTER I

DISCLAIMER

A.

This Information Memorandum dated 31st March 2020 is neither a Prospectus nor a statement in lieu of Prospectus. It does not and shall not deem to constitute an offer or an invitation to the Public to subscribe to the Capital Gain Bonds issued by Power Finance Corporation Limited ("PFC" or "Company" or "Issuer"). This Information Memorandum is not intended for distribution and is for the consideration of the person to whom it is addressed and should not be reproduced/redistributed by the recipient. It cannot be acted upon by any person other than to whom it has been specifically addressed. Multiple copies hereof given to the same entity shall be deemed to be offered to the same person. The bonds mentioned herein are being issued strictly on a private placement basis and this offer does not and shall not deem to constitute a public offer/invitation.

This Information Memorandum is not intended to form the basis of evaluation for the potential investors to whom it is addressed and who are willing and eligible to subscribe to these Bonds issued by PFC. This Information Memorandum has been prepared to give general information regarding PFC to parties proposing to invest in this issue of Bonds and it does not purport to contain all the information that any such party may require. PFC believes that the information provided in this Information Memorandum as of the date hereof is true and correct in all respects. PFC and the Arrangers do not undertake to update this Information Memorandum to reflect subsequent events and thus, it should not be relied upon without first confirming its accuracy with PFC.

Potential investors are required to make their own independent evaluation and judgment before making the investment and are believed to be experienced in investing in debt markets and are able to bear the economic risks of investing in the Bonds. It is the responsibility of potential investors to have obtained all consents, approvals or authorizations required by them to make an offer to subscribe for, and purchase the Bonds. It is the responsibility of the potential investors to verify if they have necessary power and competence to apply for the Bonds under the relevant laws and regulations in force. Potential investors should conduct their own investigation, due diligence and analysis before applying for the Bonds. Potential investors should not rely solely on information provided in the Information Memorandum or by the Arrangers nor would providing of such information by the Arrangers be construed as advice or recommendation by the Issuer or by the Arrangers to subscribe to and purchase the Bonds. Potential investors also acknowledge that the Arrangers do not owe them any duty of care in respect of their offer to subscribe for and purchase of the Bonds. Potential investors should also consult their own tax advisors on the tax implications of the acquisition, ownership and redemption of Bonds and income arising thereon. PFC reserves the right to withdraw the Private Placement prior to the closing date at its discretion. In such an event, the Issuer may, at its sole discretion, make the allotment under the new series of PFC 54EC bonds, if open for subscription at that time.

For Power Finance Corporation Limited,

(Pawan Kumar)
Chief General Manager
Resource Mobilization – Domestic
Power Finance Corporation Ltd

Place: New Delhi
Date: 31st March 2020

CHAPTER II

ISSUE HIGHLIGHTS

PRIVATE PLACEMENT OF SECURED, NON-CONVERTIBLE, NON-CUMULATIVE, REDEEMABLE, TAXABLE BONDS IN THE NATURE OF DEBENTURES OF Rs. 10,000/- EACH FOR CASH AT PAR ON "ON TAP" BASIS WITH BENEFITS UNDER SECTION 54EC OF THE INCOME TAX ACT, 1961.

Security Name	PFC Capital Gain Tax Exemption Bonds –SERIES IV
Rating	'AAA/Stable' by CRISIL, 'AAA (Stable)' by ICRA, & 'AAA/Stable' by CARE
Issue size	Rs 500 crore + Green Shoe option to retain oversubscription
Face Value	Rs. 10,000 (Rupees Ten Thousand only) per bond
Issue Price	At par (Rs. 10,000/- per bond)
Coupon Rate	5.75% p.a.
Issue Opening & Closing Date	Issue Opening Date: April 1, 2020 Issue Closing Date: March 31, 2021 (at the close of the banking hours) or at a date / time as may be decided by PFC in its absolute discretion
Minimum application size and in multiple of thereafter	Application must be for a minimum size of Rs. 20,000/- (2 bonds) and then in multiple of Rs. 10,000/- (1 bond) thereafter
Maximum application size	500 bonds of Rs. 10,000/- each (Rs. 50,00,000/-)
Mode of Issue	Private placement basis
Mode of Subscription	Applicants may make remittance of application money through electronic mode or cheque / draft drawn in favour of 'PFC Capital Gain Bonds'.
Deemed Date of allotment	Last day of each month in which the subscription money is received and credited to PFC Capital Gain Collection Account
Coupon payment date	Every year on 31st July till redemption and balance along with redemption
Tenor	5 years from the deemed date of allotment
Date of Redemption	At the end of 5 years from the Deemed Date of Allotment
Transferability	Non-transferable, Non-Marketable, Non-negotiable and cannot be offered as a security for any loan or advance
Listing	The Bonds will not be listed on any stock exchange due to non-transferability during the tenure of Bonds
Trustees	Beacon Trusteeship Limited
Bankers to Issue	HDFC Bank Ltd., IndusInd Bank Ltd., ICICI Bank Ltd., YES Bank Ltd., Kotak Mahindra Bank Ltd. and Canara Bank (For Designated Branches please visit our website: www.pfcindia.com)

Note:

1. PFC reserves the right to revise the coupon rate and/or close the issue by giving notice on its website. The investors are advised to consult PFC / Arrangers, before depositing the application with bank.
2. All applications submitted but rejected by PFC would be returned by PFC to the applicant / collection banker, without any Interest.
3. Application for minimum Rs. 20,000/- (and in multiples of Rs 10,000/- thereafter) will be accepted, any amount received in fraction will be refunded to the investor without interest.

CHAPTER III

BRIEF SUMMARY OF THE BUSINESS/ACTIVITIES OF THE ISSUER AND ITS LINE OF BUSINESS AND SUBSIDIARIES

A. OVERVIEW

Leading Financial Institution in Power Sector

We are a leading financial institution in India focused on the power sector. We play a strategic role in the GoI's initiatives for the development of the power sector in India. We work closely with GoI state Governments and power sector utilities, other power sector intermediaries and private sector clients for the development and implementation of policies and structural and procedural reforms for the power sector in India. In addition, we are involved in various GoI programs for the power sector, including acting as the nodal agency for the UMPP program and the IPDS/R-APDRP and as a bid process coordinator through our wholly owned subsidiary PFC Consulting Limited for the ITP scheme.

We provide a comprehensive range of financial products and related advisory and other services from project conceptualization to the post-commissioning stage to our clients in the power sector, including for generation (conventional and renewable), transmission and distribution projects as well as for related renovation and modernization projects. We provide various fund based financial assistance, including long-term project finance, short-term loans, buyer's line of credit, underwriting of debt and debt refinancing schemes as well as non-fund based assistance including default payment guarantees, credit enhancement guarantees and letters of comfort. We also provide various fee-based technical advisory and consultancy services for power sector projects.

The Issuer has well established relationships with the GoI and state governments, regulatory authorities, major power sector organisations, central and state power utilities, and private sector power project developers. The Issuer has strategically expanded its focus areas to include projects that represent forward and backward linkages to the core power sector projects, including procurement of capital equipment for the power sector, fuel sources for power generation projects and related infrastructure development. The Issuer also funds power trading initiatives.

Our primary sources of funds include equity capital, internal resources and domestic and foreign borrowing. We currently enjoy the highest credit ratings of 'AAA/Stable' from CRISIL, 'AAA (Stable)' from ICRA, & 'AAA/Stable' from CARE for our long term borrowing programme for FY 2020-21. For our short term borrowing programme for FY 2020-21 we are rated 'A1+' by CRISIL, 'A1+' by ICRA and 'A1+' by CARE. International credit rating agencies Moody's, Fitch and Standard & Poor's have granted us ratings – (i) Moody's has granted us an Issuer rating of "Baa3" (ii) Fitch has granted us rating of "BBB-" and (iii) Standard & Poor's has granted credit rating of "BBB-".

The Issuer is a listed GoI company and a public financial institution under the Companies Act. The Issuer is registered with the RBI as a non-deposit taking systemically important NBFC and was classified as an IFC in July 2010. The Issuer believes that its NBFC and IFC classification enables it to effectively capitalise on available financing opportunities in the Indian power sector. In addition, as a GoI-owned NBFC, loans made by the Issuer to central and state entities in the power sector are exempt from the RBI's prudential lending (exposure) norms that are applicable to other non-government owned NBFCs until March 2022. With effect from 1 April 2016, the Issuer is required to follow the RBI prudential norms contained in the RBI master circular dated 1 July 2015 for "Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies", as amended from time to time, and additional RBI directions, if any. The Issuer believes its classification as an

IFC enhances its ability to raise funds on a cost-competitive basis and increases its lending exposures to individual entities, corporations and groups, compared to other NBFCs that are not IFCs.

Our Company has been conferred with various awards including CBIP Award 2019 for 'Best Power Finance Company', 6th Governance Now Best PSU Award(Navratna)-2019, CIDC's 'Partners in progress' Trophy for the year 2018, 'Rajbasha Kirti Prathan Puraskar'(in category of Region 'A'), 'SCOPE Gold Trophy for Good Corporate Governance'-2017, PFC's Urja App won the 'One Globe Award for Excellence in enabling a mobile economy', Amar Ujala 'CSR Award'-2017, first prize in 'Annual Report' category at SCOPE CC Awards.

Commencement
Our Company was incorporated on July 16, 1986 under the Companies Act as a public limited company, registered with the RoC, National Territory of Delhi and Haryana and received the certificate for commencement of business on December 31, 1987.

Public Financial Institution
Our Company was incorporated as a financial institution to finance, facilitate and promote India's power sector development and was notified as a public financial institution under Section 4A of the Companies Act 1956 (now section2(72) of Companies Act 2013) on August 31, 1990.

Infrastructure Finance Company
Our Company is registered with RBI as a non-deposit taking systemically important NBFC ("NBFC") and on July 28, 2010, our Company was classified as an Infrastructure Finance Company ("**IFC**").

Navratna Company
Our Company was conferred with the 'Mini Ratna' (Category – I) status in the year 1998 and on June 22, 2007, our Company was notified as a Navratna company by the GoI.

B. OUR MAIN OBJECTS

Our main objects, as contained in Clause III A of our Memorandum of Association, are as herein under mentioned:

- To finance power projects, in particular thermal and hydroelectric projects;
- To finance power transmission and distribution works;
- To finance renovation and modernization of power plants aimed at improving availability and performance of such plants;
- To finance system improvement and energy conservation schemes;
- To finance maintenance and repair of capital equipment including facilities for repair of such equipment, training of engineers and operating and other personnel employed in generation, transmission and distribution of power;
- To finance survey and investigation of power projects;
- To finance studies, schemes, experiments and research activities associated with various aspects of technology in power development and supply;
- To finance promotion and development of other energy sources including alternate and renewable energy sources;
- To promote, organize or carry on consultancy services in the related activities of the Company;
- To finance manufacturing of capital equipment required in the power sector; and

- To finance and to provide assistance for those activities having a forward and backward linkage, for the power projects, including but not limited to, such as development of coal and other mining activities for use as a fuel in power project, development of other fuel supply arrangements for power sector, electrification of railway lines, laying of railway lines, roads, bridges, ports and harbours, and to meet such other enabling infrastructure facilities that may be required.

C. OUR PRODUCTS

We provide a comprehensive range of fund-based and non-fund based assistance from project conceptualization to the post-commissioning stage to our clients in the power sector. Our fund-based assistance includes primarily project finance, short-term loans, buyers' lines of credit, bridge loans, corporate loans, and debt refinancing schemes. Non-fund based assistance includes primarily default payment guarantees and letters of comfort. Some of our key products are as set out below:

Fund-Based

Our loan assets are presented as adjusted for any provisions for contingencies made in the respective Fiscals.

The following table sets forth certain information relating to our total loan assets as of the dates indicated:

(₹ in crore)

Particulars	As of March 31					
	2017		2018		2019	
	Amount	% of total	Amount	% of total	Amount	% of total
Rupee loans						
a) Term loans	2,39,160.66	97.41%	2,67,027.34	95.73%	3,01,447.03	95.79%
b) Short term loans	6,104.49	2.49%	11,646.43	4.18%	12,978.91	4.13%
Foreign currency loans	260.12	0.10%	240.99	0.09%	240.99	0.08%
Total	2,45,525.27	100.00%	2,78,914.76	100.00%	3,14,666.93	100.00%

i) Rupee Term Loans

Rupee term loans (which comprise Rupee long-term loans and Rupee short-term loans) accounted for 99.89%, 99.91% and 99.92% of our total loan assets as of March 31, 2017, 2018 and 2019, respectively. We generally disburse funds either directly to a supplier of project equipment or services or by way of a reimbursement to the borrower against satisfactory proof of eligible expenditure on the relevant project, or through a trust and retention account.

We generally implement security and quasi-security arrangements in relation to our Rupee term loans.

Our Rupee term loan financings are generally secured in the case of public sector clients, including state utilities, either through a charge on the project assets or by a state government guarantee, or both. In addition to such security or guarantee, most of our loans to central and state sector borrowers provide for an escrow mechanism. For private sector clients, our Rupee term loan financings are secured through, among other things, a first priority pari passu charge on the relevant project assets, collateral such as pledge of shares held by promoters and/or personal or corporate guarantees, as well as trust and retention account arrangements.

Interest rates on Rupee term loans are notified to the borrower from time to time. Typically, there is an option to select interest rates with a reset option after every three years or ten years. We believe that our comprehensive credit appraisal and project monitoring process, and ability to manage the security and repayment profiles of our loan assets, have resulted in strong collection and recovery.

ii) **Transitional loans:-**

We also provide transitional financing to state sector distribution companies in specified states, as per applicable regulatory guidelines / limits, to meet any temporary liquidity shortfall they may experience due to various reasons such as non-adjustment of fuel surcharge, inadequate GoI support, cash or revenue gap, insufficient capacity addition or purchase of expensive power so as to provide the distribution companies with an opportunity to resolve their liquidity position over a specified period. We also provide financial support to newly formed power generating companies, transmission companies and distribution companies incorporated out of bifurcation or reorganization of a state in order to meet any liquidity shortfall experienced by such entities during their initial years due to various reasons, such as, inadequate cash flow, immediate payment requirements for purchase of fuel or power, or other revenue expenditure for the operation of the plant, transmission network or distribution network.

iii) Debt refinancing scheme:-

Under this scheme, we assist borrowers, who have borrowed funds from other lending institutions at a higher rate of interest, to refinance their loans at a lower interest rate. The refinancing facility is available only for commissioned projects.

Funding of Regulatory Assets. We provide loans to distribution companies for the purpose of funding regulatory assets, as per applicable regulatory guidelines / limits. In order to be awarded a loan under this facility, the borrower needs to provide a state government guarantee and must have a business plan in place. Furthermore, the relevant SERC must specify certain conditions such as a time bound recovery plan and recovery of carrying cost of the regulatory assets, among others.

iv) Corporate loans:

We provide corporate loans to entities in the power sector, whether government or private, for the purpose of equity infusion into new power projects or for the acquisition of existing power projects including generation, transmission and distribution projects.

Loans to grid connected solar photovoltaic power generation projects. We provide loans to grid-connected solar photovoltaic power generation projects.

v) **Short-term loans** :-

We provide short-term loans to borrowers to meet their immediate funding requirements. Short-term loans accounted for 2.49%, 4.18% and 4.13% of our total loan assets as of March 31, 2017, 2018 and 2019, respectively. These loans are Rupee-denominated and primarily relate to the purchase of fuel for power plants, consumables, essential spares, emergency repair and maintenance of power plant and transmission and distribution infrastructure. Such short-term loans are also extended against receivables of the borrowers.

vi) Other Fund-Based Assistance

Our product portfolio includes providing a comprehensive range of other fund-based assistance, including but not limited to providing financial assistance for purposes of computerization, studies, equipment manufacturing, loans against receivables, buyers' lines of credit and loans for renewable energy business, including renewable energy produced from biomass, bagasse and municipal waste.

Equipment lease financing. We provide lease financing to fund the purchase of major capital equipment and machinery essential for power sector projects and associated infrastructure projects. Equipment lease financing is extended to various core power sector projects, renewable energy projects and associated infrastructure development projects. Equipment lease financing may be provided for up to the entire cost of the relevant equipment.

Buyers' line of credit. We provide non-revolving Rupee lines of credit for power sector projects in connection with purchase of machinery, equipment and other capital goods (including accessories and spare parts) on a deferred payment basis.

Non-Fund Based

We also provide non-fund based assistance including default payment guarantees and letters of comfort.

i) **Deferred Payment Guarantees :** We issue guarantees on behalf of certain power sector projects to guarantee their payment obligations for the debt availed for such projects. As of March 31, 2019, the total amount of Rupee-denominated default payment guarantees issued by us amounted to ₹ 396.64 crore.

ii) **Letters of Comfort :** We provide letters of comfort against our sanctioned term loans to enable borrowers to establish a letter of credit with their banks. The letter of comfort is issued only in cases where it is a prerequisite for EPC contracts or equipment supply contracts of projects financed by us. The letter of comfort is issued after all other pre-disbursement conditions have been complied with. As of March 31, 2019, we had outstanding letters of comfort aggregating ₹ 186.71 crore.

D. PROJECTS WE FUND:

Our project financing activities have been focused primarily on thermal and hydro generation projects, including financing of renovation and modernization of existing thermal and hydroelectric plants. Transmission and distribution projects financed by us include system improvements and projects involving provision of shunt capacitors and meters. We also focus on the promotion and development of other energy sources, including alternate and renewable fuels. As of March 31, 2019, 70.86%, 8.09%, 20.06% and 0.99% of our total loan assets related to power generation projects, transmission projects, distribution projects and others (including transitional finance, computerization, funding of regulatory assets, equipment manufacturer loan, loan against receivables, short-term loans, buyer lines of credit, etc.), respectively.

We have strategically expanded our focus areas to include projects that represent forward and backward linkages to core power sector projects, including the procurement of capital equipment for the power sector, fuel sources for power generation projects and related infrastructure development as well as power trading initiatives.

Thermal generation projects

We provide financing for thermal energy generation projects in the public and private sectors. Such projects include coal- and gas-based power plants.

Hydro generation projects

We provide financing for hydro generation projects in the public and private sectors. This facilitates an optimal mix of thermal and hydro projects in our loan asset portfolio. In this regard, we have extended loan repayment periods of state sector loans for hydro projects to 20 years after moratorium for hydro projects, effectively increasing the loan tenor for such projects.

Renewable energy projects

We provide financing for various renewable energy generation projects, including solar, wind, biomass and small hydro projects in the public and private sectors.

Renovation, modernization and life-extension scheme

We provide financing for renovation, modernization and life-extension projects for old thermal and hydro power plants.

Transmission projects and schemes

We provide financing for several kinds of power transmission projects, including transmission and sub-transmission schemes, power evacuation lines and transmission lines. Transmission projects and schemes funded by us involve the transmission of power within various states and from one region in India to another, assistance in the distribution of power within a particular state and transmission loss reduction schemes. These schemes include construction of new transmission lines, reinforcement of existing transmission lines, construction of new substations, augmentation of transformer capacities of existing substations, replacement of old and obsolete equipment, and bay extensions.

Distribution, capacitor and metering schemes

We provide financing for various projects and entities that establish and upgrade substations and distribution networks in various distribution circles, including the installment of capacitors and meters to reduce losses and improve revenue generation, and to improve the quality and reliability of power supply to consumers.

E: SOURCES OF FUNDS

Our primary sources of funds include equity capital, internal resources and domestic and foreign borrowings. Our borrowings reflect various sources, maturities and currencies, and include bonds, term loans and commercial paper. Historically, most of our borrowings have been on an unsecured basis.

The following table sets forth certain information relating to our Rupee-denominated and foreign currency-denominated borrowings as of the dates indicated:

(₹ in crore)

Particulars	As of March 31					
	2017		2018		2019	
	Amount	% of total	Amount	% of total	Amount	% of total
Rupee	1,94,144.12	95.83%	2,11,277.92	92.04%	2,59,600.93	90.01%

Particulars	As of March 31					
	2017		2018		2019	
	Amount	% of total	Amount	% of total	Amount	% of total
Foreign currency (1)	8,443.88	4.17%	18,260.08	7.96%	28,826.86	9.99%
Total	2,02,588.00	100.00%	2,29,538.00	100.00%	2,88,427.79	100.00%

Note:

(1) The Rupee equivalent of foreign currency borrowings is based on the relevant bank's telegraphic transfer selling rate for Fiscals 2017, 2018 and 2019.

Rupee resources

Our primary sources of funds are from rupee-denominated bonds and term loans taken in India. In addition, we are classified as an IFC, which enables us to further diversify our borrowings through the issuance of Rupee-denominated infrastructure bonds that offer certain tax benefits to bondholders.

A significant percentage of our rupee-denominated borrowings are raised through the issuance of privately placed bonds in India. As of March 31, 2019, we had outstanding borrowings aggregating ₹ 1,90,324.28 crore and ₹ 46,203.55 crore in the form of bonds (including Rupee-denominated infrastructure bonds) and Rupee denominated term loans, respectively.

The following table sets forth certain information relating to the Rupee resources (principal amounts outstanding) as of the dates indicated:

(₹ in crore)

Particulars	As of March 31					
	2017		2018		2019	
	Amount	% of total	Amount	% of total	Amount	% of total
Taxable bonds	1,77,468.26	91.41%	1,81,553.42	85.93%	1,78,049.17	68.59%
Tax free bonds	12,275.11	6.32%	12,275.11	5.81%	12,275.11	4.72%
Term loans from Indian banks, foreign banks and financial institutions	2,000.00	1.03%	10,525.00	4.98%	46,203.55	17.80%
Short term loans	2,400.79	1.24%	6,924.74	3.28%	23,073.00.00	8.89%
Total	1,94,144.16	100.00	2,11,278.27	100.00	2,59,600.93	100.00%

Foreign currency resources

We have raised foreign currency funds through syndicated loans, medium term notes, loans from multilateral agencies and other sources such as FCNR(B) loans, which are foreign currency loans for specific end uses (such as infrastructure) and at interest rates linked to benchmarks such as LIBOR. The following table sets forth certain information relating to our outstanding foreign currency borrowings (principal amounts outstanding only), as of the dates indicated:

(₹ in crore)

Particulars	As of March 31					
	2017		2018		2019	
	Amount	% of total	Amount	% of total	Amount	% of total
FCL Bonds	1,167.30	13.82%	2,607.00	14.28%	8,298.60	28.79%
FCL Syndicated Loans	7,072.35	83.76%	12,462.05	68.25%	15,852.09	54.99%
Other FCL Loans	204.23	2.42%	3,191.03	17.48%	4,676.17	16.22%
Total	8,443.88	100.00%	18,260.08	100.00%	28,826.86	100.00%

As an IFC, we are also eligible to raise, under the automatic route (without the prior approval of the RBI), ECBs of up to U.S.$ 75.00 crore in each fiscal year.

F. INSTITUTIONAL DEVELOPMENT ROLE AND GOI PROGRAMS

The GoI and various state governments have undertaken various programs and initiatives for the reform and restructuring of the power sector in India to ensure adequate supply of electricity at reasonable rates, to encourage private sector participation, and to make the Indian power sector self-sustaining and commercially viable. These institutional, structural and procedural reforms are aimed at achieving operational and commercial efficiency, and improved viability of state power utilities; improving delivery of services and achieving cost effectiveness through technical, managerial and administrative restructuring of utilities; creating an environment that will attract private capital, both domestic and foreign, to supplement public sector investment; operating state power utilities in a manner that enables them to generate sufficient returns to meet operational and investment requirements; and achieving energy conservation through integrated resource planning, demand side management and minimizing waste.

We were established as an integral part of, and continue to play a strategic role in, the GoI's initiatives for the development of the power sector in India. We work closely with GoI instrumentalities, state governments and power sector utilities, other power sector intermediaries and private sector clients for the development and implementation of policies and structural and procedural reforms for the power sector in India. In addition, we are involved in various GoI programs for the power sector, including acting as a nodal agency for the UMPP and R-APDRP (subsumed under the IPDS).

Restructured Accelerated Power Development and Reform Program ("R-APDRP")

R-APDRP was approved as a central public sector scheme during the 11th Plan and the sanction of the President for the same was conveyed through the MoP order dated September 19, 2008. The completion period for Part-A of the scheme was further extended by two years pursuant to the MoP order dated July 8, 2013. The scheme has been approved by CCEA for continuation in the 12th Five Year Plan and the 13th Five Year Plan, and R-APDRP Steering Committee has been authorized to grant further time extension for successful completion of projects on a case by case basis.

Components of R-APDRP

The scheme comprises three parts: Part-A, Part-B and Part-C.

Part-A: Part-A of the scheme is dedicated to the establishment of an IT enabled system for achieving reliable and verifiable baseline data system in all towns with populations greater than 30,000 as per the 2001 census (10,000 for special category states). The implementation of SCADA/DMS for towns with populations greater than 4 lakh and annual input energy greater than 350MU is also envisaged under Part-A.

Part-B: Part-B deals with regular sub-transmission and distribution system strengthening and project upgrade. The focus in Part-B is on the reduction of aggregate technical and commercial (AT&C) losses on a sustainable basis and continuous improvement of the distribution system. Part-B is considered for sanction for towns where Part-A (IT) is implemented.

Part-C: R-APDRP has provision for capacity building of utility personnel under Part-C of the scheme. A few pilot projects adopting innovations are also envisaged under Part-C. The funding under Part-C is obtained through grant.

We have been designated as the nodal agency to implement the program and will act as a single window service under R-APDRP. As the nodal agency, we will receive fees in respect of implementation of the program as per the norms to be decided by the R-APDRP Steering Committee.

Integrated Power Development Scheme ("IPDS")

The IPDS was approved as a central public sector scheme for implementation during the 12th Five Year Plan and 13th Five Year Plans, and the office memorandum was issued pursuant to the MoP order dated December 3, 2014.

Components of IPDS

The components of IPDS are as follows:

(i) strengthening of sub-transmission and distribution networks in the urban areas;

(ii) metering of distribution transformers/feeders/consumers in the urban areas;

(iii) IT enablement of the distribution sector and strengthening of the distribution network under R-APDRP for the 12th Five Year Plan and 13th Five Year Plan by carrying forward the approved outlay for R-APDRP to IPDS;

(iv) schemes for Enterprise Resource Planning (ERP) and IT enablement of the remaining urban towns are also included under IPDS. The scope of IT enablement has been extended to all urban towns as per Census 2011;

(v) smart metering solutions for performing UDAY States and Solar panels on government buildings with net-metering are also permissible under the scheme;

(vi) Gas Insulated switchgear (GIS) sub-stations; and

(vii) Real Time-Data Acquisition System (RT-DAS) projects for accurate measurement of power interruption parameters like SAIDI/SAIFI.

The scheme of R-APDRP as approved by CCEA for continuation in the 12th Five Year Plan and 13th Five Year Plan has been subsumed in this scheme.

Ujwal Discom Assurance Yojna ("UDAY")

The UDAY scheme, which was notified by the GoI on November 20, 2015, aims to bring about a financial turnaround of power Discoms and applies to state Discoms. The broad objectives of the scheme, among others, are to:

(i) reduce the AT&C losses to 15% by the year 2019;

(ii) reduce the gap between the average cost of supply and average revenue to zero by the year 2019;

(iii) reduce the cost of power generation through various administrative measures such as the increase of supply of coal, coal linkage rationalization and swaps and supply of improved quality of coal;

(iv) take over 75% of the debt of state Discoms, as of September 30, 2015, over a period of two years (namely 50% in Fiscal 2016 and 25% in Fiscal 2017), through the issue of non-statutory liquidity ratio and state development loan bonds;

(v) convert 50% of the balance of the debt remaining with state Discoms at the end of 2016 into bonds that are to be offered by banks and other financial institutions for an interest rate of not more than 0.1% in addition to the bank's base rate;

(vi) offer, for subscription, to the market, the bonds to be issued against the loans of financial institutions (including REC and the Company), with any unsubscribed portion to be taken over by banks in proportion to their lending to state Discoms;

(vii) avoid any levy of pre-payment charge on the debt of state Discoms; and

(viii) allow for waiver of any unpaid overdue interest and penal charges on the debt of state Discoms, and refund and adjust any such overdue and penal interest paid since October 1, 2013.

As of March 31, 2019, a total of 32 Indian states and union territories have signed the memorandum of understanding under the UDAY scheme.

Ultra Mega Power Projects ("UMPP")

The GoI introduced the UMPP program with the objective of developing large capacity power projects in India. We have been designated to act as a nodal agency by the GoI for the development of UMPPs, each with a contracted capacity of approximately 4,000 MW. These UMPPs, among others, utilize the principle of economies of scale and the mechanisms of supercritical technology to reduce emissions and lower tariff costs.

The CEA is the technical partner for the development of these UMPPs, while the MoP is involved as a facilitator. As of March 31, 2019, 17 UMPPs have been identified, located in Madhya Pradesh (one), Gujarat (two), Karnataka (one), Maharashtra (one), Andhra Pradesh (two), Jharkhand (two), Tamil Nadu (two), Odisha (three), Uttar Pradesh (one), Bihar (one) and Chhattisgarh (one). We have incorporated a total of 14 wholly owned SPVs for these UMPPs. In relation to such SPVs, we in conjunction with the MoP and the CEA, will undertake preliminary site investigations and obtain fuel linkages and appropriate regulatory and other approvals (including for land, water and for power selling) and environment and forest clearances necessary to conduct the bidding process for these projects. Four of these SPVs have been transferred to successful bidders (as detailed in the table below). The remaining SPVs are proposed to be transferred in due course to successful bidder(s) selected through a tariff-based international competitive bidding process in accordance with the guidelines notified by the GoI under section 63 of the Electricity Act, 2003.

G. OUR SUBSIDIARIES

To focus on additional business in the areas of consultancy, renewable energy, consortium lending, equity financing, etc. following wholly owned subsidiaries (as on 31st March 2019) have been incorporated by PFC :

a) **REC Ltd. -** On March 28, 2019, our Company has acquired a 52.63% equity stake in REC Ltd. from GoI. REC, is also a Public Financial Institution engaged in the financing and promotion of transmission, distribution and generation including renewable energy projects in India. REC has also been granted "*Navratna*" status by the Department of Public Enterprise, GoI. We believe, REC also plays a strategic role in the GoI's initiatives and plays a pre-eminent role in the power sector, in terms of financing state power utilities and being an agency to implement key power sector initiatives of the central government. Apart from DDUGJY and Saubhagya schemes, REC is also the nodal agency for National Electricity Fund programme and also the coordinating agency for UDAY – Ujwal Discom Assurance Yojana and 24X7 Power For All initiatives.

b) **PFC Consulting Limited (**PFCCL) Our wholly owned subsidiary PFCCL, also provides various technical consultancy and advisory services for power sector projects. PFCCL provides consultancy and other fee-based services to state power utilities, power distribution licensees, IPPs, public sector undertakings and SERCs. PFCCL acts as a bid process coordinator for ITP scheme projects. Other consultancy services include and relate to bid process coordination for power procurement by distribution licensees through a tariff-based competitive bidding process; renewable and nonconventional energy schemes; coal block joint ventures and selection of developers for coal blocks and linked power projects; preparation of detailed project reports; and project management consultancy for distribution system improvement schemes, including those covered under the R-APDRP scheme.

PFCCL is also involved in the following government initiatives:

Discovery of efficient electricity price ("DEEP")

The DEEP e-Bidding Portal has been developed to promote uniformity, transparency and competition in power procurement and facilitate the Distribution Licensees for Procurement of power as per the Guidelines issued by the MoP. Pursuant to the guidelines, PFCCL acts as the authorized representative for the DEEP e-Bidding Portal. PFCCL developed the DEEP e-Bidding portal through MSTC Limited and is responsible for its overall function and smooth operation.

Payment ratification and analysis in power procurement for bringing transparency in invoicing of generators ("PRAAPTI")

The MoP authorized PFCCL for development of an application and web-based portal for transparency in power payments to generators. PFCCL developed an application and web-based portal namely PRAAPTI. The application and web-based portal was launched on May 29, 2018 and the application can be downloaded through Google Play Store, and Apple Store.

As on March 31, 2019, the following Special Purpose Vehicles ("**SPVs**") have been incorporated as subsidiaries/ deemed subsidiaries of the Company:

Sr. No.	Name of Special Purpose Vehicle
1.	Chhattisgarh Surguja Power Limited (Previously known as Akaltara Power Limited)
2.	Coastal Karnataka Power Limited

3.	Coastal Maharashtra Mega Power Limited
4.	Coastal Tamil Nadu Power Limited
5.	Orissa Integrated Power Limited
6.	Sakhigopal Integrated Power Company Limited
7.	Ghogarpalli Integrated Power Company Limited
8.	Tatiya Andhra Mega Power Limited
9.	Deoghar Mega Power Limited
10.	Odisha Infra Power Limited
11.	Cheyyur Infra Limited
12.	Deogarh Infra Limited
13	Bihar Infra Power Limited
14.	Bihar Mega Power Limited
15.	Jharkhand Infrapower Limited
Subsidiaries of PFCCL	
1.	Ballabhgarh-GN Transmission Company Limited
2.	Tanda Transmission Company Limited
3.	Mohindergarh-Bhaiwani Transmission Limited
4.	South-Central East Delhi Power Transmission Limited
5.	Bijawar-Vidarbha Transmission Limited
6.	Shongtong Karcham-Wangtoo Transmission Limited
7.	Vapi II-Lakhimpur Transmission Limited
9.	Bhuj -II Transmission Limited
10.	Fatehgarh-II Transco Limited
11.	Lakadia-Vadodara Transmission Limited
12.	Meerut-Simbhavali Transmission Limited
Subsidiaries through REC	
1.	REC Power Distribution Company Limited
2.	REC Transmission Projects Company Limited
3.	Dinchang Transmission Limited
4.	Koderma Transmission Limited
5.	Chandil Transmission Limited
6.	Mandar Transmission Limited
7.	Dumka Transmission Limited
8.	Bhind-Guna Transmission Limited
9.	Jam Khambaliya Transco Limited
10.	Udupi Kasargode Transmission Limited
11.	Ajmer Phagi Transco Limited
12.	Khetri Transco Limited
13.	WRSS XXI (A) Transco Limited
14.	Lakadia Banaskantha Transco Limited
Subsidiaries through EESL	
1.	Creighton Energy Limited
2.	EESL EnergyPro Assets Limited
3.	Edina Acquisition Limited
4.	Anesco Energy Services (South) Limited
5.	Edina Limited
6.	EPAL Holdings Limited
7.	Edina Australia Pty Limited
8.	Edina Power Services Limited
8.	Stanbeck Limited

10	Edina UK Limited
11.	Edina Power Limited
12.	Armoura Holdings Limited
13.	Edina Manufacturing Limited

H. JOINT VENTURES AND INVESTMENTS

As on 31.03.2019, the following are the details of our joint ventures and investments:

JOINT VENTURES

We have entered into one joint venture arrangement, pursuant to which the following joint venture company has been incorporated:

Energy Efficiency Services Limited ("EESL") was incorporated as a public limited company on December 10, 2009 under the Companies Act, 1956. EESL intends to focus on energy efficiency and climate change initiatives. As on March 31, 2019, the Company has invested ₹ 245.50 crore in EESL. The Company had entered into a joint venture agreement with National Thermal Power Corporation, Power Grid Corporation of India Limited and Rural Electrification Corporation Limited on November 19, 2009 for incorporation of EESL as an implementation arm of the National Mission of Enhanced Energy Efficiency, which is a part of the National Action Plan on Climate Change. In line with the joint venture agreement of EESL, all the joint venture partners have identical rights and privileges including without limitation, dividend, voting rights etc., thereby providing substantive participative rights through their right to affirmative vote on certain reserved matters. Consequent upon acquisition of controlling stake in REC Limited on March 28, 2019, EESL was reclassified from associate to a subsidiary company during the fiscal year 2019 as the Company held 58.06% ownership interest (36.36% through the Company's own share and 21.70% through the Company's subsidiary REC Limited) as on March 31, 2019. EESL remained as a subsidiary of the Company as on June 30, 2019 as the Company further held 52.37 % ownership interest (27.73% through the Company's own share and 24.64% through the Company's subsidiary REC Limited). The shareholding pattern of the Company as on September 17, 2019 provides that PFC hold 47.15% ownership interest (24.97% through the Company's own share and 22.18% through the Company's subsidiary REC Limited) in EESL and thus, ESSL is considered as a joint venture of the Company.

INVESTMENTS

1. PTC INDIA LIMITED (formally known as Power Trading Corporation of India Limited)

PTC India Limited ("**PTC**") was jointly promoted by Power Grid, NTPC, NHPC and PFC. PFC has invested ₹ 12 crore in PTC which is 4.05% of PTC's total equity. PTC is the leading provider of power trading solutions in India, a GoI initiated public-private partnership, whose primary focus is to develop a commercially vibrant power market in the country. PTC has reported profit after tax of ₹ 262.32 crore for the financial year 2018-19.

2. POWER EXCHANGE INDIA LIMITED

Power Exchange India Limited ("**PXIL**") is India's first institutionally promoted Power Exchange, that provides innovative and credible solutions to transform the Indian power markets. PXIL, provides nationwide, electronic exchange for trading of power and handles power trading and transmission clearance, simultaneously, it provides transparent, neutral and efficient electronic platform. PXIL offers various products such as day ahead, day ahead contingency, any day, intra-day and weekly contracts. PXIL provides trading platform for renewable energy certificates. PFC's investment in equity shares of PXIL as on March 31, 2019 is ₹ 3.22 crore. Due to erosion of net worth of PXIL, PFC has provided the entire investment amount of ₹ 3.22 crore as provision for diminution in the value of investment in its books.

3. NHPC LIMITED

PFC has initially invested 26,05,42,051 equity shares of NHPC Limited at the rate of ₹ 21.78 per share (including securities transaction tax, brokerage and other charges) amounting to ₹ 567.50 crore in April 2016 during disinvestment by GoI through offer for sale route. PFC has sold 1,70,31,445 number of equities shares as on June 30, 2019. As on June 30, 2019 PFC holds 24,35,10,606 equity shares of NHPC Limited with an investment amount of ₹ 530.39 Crore.

4. **COAL INDIA LIMITED**

PFC has invested 1,39,64,530 equity shares of Coal India Limited at the rate of ₹ 358.58 per share (including securities transaction tax, brokerage and other charges) amounting to ₹ 500.74 crore in February 2015 through offer for sale route. As on March 31, 2019, PFC holds 1,39,64,530 equity shares of Coal India Limited with an investment amount of ₹ 500.74 Crore and with a valuation of ₹ 354.42 Crore.

5. SHREE MAHESHWAR HYDEL POWER CORPORATION LIMITED

In June 2016, PFC, being one of the lenders of Shree Maheshwar Hydel Power Corporation Limited ("**SMHPCL**") had enforced its legal rights as per the pledge deed dated November 30, 2006 as amended from time to time and subordinate loan agreement dated September 29, 2006, by invoking the shares pledged by the promoters of SMHPCL in favor of PFC and by partial converting sub-debt loan into equity shares. Upon invocation of pledged shares and partial conversion of sub-debt, the total shareholding of PFC in SMHPCL is 13,18,46,779 equity shares of ₹ 10 each representing 23.32% of paid up equity share capital of SMHPCL. However, the matter is subjudice.

6. SMALL IS BEAUTIFUL FUND (SIB)

The Small is Beautiful fund is a SEBI-registered venture capital fund managed by KSK Investment Advisor Private Limited, a private sector power developer. The Small is Beautiful fund takes up equity exposure in power generation projects. As of March 31, 2019, PFC's outstanding investment in this fund is ₹ 6.15 crore.

I. CONSULTANCY SERVICES

In addition to our lending activities, we provide various technical consultancy and advisory services for power sector projects. We provide consultancy and other fee-based services to State power utilities, power distribution licensees, IPPs, public sector undertakings and SERCs. We also provide fee-based services for various GoI programs, including acting as a nodal agency for UMPP IPDS / R-APDRP projects and as a bid process coordinator through our wholly owned subsidiary PFC Consulting Limited for ITP projects. Other consultancy and advisory services include: bid process coordination for power procurement by distribution licensees through tariff based competitive bidding process; renewable and non-conventional energy schemes; coal block joint ventures and selection of developers for coal blocks and linked power projects; project advisory services including selection of an EPC contractor; advisory services relating to policy reform, restructuring and regulatory aspects; and assistance in relation to capacity building and human resource development.

We also intend to focus on acquisition advisory services for power sector projects, including identification of target projects and potential acquirers for acquisitions and consolidation opportunities, and also provide techno-commercial appraisal of target projects.

J. REGULATIONS AND POLICIES

We are a Non-Banking Finance Company, that is Non Deposit taking and Systemically Important (“**NBFC-ND-SI”)**, and are notified as a public financial institution under section 2(72) of the Companies Act, 2013 (corresponding to Section 4A of the erstwhile Companies Act, 1956). We have also been classified as an IFC by the RBI *vide* certificate dated July 28, 2010. NBFCs are primarily governed by the RBI Act, Non-Banking Financial Company Systemically Important NBFC Directions, and the Non-Banking Financial Company – Non-Systemically Important Non-Deposit Taking Company and Deposit Taking Company (Reserve Bank) Directions, 2016. Additionally, NBFCs are also governed by various circulars, notifications, guidelines and directions issued by the RBI from time to time.

K. CORPORATE GOVERNANCE

We believe in the adoption of corporate governance standards that are credible, consistent and coherent. Our philosophy of corporate governance encompasses the characteristics of adequate disclosure, focused approach, compliance with laws, a professional board, and ultimately the target of maximizing shareholder value while addressing the interests of creditors, employees, the environment and society at large. We intend to comply with the principles of corporate governance set out in the SEBI Listing Regulations.

We have also laid down a comprehensive code of conduct for the Board and senior management personnel which is applicable to all Directors and members of senior management of our Company. It aims to enhance the ethical and transparent way we manage our affairs.

Our Board consists of three independent Directors apart from the one GoI nominee Director. The Board functions either as a full Board or through various committees constituted to oversee specific operational areas. The Board and its committees meet at regular intervals.

L. COMPETITION

As a leading financial institution in India focused on the power sector, we believe that our experience in implementing GoI policies and programs, industry knowledge, relationships with clients and large client base enables us to be a preferred financing provider for the power sector in India. Our primary competitors include infrastructure finance companies; public sector banks and private banks (including foreign banks); multilateral development institutions; insurance companies that either lend to the power sector directly or work in conjunction with other financial services firms to lend to the infrastructure sector; as well as private equity firms that focus on private equity, buyouts and mezzanine financing for the power sector.

M. EMPLOYEES

We have an experienced, qualified and committed management and employee base. As of June 30, 2019, we had 490 employees. In addition, we employ contract laborers from time to time. We believe that we have an efficient and lean organizational structure relative to the size of operations and profitability. We have a registered trade union under the Trade Unions Act, 1926. The per employee profit for Fiscal 2019 was ₹ 13.97 crore which indicates a high level of employee productivity.

N. TRAINING AND DEVELOPMENT

We attach great importance to providing continuous training to our officials to keep them updated on the latest developments in the industry and expand their knowledge and skill sets. During Fiscal 2019, in order to ensure specific skill development, the focus of conducting in-house programs was maintained in line with the corporate goals. Customized programs like training on KYC policy, executive development programs, leadership and team building, appraisal and disbursement procedures, outbound experiential learning, etc. were organized along with other need-based programs. During the past year, in-house training programs were organized by the Company for its employees. A total of 2,219 man-days were achieved by conducting various in-house programs and by sponsoring employees to other need based programs conducted by external training agencies.

O. CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABLE DEVELOPMENT

CSR is a cornerstone of our operations and we discharge our social responsibility obligations as a part of our growth philosophy. The Company aims to act as a responsible corporate citizen and are committed to improving the welfare of the society through inclusive growth aimed at the empowerment of communities through (i) environment protection through promotion of renewable energy, sanitation and provision for safe drinking water, (ii) skill development programmes and (iii) activities related to the healthcare sector. Our Company has a CSR & Sustainability Policy. The aim of our CSR & Sustainability Policy is to ensure that our Company becomes a socially responsible corporate entity committed to improving the quality of life of the society at large. To oversee the activities of CSR, our Company has in place a Board level CSR&SD Committee of Directors headed by an Independent Director.

In conformity with the provisions of the Companies Act, 2013 and the rules framed thereunder, for Fiscal 2019, our Board had approved a CSR budget of ₹ 148.15 crore based on 2% of the average stand-alone profit before tax excluding dividend received from other companies covered under and complying with Section 135 of the Companies Act, 2013, for last three financial years in line with Rule 2(f)(ii) of Companies (Corporate Social Responsibility Policy) Rules, 2014. During the financial year 2018-19, our Company implemented a wide range of activities in various states in the fields of solar energy, rural development, sanitation, health and education, skill development, etc.

P. CERTIFICATIONS

We were awarded the ISO 9001:2015 certification with effect from January 9, 2019, valid until January 8, 2022, with respect to its operations.

Q. INSURANCE

We maintain insurance for our physical assets, such as office and residential properties. However, the amount of the insurance coverage may be less than the replacement cost of such property and may not be sufficient to cover all potential losses that we may suffer should a risk materialize. In addition, we maintain customary insurance for employees in case of accident or death as well as directors and officers' liability insurance.

R. INFORMATION TECHNOLOGY

We have implemented the following IT initiatives:

a. all major business processes such as project appraisal, financial and loan accounting management, resource mobilization and treasury management, payroll and human resources have been computerized onto a centralized data base by using on-line transactional applications such as "Oracle ERP", resource mobilization and treasury management modules, and an integrated power financing system;

b. a web-based self-help employee portal has been implemented with an on-line claim processing system to facilitate partially paperless filing of various claims and to enable claim status to be viewed easily;

c. a 24x7 operational data center is housed with ERP, databases, applications, networks, email system and anti-virus servers, with backup power and a temperature-controlled environment with data backup systems;

d. a comprehensive network security system to secure data has been implemented with a firewall and an intrusion detection and prevention system, together with anti-virus and content filtering systems;

e. local area networks have been installed, and access to IT facilities such as desktop computers are available to the employees; our Company's reporting requirements have been met by using financial ERP systems, payroll, an integrated power financing system and resource mobilization and treasury management modules; and

f. "oracle apps" for financial ERP systems have been implemented for all financial transactions and reporting covering general ledger, accounts payable and receivables, financial accounting, best-of breed software modules for resource mobilization and treasury management modules. These applications have been in operation since Fiscal 2011.

S. PROPERTIES

The details in relation to the properties of the Company are as follows:

Registered and Corporate Office: Our registered and corporate office is located at Urjanidhi, 1, Barakhamba Lane, Connaught Place, New Delhi. Our Company entered into a memorandum of agreement dated February 5, 2002, with the President of India in relation to our registered office premises, pursuant to which we were required to execute a perpetual lease upon completion of construction of the building where our Registered Office is situated. The perpetual lease deed was executed on March 23, 2011.

Regional offices: We also have two regional offices in Mumbai and Chennai, which are taken on lease-hold and freehold basis respectively. In addition to the offices, we also own certain residential properties in New Delhi.

T. MAJOR EVENTS AND MILESTONES

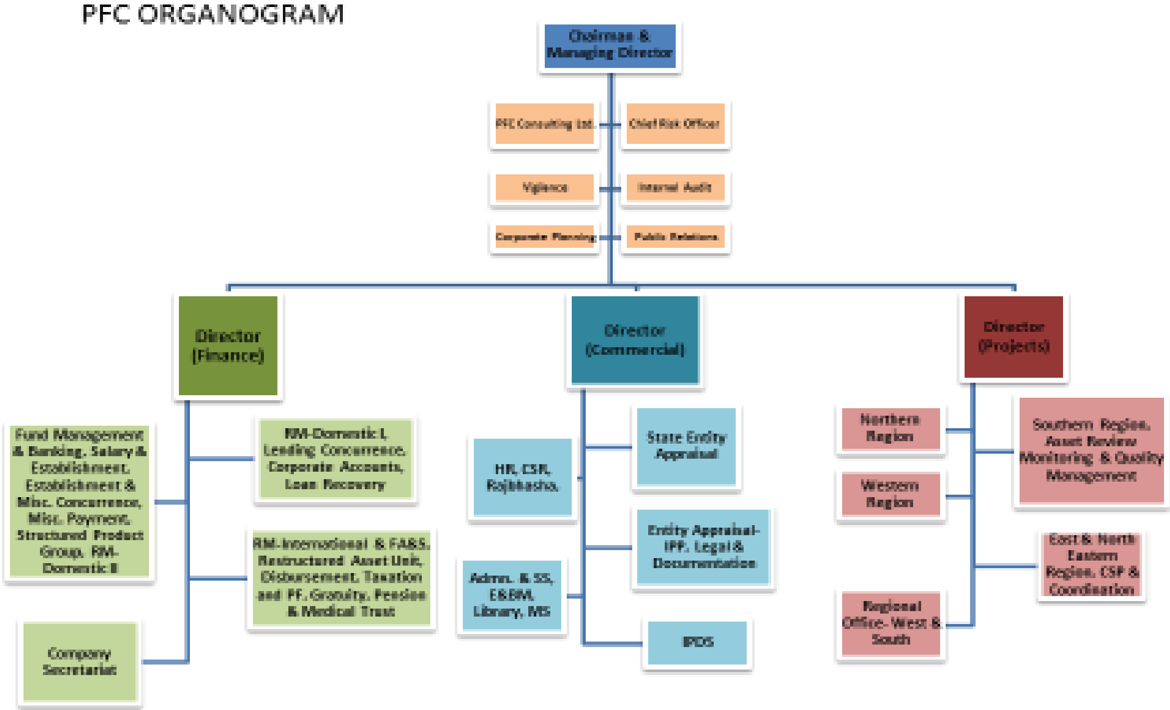
Calendar Year	Event
1986	Incorporation of the Company.
1988	Commenced lending activities.
1990	Declared as a public financial institution under section 4A of Companies Act, 1956.
1996	Started funding private power projects.
1998	• Registered as a NBFC with RBI; • Declared as a Mini Ratna (category I) public sector undertaking by the GoI.
1999	Promoted Power Trading Corporation of India (now PTC India Limited) as a joint venture with NTPC, NHPC and Power Grid Corporation.
2007	• Declared as a Navratna Public Sector Undertaking ("**PSU**") on June 22, 2007; • Initial Public Offer ("**IPO**") of equity shares with listing on both Bombay Stock Exchange ("**BSE**") and National Stock Exchange ("**NSE**").
2008	• Appointed as the nodal agency for R-APDRP; • Incorporated PFC Consulting Limited (PFCCL) as wholly owned subsidiary.
2010	Registered by RBI as "NBFC-ND-IFC" (Infrastructure finance company)
2011	Public issuance of long-term infrastructure bonds.
2012-13	Issued tax free bonds of 10 (ten) and 15 (fifteen) years tenors.
2014	• Crossed ₹ two trillion loan assets; • Appointed as nodal agency for Integrated Power Development Scheme ("**IPDS**").
2015	• Incorporation of a subsidiary, namely Bihar Mega Power Limited on July 9, 2015, for the development of ultra-mega power projects; • Incorporation of two other subsidiaries, namely Deoghar Infra Limited & Bihar Infrapower Limited on June 30, 2015, for the development of ultra-mega power projects; • PFC received "India Pride PSU Award 2015-16".
2016	• 'SCOPE Gold Trophy for Good Corporate Governance for the year 2014-15' to Mr. Rajeev Sharma, CMD.
2017	• Crossed annual sanctions of ₹ one trillion; • Issued 54 EC Capital Gain Bonds; • Issued $ 400 million 10 years Reg S green bonds.
2018	• Issued $ 300 million 10Y Reg S bonds; • Issued $ 500 million 10Y Reg S/ 144A bonds under GMTN program.
2019	• Acquired 52.63% equity stake in REC Limited; • Annual profit of the Company crossed USD one billion*.

* exchange rate (INR/USD) as of 31st March of respective fiscal year.

CHAPTER IV

U. ORGANIZATION/CORPORATE STRUCTURE

PFC ORGANOGRAM



CHAPTER V

MANAGEMENT OF THE COMPANY

A. Details of current directors of the company

S. No	Name, Designation and DIN	Age (Completed Years)	Address	Director of the Company since	Other Directorships
1.	Mr. Rajeev Sharma Designation: Chairman and Managing Director DIN: 00973413 Nationality: Indian	59	Urjanidhi. 1 Barakhamba Lane, Connaught Place , New Delhi -110001	01/10/2016	• PFC Consulting Limited • Energy Efficiency Services ltd
2.	Mr. N.B. Gupta Designation: Director (Finance) DIN: 00530741 Nationality: Indian	59	Urjanidhi. 1 Barakhamba Lane, Connaught Place , New Delhi -110001	18/08/2017	• PFC Consulting Limited • Coastal Tamil Nadu Power Ltd • Cheyyur Infra Ltd • Deoghar Mega Power ltd • Bihar Mega Power Ltd • Chhattisgarh Surguja Power Ltd • Tatiya Andhra Mega Power Ltd • PTC India Ltd
3.	Mr. Praveen Kumar Singh Designation: Director (Commercial) DIN: 03548218 Nationality: Indian	58	Urjanidhi. 1 Barakhamba Lane, Connaught Place , New Delhi -110001	10/08/2018	• Coastal Karnataka Power Ltd • Sakhigopal Integrated Power Co Ltd • Jharkhand Infra Power Ltd • Ghogarpalli Integrated Power Co Ltd • PFC Consulting Limited • Orissa Integrated Power limited • REC Limited.
4.	R. S. Dhillon Designation: Director (Projects) DIN: 00278074 Nationality: Indian	56	Urjanidhi. 1 Barakhamba Lane, Connaught Place , New Delhi -110001	12/06/2019	• PFC Consulting Limited
5.	Mr. Mritunjay Kumar Narayan Designation: Govt. Nominee DIN: 03426753 Nationality: Indian	50	Minstry of Power, Shraram Shakti Bhawan, Rafi Marg, New Delhi -1	28/08/2019	• REC Limited • PTC India Ltd

6.	Mrs. Gouri Chaudhury Designation: Independent Director DIN: 07970522 Nationality: Indian	77	1/62, Dover Place, Ballygunge, Circus Avenue, Kolkata, West Bengal - 700019	03/11/2017	Nil
7.	Shri R. C. Mishra Designation: Independent Director DIN:02469982 Nationality: Indian	67	2603, Imperial Tower 3, Jaypee Greens Wish Town, Sector 128, Gautam Buddha Nagar, Noida, Uttar Pradesh	11/07/2019	Nil

The information (other directorships) provided on the basis of MBP-1 submitted by the Directors.

B. Details of change in directors since last three years
(Including the directors ceased to be on the Board during last three years)

Name, Designation and DIN	Date of appointment/ Cessation	Director of the Company since (in case of cessation)	Remarks
Mr Rajeev Sharma Designation: Chairman and Managing Director DIN:00973413 Nationality: Indian	01 October, 2016	Continuing	Appointment
Dr Arun Kumar Verma Designation: Govt. Nominee DIN: 02190047 Nationality: Indian	13 October, 2015	28 August,2019	Nomination changed by Government
Mr. Radhakrishnan Nagarajan Designation: Director (Finance) DIN: 00701892 Nationality: Indian	01 June, 2017	31 July, 2009	Superannuated
Mr C. Gangopadhyay Designation: Director (Projects) DIN:02271398 Nationality: Indian	01 May, 2019	01 January, 2017	Superannuated
Mr. Sitaram Pareek Designation: Independent Director DIN: 00165036 Nationality: Indian	06 February, 2017	05 February, 2020	Completion of Tenure

Mr. N.B. Gupta Designation: Director (Finance) DIN: 00530741 Nationality: Indian	18 August, 2017	Continuing	Appointment
Mrs Gouri Chaudhury Designation: Independent Director DIN: 07970522 Nationality: Indian	03 November, 2017	Continuing	Appointment
Mr. D. Ravi Designation: Director (Commercial) DIN: 00038452 Nationality: Indian	01 June, 2018	16 November, 2015	Superannuated
Mr. Praveen Kumar Singh Designation: Director (Commercial) DIN: 03548218 Nationality: Indian	10 August, 2018	Continuing	Appointment
R. S. Dhillon Designation: Director (Projects) DIN: 00278074 Nationality: Indian	12 June, 2019	Continuing	Appointment
Shri R. C. Mishra Designation: Independent DIN:02469982 Nationality: Indian	11 July, 2019	Continuing	Appointment
Shri Mritunjay Kumar Narayan Designation: Govt. Nominee DIN: 03426753 Nationality: Indian	28 August, 2019	Continuing	Appointment

C. Relationship between our Directors

None of our Directors are related to each other. None of our Directors is, or was, a director of any listed company, which has been or was delisted from any recognised stock exchange, during the term of his/her directorship in such company.

CHAPTER VI

DETAILS OF AUDITOR OF THE COMPANY

A. Auditors of the company

Year	Name	Address	Auditor Since
2019-20	**M/s Dass Gupta & Associates Chartered Accountants Registration No.: 000112N**	B-4, Gulmohar Park, New Delhi – 110049 Tel No.: (011)46111000 E-mail: admin@dassgupta.com	Aug 01, 2019
	M/s Gandhi Minocha & Co Chartered Accountants Registration No.:000458N	B-6, Shakti Nagar Extention, Near Laxmi Bai College New Delhi – 110052 Tel No.: (011) 27303078 E-mail: gandhica@yahoo.com	July 11, 2017

B. Details of change in auditor since last three years:

S. No.	Financial Year	Name	Address	Date of Appointment/ Cessation	Auditor of the Company since (in case of Cessation)	Remark (if any)
1.	2019- 20	M/s Dass Gupta & Associates Chartered Accountants, ICAI Firm Registration: 000112N	NDG Center, B-4, Gulmohar Park, New Delhi 110049	August 1, 2019	-	Appointed by the CAG.
2.	2018- 19	M/s Gandhi Minocha & Co. Chartered Accountants, ICAI Firm Registration: 000458N	B-6, Shakti Nagar Extension, New Delhi – 110052	July 11, 2017	-	Appointed by the CAG.
3.	2018-19	M/s M.K. Aggarwal & Co., Chartered Accountants ICAI Firm Registration: 01411N	30, Nishat Kunj, Pitam Pura, New Delhi-110034	Ceased to be the statutory auditor w.e.f. AGM for Fiscal 2019 i.e. August 27, 2019.	Auditors are appointed by CAG for a financial year and first time M.K. Agarwal & Co. was appointed PFC's auditors on July 12, 2016	The CAG communicated the change of auditors vide letter dated July 12, 2016
4.	2017-18	M/s K.B. Chandna & Co., Chartered Accountants ICAI Firm Registration: 00862N	E-27, South Extension Part-II, New Delhi-110049	Ceased to be the statutory auditor w.e.f. date of AGM i.e. September 11, 2018	Appointed on July 29, 2013	The CAG communicated the change of auditors vide letter dated July 12, 2016

CHAPTER VII

ISSUER INFORMATION

<table>
<tr><td>Name of the Issuer

Registered & Corporate Office

CMD of the Company</td><td colspan="2">Power Finance Corporation Limited

UrjaNidhi Building, 1-Barakhamba Lane,
Connaught Place
New Delhi – 110001
Tel: +91 11 2345 6000, Fax: +91 11 2345 6285
Website: www.pfcindia.com
E-mail: 54ECinvestorcell@pfcindia.com

Sh. Rajeev Sharma
Chairman and Managing Director
UrjaNidhi Building 1-Barakhamba Lane,
Connaught Place, New Delhi – 110001
Tel: +91 11 2345 6000, Fax: +91 11 2341 2545</td></tr>
<tr><td>Compliance Officer</td><td colspan="2">Sh. Pawan Kumar
Chief General Manager(Finance)
Urjanidhi, 1 Barakhamba Lane,
Connaught Place
New Delhi – 110001
Tel: +91 11 2345 6202, Fax: +91 11 2345 6285
E-mail: pawan_kumar @pfcindia.com</td></tr>
<tr><td>Registrar to the Issue</td><td colspan="2">KFin Technologies Private Limited
(Formerly known as “Karvy Fintech Private Limited”)

Selenium Tower B, Plot Nos. 31 & 32, Financial District
Nanakramguda ,Serilingampally Mandal
Hyderabad - 500032
P: +91 40 6716 2222
F: +91 40 2343 1551
Website: www.kfintech.com
Email Id : einward.ris@kfintech.com</td></tr>
<tr><td>Trustee to the Issue</td><td colspan="2">Beacon Trusteeship Ltd.
4C & D, Siddhivinayak Chambers,
Gandhi Nagar, Opp MIG Cricket Club,
Bandra (E), Mumbai,
Maharashtra 400051
Tel: 022-26558759</td></tr>
<tr><td>Auditors of the Company</td><td>M/s Dass Gupta & Associates
Chartered Accountants,
B-4, Gulmohar Park,
New Delhi – 110049
Tel No.: (011)46111000
E-mail: admin@dassgupta.com</td><td>M/s Gandhi Minocha & Co.
Chartered Accountants,
B-6, Shakti Nagar Extension,
Near Laxmi Bai College
New Delhi – 110052
Tel No.: (011) 27303078</td></tr>
</table>

	ICAI Firm Registration no.: 000112N Auditor since: August 01, 2019	E-mail: gandhica@yahoo.com ICAI Firm Registration no.: 000458N Auditor since: July 11, 2017
Credit Rating Agencies	**Credit Rating Information Services of India Limited (CRISIL Limited)** Regd. Office: CRISIL House, Central Avenue, Hiranandani Business Park, Powai, Mumbai-400075 Tel: +91 11 22 3342 3000, Fax: +91 22 3342 3050	
	ICRA Ltd Regd. Office: 1105, Kailash Building, 11th Floor, 26, K.G. Marg, New Delhi-110001 Tel: +91 11 2335 7940-50, Fax: +91-11-23357014	
	Credit Analysis & Research Ltd. (CARE) 13th Floor, E-1 Block, Videocon Tower, Jhandewalan Extension New Delhi-110055 Tel: +91 11 4533 3200, 23716199, Fax: +91 11 4533 3238	

CHAPTER VIII

SUMMARY TERM SHEET

Security Name	PFC Capital Gain Tax Exemption Bonds – Series IV
Issuer	Power Finance Corporation Limited
Type of Instrument	Secured, Redeemable, Non-Convertible, Non-Cumulative, Taxable Bonds in the nature of Debentures having benefits under Section 54EC of Income Tax Act, 1961
Nature of Instrument	Secured
Seniority	Senior
Mode of Issue	Private placement basis
Eligible investors	1. Individuals 2. Hindu Undivided Families (HUF) 3. Partnership firm 4. Insurance Companies 5. Companies and Body Corporates 6. Provident Funds, Superannuation Funds and Gratuity Funds 7. Banks 8. Mutual Funds 9. Financial Institutions (FIs) 10. Foreign Portfolio Investors (Subject to existing regulations) 11. Regional Rural Banks 12. NRIs/other foreign eligible investor investing out of NRO A/c on non-repatriable basis 13. Co-operative Banks 14. Limited liability Partnership However, out of the aforesaid class of investors eligible to invest, this Information Memorandum is intended solely for the use of the person to whom it has been sent by PFC for the purpose of evaluating a possible investment opportunity by the recipient(s) in respect of the Bonds offered herein, and it is not to be reproduced or distributed to any other persons (other than professional advisors of the prospective investor receiving this Information Memorandum from PFC).
Listing	The Bonds will not be listed on any stock exchange due to non-transferability during the tenure of Bonds.
Rating	‘AAA/Stable’ by CRISIL, ‘AAA (Stable)’ by ICRA, & 'AAA/Stable' by CARE
Issue size	₹ 500 crore + Green Shoe option to retain oversubscription
Object of the Issue	To augment resources of PFC for meeting fund requirement.
Details of utilization of the proceeds	The funds raised through private placement are not meant for any specific project as such and therefore the proceeds of this issue after meeting all expenses of the Issue shall be used for meeting the object of the Issue.
Tenor	5 years from the deemed date of allotment
Coupon Rate	5.75 % p.a.

Coupon Payment frequency	Annual
Coupon payment dates:-	Every year on 31st July till redemption and balance along with redemption.
Coupon type	Fixed
Day count basis	Actual/Actual
Date of Redemption	At the end of 5 years from the Deemed Date of Allotment.
Redemption amount	At par (Rs 10,000/- per Bond)
Redemption Premium/Discount	Not applicable
Face Value	Rs. 10,000 (Rupees Ten Thousand only) per bond
Issue Price	At par (Rs 10,000/- per bond)
Minimum application size and in multiple of thereafter	Application must be for a minimum size of Rs 20,000/- (2 bonds) and then in multiple of Rs. 10,000/- (1 bond) thereafter
Maximum application size	500 bonds of Rs 10,000/- each (Rs. 50,00,000/-)
Discount / Premium at which security is issued	Not applicable
Put Option	Not applicable
Call Option	Not applicable
Issue Opening & Closing Date	Issue Opening Date: April 1, 2020 Issue Closing Date: March 31, 2021 (at the close of the banking hours) or at a date / time as may be decided by PFC in its absolute discretion This Information Memorandum shall be valid for above period
Deemed Date of allotment	Last day of each month in which the subscription money is received and credited to PFC Capital Gain Bonds
Transferability	Non-transferable, Non-Marketable, Non-negotiable and cannot be offered as a security for any loan or advance
Issuance mode of instrument	In demat / physical mode.
Depository	National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL")
Business Days/Working Days	"Business Days"/ "Working Days" shall be all days on which money market is functioning in Mumbai. However, for the purpose of credit of Demat A/c, Working Days shall be all days on which NSDL/CDSL are open for business.
Effect of holidays (Note 1)	If any Coupon Payment Date falls on a day that is not a Business Day, the payment shall be made by the Issuer on the immediately succeeding Business Day along with interest for such additional period. Further, interest for such additional period so paid, shall be deducted out of the interest payable on the next Coupon Payment Date. If the Redemption Date (also being the last Coupon Payment Date) of the Bonds falls on a day that is not a Business Day, the redemption proceeds shall be paid by the Issuer on the immediately succeeding Business Day along with interest accrued on the Bonds until but excluding the date of such payment. In the event the Record Date falls on a day which is not a Business Day, the immediately succeeding Business Day will be considered as the Record Date.

Record Date	15 calendar days prior to actual interest/principal payment date
Security	The bonds proposed to be issued are secured by a charge on the total receivables of the Company and/ or identified movable property by a first/pari pasu charge as may be agreed between the Company and the debenture trustee, pursuant to the terms of the Debenture Trust Deed excluding the Receivables on which specific charge has already been created by the Company. Further, the Company undertakes that it has obtained consent from existing creditors to create first pari passu charge on the said assets.
Registrar & Transfer Agent	M/s KFin Technologies Private Limited (Formerly known as “Karvy Fintech Private Limited”)
Mode of Subscription	Applicants may make remittance of application money through electronic mode or cheque / draft drawn in favour of ‘PFC Capital Gain Bonds’.
Trustees	Beacon Trusteeship Ltd. 4C & D, Siddhivinayak Chambers, Gandhi Nagar, Opp MIG Cricket Club, Bandra (E), Mumbai, Maharashtra 400051
Governing Law and Jurisdiction	The Bonds shall be construed to be governed in accordance with Indian Law. The Competent Courts in New Delhi alone shall have jurisdiction in connection with any matter arising out of or under these precincts.

Notes:

1. Company reserves its sole & absolute right to modify (pre-pone/post pone) the issue opening/closing/pay-in-date(s) without giving any reasons or prior notice. In such case, Investors/Arrangers shall be intimated about the revised time schedule by Company. Company also reserves the right to keep multiple deemed date of allotment at its sole & absolute discretion without any notice. Consequent to change in Deemed Date of Allotment, the Coupon Payment Dates and/or Redemption Date may also be changed at the sole and absolute discretion of the Company.
2. PFC reserves the right to revise the coupon rate and/or close the issue by giving notice on its website. The investors are advised to consult PFC/Arrangers, before depositing the application with bank.
3. All applications submitted but rejected by PFC would be returned by PFC to the applicant/ collection banker, without any Interest.
4. Application for minimum Rs. 20,000/- (in multiples of Rs. 10,000/- thereafter) will be accepted, any amount received in fraction will be refunded to the investor without interest.

CHAPTER IX

PARTICULARS OF THE OFFER

1. OFFERING DETAILS

Issue of Secured, Redeemable, Non-Convertible, Non-Cumulative, Taxable Bonds in the nature of Debentures having benefits under Section 54 EC of Income Tax Act, 1961 of face value of Rs. 10,000 for Power Finance Corporation Limited - 54EC – Series IV for cash at par aggregating to Rs. 500 crore with green shoe option with the right to retain over subscription on private placement basis.

2. PRINCIPAL TERMS AND CONDITIONS OF THE ISSUE

The bond will be subject to the terms of the Private Placement of the Bonds as stated in the Information Memorandum and Application forms, the relevant statutory guidelines and regulations for allotment issued from time to time by the Govt. of India (GOI), Reserve Bank of India etc.

3. NATURE OF BONDS

The Bonds are Secured, Redeemable, Non-Convertible, Non-Cumulative, Taxable Bonds in the nature of Debentures having benefits under Section 54 EC of Income Tax Act, 1961. The Bonds shall rank pari passu inter se and, subject to any obligations preferred by mandatory provisions of the law prevailing from time to time, shall also, as regards repayment of principal and payment of interest, rank pari passu with all other existing secured borrowings (except subordinated debt) of the Corporation.

4. AUTHORITY FOR THE ISSUE AND DATE OF PASSING RESOLUTION

The bonds are being issued in pursuance of Section 54EC of Income Tax Act, 1961 and other applicable laws.

Further, the issue of bonds is being made pursuant to:

(i) Special resolution passed by the shareholders of the Company under clause c of sub-section 1 of section 180 of The Companies Act, 2013 on August 19, 2016 and delegation provided there under;

(ii) The resolution passed by Board of Directors of the Company at their 396th meeting held on 12th February 2020.

(iii) Central Board of Direct Taxes, Department of Revenue, Ministry of Finance, Government of India notification no. 47/2017. F. No. 370142/18/2017-TPL dated June 8, 2017.

(iv) Central Board of Direct Taxes, Department of Revenue, Ministry of Finance, Government of India notification no. 27/2018/F. No. 275/27/2017-IT(B) dated 18th June 2018

The Company can issue the NCDs in pursuance of the above approvals and no further approval from any Government Authority is required for the present Issue.

5. ELIGIBILITY OF PFC TO COME OUT WITH THE ISSUE

PFC, its Directors and authorized officers have not been prohibited from accessing the debt market under any order or directions passed by SEBI, RBI any other Govt. Authority.

6. SECURITY

The bonds proposed to be issued are secured by a charge on the total receivables of the Company and/ or identified movable property by a first/pari pasu charge as may be agreed between the Company and the debenture trustee, pursuant to the terms of the Debenture Trust Deed excluding the Receivables on which specific charge has already been created by the Company.

7. TAX BENEFITS UNDER SECTION 54EC OF INCOME TAX ACT, 1961

Capital gain not to be charged on investment in certain bonds – Section 54EC

1) Where the capital gain arises from the transfer of a long-term capital asset [61][, *being land or building or both,*] (the capital asset so transferred being hereafter in this section referred to as the original asset) and the assessee has, at any time within a period of six months after the date of such transfer, invested the whole or any part of capital gains in the long-term specified asset, the capital gain shall be *dealt* with in accordance with the following provisions of this section, that is to say,—

   (*a*) if the cost of the long-term specified asset is not less than the capital gain arising from the transfer of the original asset, the whole of such capital gain shall not be charged under section 45;

   (*b*) if the cost of the long-term specified asset is less than the capital gain arising from the transfer of the original asset, so much of the capital gain as bears to the whole of the capital gain the same proportion as the cost of acquisition of the long-term specified asset bears to the whole of the capital gain, shall not be charged under section 45 :

   Provided that the investment made on or after the 1st day of April, 2007 in the long-term specified asset by an assessee during any financial year does not exceed fifty lakh rupees :

   Provided further that the investment made by an assessee in the long-term specified asset, from capital gains arising from transfer of one or more original assets, during the financial year in which the original asset or assets are transferred and in the subsequent financial year does not exceed fifty lakh rupees.

2) Where the long-term specified asset is transferred or converted (otherwise than by transfer) into money at any time within a period of three years from the date of its acquisition, the amount of capital gains arising from the transfer of the original asset not charged under section 45 on the basis of the cost of such long-term specified asset as provided in clause (a) or, as the case may be, clause (b) of sub-section (1) shall be deemed to be the income chargeable under the head "Capital gains" relating to long-term capital asset of the previous year in which the long-term specified asset is transferred or converted (otherwise than by transfer) into money:

Provided that in case of long-term specified asset referred to in sub-clause (ii) of clause (ba) of the Explanation occurring after sub-section (3), this sub-section shall have effect as if for the words "three years", the words "five years" had been substituted.]

Explanation.—In a case where the original asset is transferred and the assessee invests the whole or any part of the capital gain received or accrued as a result of transfer of the original asset in any long-term specified asset and such assessee takes any loan or advance on the security of such specified asset, he shall be deemed to have converted (otherwise than by transfer) such specified asset into money on the date on which such loan or advance is taken.

3) Where the cost of the long-term specified asset has been taken into account for the purposes of clause (*a*) or clause (*b*) of sub-section (1),—

(*a*) a deduction from the amount of income-tax with reference to such cost shall not be allowed under section 88 for any assessment year ending before the 1st day of April, 2006;

(*b*) a deduction from the income with reference to such cost shall not be allowed under section 80C for any assessment year beginning on or after the 1st day of April, 2006.

Explanation.—For the purposes of this section,—

(*a*) "cost", in relation to any long-term specified asset, means the amount invested in such specified asset out of capital gains received or accruing as a result of the transfer of the original asset;

(*b*) "long-term specified asset" for making any investment under this section during the period commencing from the 1st day of April, 2006 and ending with the 31st day of March, 2007, means any bond, redeemable after three years and issued on or after the 1st day of April, 2006, but on or before the 31st day of March, 2007,—

(*i*) by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988 (68 of 1988); or

(*ii*) by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956 (1 of 1956),

and notified by the Central Government in the Official Gazette for the purposes of this section with such conditions (including the condition for providing a limit on the amount of investment by an assessee in such bond) as it thinks fit:

Provided that where any bond has been notified before the 1st day of April, 2007, subject to the conditions specified in the notification, by the Central Government in the Official Gazette under the provisions of clause (*b*) as they stood immediately before their amendment by the Finance Act, 2007, such bond shall be deemed to be a bond notified under this clause;

(ba) *"long-term specified asset" for making any investment under this section,—*

(i) *on or after the 1st day of April, 2007 but before the 1st day of April, 2018, means any bond, redeemable after three years and issued on or after the 1st day of April, 2007 but before the 1st day of April, 2018;*

(ii) *on or after the 1st day of April, 2018, means any bond, redeemable after five years and issued on or after the 1st day of April, 2018,*

by the National Highways Authority of India constituted under section 3 of the National Highways Authority of India Act, 1988 (68 of 1988) or by the Rural Electrification Corporation Limited, a company formed and registered under the Companies Act, 1956 (1 of 1956) or any other bond notified in the Official Gazette by the Central Government in this behalf.]

Please Note:

PFC shall not be responsible for denial of benefit under Section 54EC of the Income Tax Act, 1961 to the investor and any consequences arising thereof.

8. MINIMUM SUBSCRIPTION

Application must be for a minimum size of Rs. 20,000 (2 bonds) and in multiple of Rs. 10,000 (1 bond) thereafter.

9. MAXIMUM SUBSCRIPTION

A person can apply for maximum 500 bonds (Rs. 50,00,000/-) as provided u/s 54EC of Income Tax Act, 1961

10. UNDERWRITING

The present Issue of Bonds is not underwritten.

11. FORCE MAJEURE

PFC reserves the right to withdraw the Issue prior to the closing date in the event of any unforeseen development adversely affecting the economic and regulatory environment.

12. DEEMED DATE OF ALLOTMENT/BOND CERTIFICATE

Deemed Date of Allotment of Bonds will be the last day of the month during which the subscription amount has been credited to PFC account. Investors are informed that Corporation would normally process allotments pertaining to a month in the next month. PFC shall endeavour to make a firm allotment for all valid applications received from eligible investors.

Subject to the completion of all legal requirements, PFC will issue the Bond Certificates within 6 months as per Section 56(4)(d) of the Companies Act, 2013 (in case of Physical option) or Bonds shall be credited to the depository account if marked so by the Applicant in the application form (in case of Demat option)

13. WHO CAN APPLY

1. Individuals
2. Hindu Undivided Families (HUF)
3. Partnership firm
4. Insurance Companies
5. Companies and Body Corporates
6. Provident Funds, Superannuation Funds and Gratuity Funds
7. Banks

8. Mutual Funds
9. Financial Institutions (FIs)
10. Foreign Portfolio Investors (Subject to existing regulations)
11. Regional Rural Banks
12. NRIs/other foreign eligible investor investing out of NRO A/c on non-repatriable basis
13. Co-operative Banks
14. Limited Liability Partnership

However, out of the aforesaid class of investors eligible to invest, this Information Memorandum is intended solely for the use of the person to whom it has been sent by the Company for the purpose of evaluating a possible investment opportunity by the recipient(s) in respect of the securities offered herein, and it is not to be reproduced or distributed to any other persons other than professional advisors of the prospective investor receiving this Information Memorandum from the Company.

14. HOW TO APPLY

A. **By depositing application form with Cheque/DD:**

Investors are required to submit the duly filled in Application Form along with necessary enclosures at the specified Collecting Banks as indicated at our website: www.pfcindia.com. Demand Draft or crossed Cheque should be payable in favour of "PFC Capital Gain Bonds". Demand Draft charges, if any, shall be borne by the applicant. Investors can obtain the application form from any of the arrangers to the issue or directly download application form through PFC's website www.pfcindia.com.

B. **By RTGS/NEFT payment:**

The investor can also directly deposit the amount in the PFC's Collection Account by way of NEFT/RTGS and invariably submit the duly filled application in the same bank to which the investor has transferred the funds to. Investor would need to mention the UTR No. at space provided in the application form for Cheque/UTR details. Details of PFC's Collection Accounts with various Collection Banks is as under:

BANK	A/C NO	IFSC CODE	MICR CODE	BRANCH
HDFC Bank	57500000034792	HDFC0000003	110240001	209 - 214, Kailash Building, 26, Kasturba Gandhi Marg, New Delhi-110001
Indusind Bank	201001384575	INDB0000005	110234002	Barakhambha Branch, Dr. Gopal Das Bhawan, 28, 1st Floor, Barakhamba Road, New Delhi - 110001
ICICI Bank	000405115137	ICIC0000004	400229002	Nariman Point, Mumbai-400020
Kotak Mahindra Bank	5411819692	KKBK0000172	110485002	Ambadeep Building, 14, Kasturba Gandhi Marg, New Delhi-110001
Canara Bank	2471201001212	CNRB0002471	110015115	Capital Market Branch Jeevan Bharti Building,

BANK	A/C NO	IFSC CODE	MICR CODE	BRANCH
				Parliament Street, New Delhi – 110 001a
YES Bank Limited	013661000000070	YESB0000136	110532031	56, Janpath, Ground Floor, ALPS Building, Connaught Place,New Delhi - 110001

C. **APPLICATION BY POST**

The applicant, if they so desire, may forward their applications through post to any of the branches of the collection bankers as given below, provided they are accompanied with a Demand Draft payable at par or payable locally for the application amount as to reach during such period when the issue is open for subscription.

BANK NAME	ADDRESS
HDFC Bank	E-13/29, 2nd Floor, Harsha Bhavan, Middle Circle, Connaught Place, New Delhi - 110001
IndusInd Bank	PNA House Office, 5th Floor, Plot No. 57 & 57/1, Street No. 17, Near SRL Diagnostic Centre, MIDC, Andheri East, Mumbai – 400093
ICICI Bank	ICICI Bank Tower, Regional Office, Plot No. 12, Gachibowli, Hyderabad – 500032
Kotak Mahindra Bank	Cash Management Services, Kotak Towers, 6th Floor, Zone 3, Building No. 21, Infinity Park, off Western Express Highway, Goregaon, Mulund Link Road, Malad (E) Mumbai - 400097

D. **ONLINE APPLICATION**

The applicant, may utilize the online system available through PFC's website www.pfcindia.com to apply for the bonds. An investor can fill up and submit online application form and make payment through Net Banking / Debit Card using the provided payment gateway. Facility to upload application form where investor has transferred funds through NEFT/RTGS is also available.

15. DOCUMENTS TO BE PROVIDED BY ALL INVESTORS APPLYING IN PHYSICAL MODE

a) Self-attested copy of PAN Card (In case of Joint application, self-attested PAN copy of all the applicants) or Form 60 where bond application size is Rs 50,000/- or more
b) Cancelled cheque or its photo copy for NECS/ NEFT/ RTGS facility.
c) Additional documents for KYC as per Application form are required to be submitted.

16. DOCUMENTS TO BE PROVIDED BY INVESTORS OTHER THAN INDIVIDUALS (IN ADDITION TO THE DOCUMENTS TO BE PROVIDED WITH KNOW YOUR CUSTOMER FORM)

a) **Companies and Body Corporate, Financial Institutions, Foreign Portfolio Investors**: A certified true copy of (i) Board resolution authorizing investment and containing operating instructions and (ii) Specimen signatures of authorized signatories.

b) **Partnership Firms**: A certified true copy of: (i) Documentary evidence of authorization to invest in the Bonds and to receive the money on redemption, if the same is not provided in the partnership deed and (ii) Specimen signature of authorized signatories.

c) **Banks:** A certified true copy of (i) Power of Attorney and (ii) Specimen signatures of authorized signatories.

d) **Provident Funds, Superannuation Funds and Gratuity Funds**: (i) Resolution passed by the competent authority authorizing the investment and (ii) Specimen signatures of the authorized signatories.

e) **Mutual Funds** : A certified true copy of (i) SEBI registration certificate; (ii) Resolution passed by the competent authority authorizing the investment and containing operating instructions and (iii) Specimen signatures of the authorized signatories.

17. JOINT APPLICATION

Only individuals/ NRI can apply in joint names and maximum three individuals can apply through a Joint Application and in case of application with Demat option, the sequence of joint applicants name must be same as mentioned in the Demat Account.

18. NOMINATION

In accordance with Section 72 of Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debenture) Rules, 2014, the sole bondholder (only Individual/ NRI) or where the Bonds are held by more than one person, first bondholder, along with other joint Bondholders being individual(s) may nominate any one person (being an individual) who, in the event of death of sole holder or all the joint holders, as the case may be, shall become entitled to the Bond(s). Nominee shall be entitled to the same rights to which he will be entitled if he was the registered holder of the Bond(s). During the validity of the bonds, in case of demise of the nominee or otherwise also, the bondholder(s) will be entitled to change the nominee or make fresh nomination accordance with the procedure set out in the Companies (Share Capital and Debenture) Rules, 2014 read with section 72 of Companies Act, 2013. When the Bond is held by two or more persons, the nominee shall become entitled to receive the amount only on the demise of all the Bondholders in succession.

To expedite the transmission of Bond(s) to the nominee, the Bondholders are advised to provide the specimen signature of the nominee at the place specified in the application form. In case bonds are in Demat form, demographic and nominee details will be picked up from DP ID/CLIENT ID and the details of the nominee, if any, as mentioned in the application form will be invalid. Where the nominee is a minor, it shall be lawful for the holder of the securities, making the nomination to appoint, in the prescribed manner, any person to become entitled to the securities of the company, in the event of the death of the nominee during his minority.

It is to further mention that in case of letter of administration/ succession certificate/ probated will from an appropriate court in India, the bonds will be transferred in the name of the such administrator/ holder of succession certificate/ executor of will only after the death of all Original Bondholder(s).

PFC shall not be responsible or liable for any demand, claim, legal action, proceeding, suit, litigation, prosecution, mediation, arbitration, enquiry or assessment taken by any governmental, statutory, regulatory, administrative, fiscal, judicial, or government-owned body, department, commission, authority, tribunal, agency or any other person in relation to the vesting of the Bonds in accordance with the Companies Act, 2013 and the rules thereunder with the nominee, as nominated by the original Bondholders.

19. RIGHT TO ACCEPT OR REJECT APPLICATIONS

The Issuer reserves its full, unqualified and absolute right to accept or reject any application, in part or in full, without assigning any reason thereof. The application forms that are not complete in all respects are liable to be rejected and interest would not be paid on the application money.

20. TRANSMISSION / SUCCESSION

In the event of demise of the sole holder of the Bonds, the Company will recognise the executor or administrator of the deceased Bondholders, or the holder of succession certificate or other legal representative as having title to the Bonds in accordance with the applicable provisions of law, including the Companies Act, 2013 and the rules thereunder, only if such executor or administrator obtains and produces probate or letter of administration or is the holder of the succession certificate or produces evidence of legal representation, as the case may be, from an appropriate court in India.

Where Bonds are held in the joint names and first holder dies, the second holder will be recognized as the Bondholder(s) and in case, second holder dies, the third holder will be recognized as the Bondholder. It will be sufficient for the Company to delete the name of the deceased Bondholder after obtaining satisfactory evidence of his death. Company will not be held liable for any payment made in the account of the holder in case the information about death of holder is not brought into the notice of the Company at least 15 days prior to the payment date.

In case of physical form, the beneficial owners of deceased Bondholder are advised to send the Bond Certificate(s) to the Registrar, along with all the required documents. PFC and/or persons/ Registrar appointed by them for this purpose after examining and being satisfied regarding adequacy and correctness of the documentation shall register the transmission in its books. In case bonds are issued in Dematerialised form successor(s) will be, as intimated by Depositary Participant of the Bondholder.

21. MODE OF TRANSFER OF BONDS

To avail the benefit under Section 54EC of the Income Tax Act, 1961, the investment made in the Bonds needs to be held for a period of at least five years from the Deemed Date of Allotment. The Bonds are for tenure of 5 years and are **NON TRANSFERABLE NON NEGOTIBLE** and cannot be offered as a security for any loan or advance. However, Transmission of the Bonds to the legal heirs in case of death of the Bondholder/Beneficiary to the Bonds is allowed.

22. REGISTERED BONDHOLDER

Bondholder whose name appears in the register of Bondholders maintained by the Corporation or its Registrar (in case of investors opting for physical certificates) and beneficial owners on the record date (in case of investors opting for demat option).

23. PAYMENT OF INTEREST

a) The interest will be payable annually on July 31 each year on actual/actual basis.

b) The interest payment on the Bonds shall be made to the registered bondholders.

c) First Interest from the date of credit to PFC account in respect of the allotments made up to June 30, 2020 will be made on July 31, 2020. First Interest on subsequent allotment would be made on July 31, 2021.

d) The interest payment for the first and last year or part thereof beginning from the date of credit and ending with the date of redemption, respectively, shall be proportionate (on actual/actual basis) and all interest on Bonds will cease on the date of redemption.

e) PFC will not be liable to pay any interest after the redemption / maturity date of the bonds.

24. PAYMENT ON REDEMPTION

PFC's liability to Bondholder(s) towards all their rights including payment of face value shall cease and stand extinguished upon redemption of the Bonds in all events. Further, PFC will not be liable to pay any interest, income or compensation of any kind after the date of such Redemption of the Bond(s).

The Bonds will be automatically redeemed by PFC on maturity i. e. on the expiry of 5 years from the deemed date of allotment, Physical bond certificate need not to be surrendered for redemption. The redemption proceeds would be paid to the Registered Bondholders.

In case of transmission applications pending on the Record Date, the redemption proceeds will be issued to the legal heirs after the confirmation of the adequacy and correctness of the documentation submitted with such application, till such time, the redemption proceeds will be kept in abeyance.

PFC will not be responsible for any payment made to a deceased bondholder, in case the information about the death of the bondholder is not provided to PFC at least 15 days prior to maturity payment date.

25. DEDUCTION OF TAX AT SOURCE

Tax will not be deducted at source for Resident Indians as PFC has been exempted from deduction of TDS under section 193 (iib) of the Income Tax Act, 1961 (vide Ministry of Finance's notification no. 27/2018 dated 18th June 2018). However, TDS shall be deducted in case of NRI / non-resident investors as per applicable law.

26. MODE OF PAYMENTS

Interest/redemption payment will be made by ECS/NECS/RTGS/NEFT/At Par Cheque/Demand Drafts/ Interest warrants at all locations to the bondholders by the bank. Efforts will be made to cover all cities where collection centers are appointed. In case the ECS/NECS facility is not available; PFC reserves the right to adopt any other suitable mode of payment. Cheque clearing charges, if any, will have to be borne by the Bondholders.

27. EFFECT OF HOLIDAYS ON PAYMENTS

If any Coupon/Interest Payment Date falls on a day that is not a Business Day, the payment shall be made by the Issuer on the immediately succeeding Business Day along with interest for such additional period. Further, interest for such additional period so paid, shall be deducted out of the interest payable on the next Coupon/Interest Payment Date.

If the Redemption Date (also being the last Coupon Payment Date) of the Bonds falls on a day that is not a Business Day, the redemption proceeds shall be paid by the Issuer on the immediately succeeding Business Day along with interest accrued on the Bonds until but excluding the date of such payment.

In the event the Record Date falls on a day which is not a Business Day, the immediately succeeding Business Day will be considered as the Record Date.

28. LISTING

The Bonds will not be listed on any stock exchange due to non-transferability of Bonds in lock-in period.

29. BONDS IN DEMATERIALISED FORM/ PROCEDURE FOR APPLYING FOR DEMAT FACILITY

PFC has made arrangements with National Securities Depository Limited (NSDL) and Central Depository Services Ltd. (CDSL) to issue the Bonds in dematerialized form to all successful applicants. All the provisions relating to issue, allotment, transmission, etc. in respect of dematerialization and rematerialization of the Bonds as may be prescribed under the Depositories Act, 1996 and the Rules thereunder or by the NSDL/CDSL or such similar agency, would be applicable to these Bonds.

Applicant(s) should have/ open a Beneficiary Account /Demat Account with any Depository Participant of NSDL or CDSL.

a) The applicant(s) must specify their beneficiary account number and depository participants ID in the relevant columns of the Application Form.

   If incomplete/incorrect beneficiary account details are given in the Application Form which does not match with the details in the depository system, the allotment of Bonds shall be held in abeyance till such time satisfactory demat account details are provided by the applicant.

b) The Bonds shall be directly credited to the Beneficiary Account as given in the Application Form and after due verification, allotment advice/refund order, if any, would be sent directly to the applicant by the Registrar to the Issue.

c) For dematerialisation of holdings, applicants should forward the Bond(s) Certificate along with demat request through their depository participant (DP) to the Registrar. All the demographic details regarding nomination, Bank Account details etc. will be taken from the information provided in the Demat Account of the Investor.

Further in case of any mismatch in the name or order of the name in case of joint applicants, the bond will be allotted in the physical mode only.

In case any investor wishes to hold the Bonds in physical mode the investor is required to choose so by ticking at the appropriate place in the Application Form.

30. LIMITATION OF LIABILITY

Liability of Company shall be limited only to the principal and interest on the Bond, in terms of this Information Memorandum. PFC shall not be liable for any cost, loss, damage, injury or claim due to the terms of this Bond or any matters incidental thereto including change or amendment in any Law or Regulation, proceedings in court or due to rejection of the Application.

Liability of PFC in respect of allotment of bonds shall be limited only upto the amount clearly credited to PFC Capital Gain Bonds collection account with nodal branch of its authorized collecting bank on or before respective last date of the month for which allotment is sought by the applicant(s).

31. APPLICATIONS UNDER POWER OF ATTORNEY

A certified true copy of the power of attorney or the relevant authority as the case may be along with the names and specimen signature(s) of all the authorized signatories and the tax exemption certificate/ document, if any, must be lodged along-with the submission of the completed Application Form. Further modifications/ additions in the power of attorney or authority should be notified to the Issuer or to the Registrars or to such other person(s) at such other address(es) as may be specified by the Issuer from time to time through a suitable communication.

32. REFUND / WITHDRAWAL OF APPLICATION MONEY

The amount once credited in PFC's Collection account will not be refunded. However, in case of rejection of the Application on account of technical grounds, refund without interest will be made. PFC may accept the amount and allot the bonds under this series of bonds even if the Investor has applied through application form of an older series of PFC Capital Gain Bonds. Application for minimum Rs. 20,000/- (in multiples of Rs 10,000/- thereafter) will be accepted, any amount received in fraction will be refunded to the investor without interest.

33. CHANGE OF BANK DETAILS

For servicing of interest/ redemption payments, in case of bonds allotted in physical mode the bank account details of the investor will be captured from their application forms and in case of Demat mode the bank details as per the DP of the investor will be considered. Bondholder(s) to whom bonds have been allotted in physical mode may change their bank account details with Registrar by surrendering the original Bond Certificate together with other required document like cancelled cheque, bank certificate etc.

34. RIGHT OF BONDHOLDER(S)

Bondholder is not a shareholder. The Bondholders will not be entitled to any other rights and privileges of shareholders other than those available to them under statutory requirements. The Bond(s) shall not confer upon the holders the right to receive notice, or to attend and vote at the General Meeting of the Company. The principal amount and interest on the Bonds will be paid to the registered Bondholders only, and in case of joint holders, to the one whose name stands first.

Besides the above, the Bonds shall be subject to the provisions of the Companies Act, 2013, the Articles of Association of PFC, the terms of this bond issue and the other terms and conditions as may be incorporated in the Trust deed and other documents that may be executed in respect of these Bonds.

35. AMENDMENT OF THE TERMS OF THE BONDS

The rights, privileges, terms and conditions attached to the Bonds may be varied, modified or abrogated with the consent, in writing, of those holders of the Bonds who hold at least three fourth of the outstanding amount of the Bonds or with the sanction accorded pursuant to a resolution passed at a meeting of the Bondholders, provided that nothing in such consent or resolution shall be operative against the Issuer where such consent or resolution modifies or varies the terms and conditions of the Bonds, if the same are not acceptable to the Issuer.

36. BUY-BACK OF BONDS

Unless stated otherwise, the Company may buy-back the Bonds subject to the statutory compliance, if any.

37. DEBENTURE REDEMPTION RESERVE ("DRR")

Circular no 9/2002 dtd 18.04.2002 issued by Department of Company Affairs and Rule 18(7)(b)(ii) of Companies (Share Capital & Debenture) Rules, 2014, provides that no Debenture Redemption Reserve (DRR) is required in the case of privately placed debenture for NBFC's registered with the RBI under Section 45-IA of the RBI (Amendment) Act, 1997. Accordingly, PFC being registered as NBFC with RBI is not required to create DRR in respect of Private Placement of debentures.

38. NOTICES

The notices to the Bondholder(s) required to be given by PFC or by Registrar shall be deemed to have been given if sent by courier / ordinary post to the original sole / first holder of the Bonds or if an advertisement is given in a leading newspaper.

All notices to be given by the Bondholder(s) shall be sent by registered post or by hand delivery to Registrar or to such persons at such address as may be notified by PFC in Information Memorandum.

39. MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTIONS

Copies of the contracts and documents, referred to below, may be inspected at the Head Office of PFC between 10.00 a.m. and 12.00 noon on any working day (Monday to Friday) until the date of closing of the issue.

a) Memorandum and Articles of Association of PFC.

b) Special Resolution passed by the shareholders of the Company at Meeting held on August 19, 2016 under section 180 (1) (C) for borrowing power of the Company;

c) Resolution of the Board of Directors of PFC passed at 396th Meeting held on 12th February 2020 approving the borrowing programme of ₹ 90,000 crore for the year 2020-21 and authorizing the Chairman & Managing Director, Director (Finance) and Director (Projects)/Director (Commercial) jointly to invite or make offer to subscribe to private placement of bonds & its various terms and conditions.

d) Credit Rating letters from CRISIL, ICRA and CARE.

e) Copies of the audited Balance Sheets and Profit & Loss Accounts for five years ended March 31 2015, 2016, 2017, 2018 and 2019.

f) Copy of Tripartite Agreement between PFC, NSDL & RTA.

g) Copy of Tripartite Agreement between PFC, CDSL & RTA.

40. FUTURE BORROWINGS

PFC will be entitled to borrow / raise loans or avail financial assistance in whatever form (both in rupees and in foreign currency) as also issue debentures / Bonds / other securities (secured and unsecured) in any manner having such ranking in priority / pari-passu or otherwise and change the capital structure including the issue of shares of any class on such terms and conditions as PFC may think appropriate without the consent of or intimation to the Bondholders or the trustees. The security on Book debts / Receivables / Immoveable properties would be shared on pari passu basis with any future issuance of the bonds by the issuer till the time issuer maintain requisite security cover.

41. BOND TRUSTEE

Currently PFC has appointed Beacon Trusteeship Limited to act as debenture trustee for its Bonds. PFC holds consent from Beacon Trusteeship Limited, to act as trustees and the consent has not been withdrawn. Beacon Trusteeship Limited is a SEBI registered Debenture Trustee. All remedies to the Bondholder(s) for the amounts due on the Bonds will be vested with the Trustees on behalf of the Bondholder(s). If there is a change of Trustees to the Bond Holders the same would be specified in the terms of the bond issue for each series to be uploaded in NSE website.

The holders of the Bonds shall without any further act or deed be deemed to have irrevocably given their consent and authorized the Trustees to do, inter-alia, acts and deeds and things necessary to safeguard the interests of Bondholder(s) in terms of this Information Memorandum. The Trustee shall protect the interest of the Bondholders in the event of default by PFC in regard to security creation, timely payment of interest and repayment of principal etc. and shall take necessary action at the cost of PFC. No Bondholder shall be entitled to proceed directly against PFC unless the Trustee, having become so bound to proceed, fail to do so.

42. REGISTRAR

Currently PFC has appointed KFin Technologies Private Limited (Formerly known as “Karvy Fintech Private Limited”)as Registrar & Transfer Agent (R&TA) for our Bonds. PFC holds consent from them to act as R&TA and the consent has not been withdrawn. In case there is any change in R&TA, PFC will appoint a new R&TA and obtain and hold their consent to act as R&TA before the launch of the bond issue of a particular series and disclose the facts in the terms of the Bond issue of a particular series. The Registrar will monitor the applications while the private placement is open and will coordinate the post allotment activities like dispatching of allotment advice, bond certificate, change of address/ bank details etc.

Any query/complaint regarding application/ allotment/ interest & redemption payments/transmission should be forwarded to:

Unit - PFC 54EC Bonds 2020-21
KFin Technologies Private Limited
(Formerly known as "Karvy Fintech Private Limited")

Selenium Tower B, Plot Nos. 31 & 32 , Financial District
Nanakramguda |Serilingampally Mandal
Hyderabad - 500032
P: +91 40 6716 2222
F: +91 40 2343 1551
Website: www.kfintech.com
Email Id : einward.ris@kfintech.com
The details of the Nodal Officer of the Registrar is as under –
Mr. Nagesh Govu
Email : govu.nagesh@kfintech.com
Tel.: +91 40 6716 1503, Fax.: +91 40 2343 0814

43. INVESTOR RELATIONS AND GRIEVANCE REDRESSAL

Arrangements have been made to redress investor grievances expeditiously, PFC endeavour to resolve the investors' grievances within 30 days of its receipt. All grievances related to the issue quoting the Application Number (including prefix), number of bonds applied for, amount paid on application, may be addressed to the RTA. All investors are hereby informed that the company has appointed a RTA / Compliance Officer who may be contacted in case of any problem related to this issue.

44. CREDIT RATING FOR THE BONDS

a) CRISIL has assigned a rating of 'CRISIL AAA/Stable' (pronounced CRISIL triple A rating with stable outlook") to the long term borrowing programme & "CRISIL A1+" (pronounced CRISIL A one plus) rating to the short term borrowing programme for the Financial Year 2020-21 aggregating to ₹ 90,000 crore, indicating the highest degree of safety regarding timely servicing of financial obligations vide letter dated 29.03.2020.

b) ICRA has assigned a rating of '[ICRA] AAA (Stable)' (pronounced ICRA triple A) to the long term borrowing programme & "[ICRA] A1+" (pronounced ICRA A one plus) to the short term borrowing programme for the Financial Year 2020-21 aggregating to ₹ 90,000 crore indicating the highest degree of safety regarding timely servicing of financial obligations vide letter dated 28.03.2020.

c) CARE has assigned a rating of 'CARE AAA/Stable' (Triple A; Outlook Stable) to the long term borrowing programme & "CARE A1+" (A One Plus) rating to the short term borrowing programme for the Financial Year 2019-20 aggregating to ₹ 90,000 crore vide letter dated 23.3.2020.

Other than the credit ratings mentioned herein above, the Issuer has not sought any other credit rating from any other credit rating agency(ies) for the Bonds offered for subscription under the terms of this Information Memorandum.

The above ratings are not a recommendation to buy, sell or hold securities and investors should take their own decision. The ratings may be subject to revision or withdrawal at any time by the assigning rating agencies and each rating should be evaluated independently of any other rating. The ratings obtained are subject to revision at any point of time in the future. The rating agencies have the right to suspend, withdraw the rating at any time on the basis of new information etc.

CHAPTER X

MANAGEMENT'S PERCEPTION OF RISK FACTORS

Prospective Investors should carefully consider the following investment considerations as well as the other information contained in this Offer Letter prior to making an investment in the bonds. In making an investment decision, each investor must rely on its own examination and the terms of the offering of the bonds, including the merits and risks involved. The risks described below are not the only ones that may affect the bonds. Additional risks not currently known to us or that we, based on the information currently available to it, deems immaterial, may also impair our business, financial condition and results of operations. All of these risks are contingencies which may or may not occur and we are not in a position to express a view on the likelihood of any such contingency occurring. If any of the following or any other risks actually occur, our business, prospects, results and financial condition could be adversely affected and the price of and the value of investment in the bonds could decline and all or part of the investments in the bonds may be lost.

A. RISKS RELATING TO OUR BUSINESS AND INDUSTRY

1. We have a significant concentration of outstanding loans to certain borrowers, particularly public sector power utilities, many of which are historically loss-making, and if these loans become non-performing, the quality of our asset portfolio may be adversely affected.

We are a Public Financial Institutions ("PFI") focused on financing of the power sector in India, which has a limited number of borrowers, primarily comprising of state power utilities ("SPUs") and state electricity boards ("SEBs"), many of which have been historically loss making. Our past exposure has been, and future exposure is expected to be, concentrated towards these borrowers. Historically, SPUs or SEBs have had a relatively weak financial position and have in the past defaulted on their indebtedness. Consequently, we have had to restructure some of the loans sanctioned to certain SPUs and SEBs, including rescheduling of repayment terms. In addition, many of our public sector borrowers, particularly SPUs, are susceptible to various operational risks including low metering at the distribution transformer level, high revenue gap, high receivables, low plant load factors and high AT&C losses, which may lead to further deterioration in the financial condition of such entities. Any negative trends, or financial difficulties, or inability on the part of such borrowers to manage operational, industry, and other risks applicable to such borrowers, could result in an increase in our non-performing assets ("NPAs") and adversely affect our business, financial condition and results of operations.

2. We may not have obtained sufficient security or collateral in connection with our loans, or may be unable to recover, or experience delays in recovering, the expected value from such security or collateral.

Although we endeavour to obtain adequate security or implement quasi-security arrangements in connection with our loans, we have not obtained such security or collateral for all our loans. In addition, in connection with certain of our loans, we have been able to obtain only partial security or have made disbursements prior to adequate security being created or perfected. There can be no assurance that any security or collateral that we have obtained will be adequate to cover repayment of our loans or interest payments thereon or that we will be able to recover the expected value of such security or collateral in a timely manner, or recover at all.

Our loans are typically secured by various movable and immovable assets and/ or other collaterals. We generally seek a first ranking pari passu charge on the relevant project assets for loans extended on a senior basis, while for loans extended on a subordinated basis we generally seek to have a second pari passu charge on the relevant project assets. In addition, some of our loans may relate to imperfect security packages or negative liens provided by our borrowers. The value of certain kinds of assets may decline due to operational risks that are inherent to power sector projects, the nature of the asset secured in our favour, and any adverse market or economic conditions in India or globally. The value of the security or collateral obtained may also decline due to an imperfection in the title or difficulty in locating movable assets. Although some parts of legislations in India provide for various rights of creditors for the effective realization of collateral in the event of default, there can be no assurance that we will be able to enforce such rights in a timely manner, or enforce them at all. There could be delays in implementing bankruptcy or foreclosure proceedings. Further, inadequate security documentation or imperfection in title to security or collateral, requirement of regulatory approvals for enforcement of security or collateral, or fraudulent transfers by borrowers may cause delays in enforcing such securities. Furthermore, in the event that any specialised regulatory agency assumes jurisdiction over a defaulting borrower, actions on behalf of creditors may be further delayed.

Certain of our loans have been granted as part of a syndicate, and joint recovery action implemented by a consortium of lenders may be susceptible to delay or not favourable to us. In this regard, RBI has also developed a resolution process to provide a framework for early recognition, reporting and time bound resolution of stressed assets in terms of circular dated June 7, 2019 ("Stressed Asset Framework"). The framework provides that lenders shall recognise incipient stress in loan accounts, immediately on default by classifying such assets as special mention accounts in various categories. It further provides that if 75% of creditors by value of total outstanding credit facilities (fund based as well as non-fund based) and 60% of the creditors by number agree to a restructuring package of an existing debt (i.e. an outstanding debt), the agreement is also binding on the remaining creditors.

The Stressed Asset Framework mandates higher provisioning if Resolution Plan is not implemented within a stipulated time period. Certain projects have been driven to NCLT, which may or may not require a significant hair-cut. The resolution under NCLT is required within a time span of 180 days, extendable further for 90 days. Considering these timelines, it is envisaged that the resolution of these stressed projects may not happen in the near future, and the Company may have to take haircuts at the time of resolution of these stressed assets. Once resolution process is complete, the funds realized from the sale of these assets will be reinvested at a lower rate, and will have an impact on the Company's financials going forward. The Company faces the risk of higher provisioning and significant haircuts, wherever its projects fall under the 'stressed assets' category. Further, the Stressed Asset Framework has repealed the earlier issued instructions of the RBI on resolution of stressed assets such as the framework for revitalising distressed assets, corporate debt restructuring scheme, flexible structuring of existing long term project loans, strategic debt restructuring scheme ("SDR"), change in ownership outside SDR and scheme for sustainable structuring of stressed assets ("S4A"). Accordingly, the Stressed Assets Framework will impact our asset quality and profitability.

In circumstances where other lenders with such exposure / loan account by value and number and are entitled to determine corrective action plan for any of our borrowers, we may be required by such other lenders to agree to such corrective action plan, irrespective of our preferred mode of settlement of our loan to such borrower or subject our loan account to accelerated provisioning. Furthermore, with respect to any loans made as part of a consortium arrangement and multiple banking arrangement, a majority of the relevant lenders may elect to pursue a course of action that may not be favourable to us. Additionally, in the event that we dissent from a particular resolution plan, while under the Stressed Assets Framework we are entitled to receive liquidation value of the stressed asset, there can be no assurance that such liquidation value or any amount recovered pursuant to a resolution plan may be beneficial or in excess of amounts otherwise recoverable by us. Any such corrective action plan / accelerated provisioning could lead to an unexpected loss that could adversely affect our business, financial condition or results of operations.

3. Our ability to compete effectively is dependent on our ability to maintain a low effective cost of funds

Our ability to compete effectively is dependent on our timely access to capital, the costs associated with raising capital and our ability to maintain a low effective cost of funds in the future that is comparable or lower than that of our competitors. Historically, we have been able to reduce our cost of capital and reliance on commercial borrowings through the issuance of Rupee denominated bonds and loans guaranteed by the GoI. We also benefits from certain tax benefits extended by the GoI. In addition, in respect of certain of our foreign currency borrowings guaranteed by the GoI, we have been exempted from guarantee fees payable to the GoI, which has also enabled us to reduce our costs of funds. Furthermore, with effect from fiscal 2018, we have been allowed to issue taxable bonds under Section 54EC of the Indian Income Tax Act, which shall also help us to reduce our cost of funds. However, there can be no assurance that we will continue to benefit from any direct or indirect support from the GoI and any adverse development in GoI policies may result in an increase in our cost of funds.

Following a general decrease in the level of direct and indirect financial support by the GoI to us in recent years, we are fundamentally dependent upon funding from the equity and debt markets and commercial borrowings and is particularly vulnerable in this regard given the growth of our business. The market for such funds is competitive and there can be no assurance that we will be able to obtain funds on acceptable terms, or at all. Many of our competitors have greater and cheaper sources of funding than us. Furthermore, many of our competitors may have larger resources or greater balance sheet strength than us and may have considerable financing resources. In addition, since we are a non-deposit taking NBFC, we may have restricted access to funds in comparison to banks and deposit taking NBFCs. While we have generally been able to pass any increased cost of funds onto our customers, we may not be able to do so in the future. If our financial products are not competitively priced, there is a risk of our borrowers raising loans from other lenders and in the case of financially stronger SPUs and SEBs and private sector borrowers, the risk of their raising funds directly from the market. Our ability to raise capital also depends on our ability to maintain our credit ratings in order to access various cost competitive funding options. We are also dependent on our classification as an IFC which enables the Issuer, among other things, to diversify its borrowings through the issuance of Rupee-denominated infrastructure bonds that offer certain tax benefits to bondholders as and when such schemes are notified by the GoI and to raise ECB under the automatic route subject to certain specified limits.

In addition, adverse developments in economic and financial markets or the lack of liquidity in financial markets could make it difficult for us to access funds at competitive rates.

These and other related events have resulted in increased borrowing costs and difficulty in accessing funds in a cost effective manner. If the Issuer is not able to maintain a low effective cost of funds, we may not be able to implement its growth strategy, competitively price its loans and, consequently, the Issuer may not be able to maintain the profitability or growth of its business, which could have a material adverse effect on our business, financial condition and results of operations.

4. An increase in the level of the Issuer's NPAs could adversely affect its financial condition.

In the past, the Issuer's gross NPAs have been as indicated below:

Particulars as of	(₹ million)	As % of total loan assets
31 March 2014............................	12,277.1	0.65%
31 March 2015............................	23,636.3	1.09%
31 March 2016............................	75,190.2	3.15%
31 March 2017............................	307,022.1	12.50%
31 March 2018............................	267,030.0	9.57%
31 March 2019……………………………	295,400.0*	9.39%

*Stage III Assets as per Ind-AS accounting

The provisioning has been made in terms of prudential norms as notified by the RBI for "Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies". As the Issuer is required to follow a borrower-wise NPA determination policy for its government sector borrowers, the Issuer's NPA levels may increase substantially, which may have a material adverse effect on the Issuer's business, financial condition and results of operations. In addition, the Issuer may, from time to time, amend its policies and procedures regarding asset classification or rescheduling of its loans, which may also increase the Issuer's level of NPAs. The Issuer's loans made to the private sector are generally consistent with the lending (exposure) norms stipulated by the RBI. As RBI provisioning norms have become applicable to the Issuer, the Issuer's level of NPAs and provisions with respect thereto have significantly increased for fiscal 2017. If the Issuer is not able to prevent increases in its level of NPAs, the Issuer's business and future financial condition could be adversely affected. Further, in terms of the Stressed Asset Framework, failure to resolve stressed assets in a timely manner may lead to higher provisioning being made for such stressed assets. This in turn may adversely affect our NPAs.

5. Inability to develop or implement effective risk management policies and procedures could expose our Company to unidentified risks or unanticipated levels of risk.

Although the Issuer follows various risk management policies and procedures to identify, monitor and manage risks, there can be no assurance that such policies and procedures will be effective in addressing all risks that the Issuer encounters in its business and operations or that such policies and procedures are as comprehensive as those implemented by banks and other financial institutions. The Issuer's risk management policies and procedures are based, among other considerations, on historical market behaviour, information regarding borrowers, and market knowledge. Consequently, these policies and procedures may not predict future risk exposures that could vary from or be greater than those indicated by historical measures. In addition, information available to the Issuer may not be accurate, complete, up-to-date or properly evaluated. Unexpectedly large or rapid movements or disruptions in one or more financial markets or other unforeseen developments could have a material adverse effect on the Issuer's results of operations and financial condition. The Issuer's risk management policies and procedures are also influenced by applicable GoI policies and regulations, and may prove inadequate or ineffective in addressing risks that arise as a consequence of any development in GoI policies and regulations that adversely affect the Issuer's business and operations. In addition, the Issuer intends to continue to diversify its borrower portfolio and extend fund based and non-fund based financial and other assistance and services to projects that represent forward and backward linkages to the core power sector projects. These business initiatives may involve operational and other risks that are different from those the Issuer currently encounters or anticipates, and there can be no assurance that the Issuer will be able to effectively identify and address any additional risks that apply to such business initiatives. An inability to develop, modify and implement effective and dynamic risk management policies and procedures may adversely affect the Issuer's growth strategy. Management of operational, legal and regulatory risk requires, among others, policies and procedures to accurately record and verify transactions and events. There can be no assurance that the Issuer's policies and procedures will effectively and accurately record and verify such information. Failure of the Issuer's risk management policies and procedures or exposure to unanticipated risks could lead to losses and adversely affect the Issuer's business, financial condition and results of operations.

6. Risks inherent to power sector projects, particularly power generation projects, could adversely affect our Company's business, financial condition and results of operations.

Our Company is a financial institution focused on providing financial and other assistance and related services to power sector projects. Power sector projects, particularly power generation projects, typically involve long gestation periods before they become operational and involve various project-specific risks as well as risks that are generally applicable to the power sector in India. Many of these risks applicable to power sector projects that our Company finances are beyond our control and include:

- political, regulatory, fiscal, monetary and legal actions and policies that may adversely affect the viability of power sector projects, including changes in any tariff regulations applicable to power plants;
- delays in the implementation of GoI policies and initiatives;
- changes in Government and regulatory policies relating to the power sector;
- environmental concerns and environmental regulations applicable to power sector projects that, including, for example, relevant coal mining areas being classified as "no-go" areas;
- delays in obtaining environmental clearances or land for the projects;
- extent and reliability of power sector infrastructure in India;
- strikes, work stoppages or increased wage demands by employees or any other disputes with employees that affect the project implementation schedule or operations of the projects ;
- adverse changes in demand for, or the price of, power generated or distributed by the projects ;
- disruption of projects due to explosions, fires, earthquakes and other natural disasters, breakdown, failure or substandard performance of equipment, improper installations or operation of equipment, accidents, operational problems, transportation interruptions, other environmental risks and labour disputes;
- the willingness and ability of consumers to pay for the power produced by the projects;
- shortages of, or adverse price fluctuations in, fuel and other raw materials and key inputs involved in power generation, including coal, oil and natural gas;
- increase in project development costs due to environmental challenges and changes in environmental regulations;
- changes in credit ratings of our Company's borrowers affecting their ability to finance projects;
- interruption or disruption in domestic or international financial markets, whether for equity or debt funds;
- delays in the construction and operation of projects;
- domestic power companies face significant project execution and construction delay risks i.e. longer than expected construction periods due to delays in obtaining environmental permits and infrastructure related

delays in connecting to the grid, accessing offtake and finalising fuel supply agreements could cause further delays

- potential defaults under financing arrangements of project companies and their equity investors;
- failure of co-lenders (with our Company under consortium lending arrangements) to perform their contractual obligations;
- failure of third parties such as contractors, fuel suppliers, sub-contractors and others to perform their contractual obligations in respect of the power projects;
- adverse developments in the overall economic environment in India;
- the provisions of the Electricity Act, 2003 have significantly increased competition in the power generation industry which may negatively impact individual power generation companies;
- failure to supply power to the market due to unplanned outages of any projects, failure in transmission systems or inter-regional transmission or distribution systems;
- adverse fluctuations in liquidity, interest rates or currency exchange rates;
- changes in technology may negatively impact power generation companies by making their equipment or power projects less competitive or obsolete;
- fluctuating fuel costs; and
- economic, political and social instability or occurrences such as natural disasters, armed conflict and terrorist attacks, particularly where projects are located in the markets they are intended to serve.

The long-term profitability of power sector projects, when commissioned, is partly dependent on the efficiency of their operation and maintenance of their assets. Delayed implementation, initial complications, inefficient operations, inadequate maintenance and similar factors may reduce the profitability of such projects, adversely affecting the ability of our Company's borrowers to repay its loans or service interest payments thereon. Furthermore, power sector projects may be exposed to unplanned interruptions caused by catastrophic events such as floods, earthquakes, fires, major plant breakdowns, pipeline or electricity line ruptures or other disasters. Operational disruption, as well as supply disruption, could adversely affect the cash flows available from these projects. Furthermore, the cost of repairing or replacing damaged assets could be considerable. Repeated or prolonged interruption may result in a permanent loss of customers, substantial litigation or penalties and/or regulatory or contractual non-compliance. To the extent the risks mentioned above or other risks relating to the power sector projects that our Company finances, materialise, the quality of our Company's asset portfolio and our Company's results of operations may be adversely affected. Furthermore, as our Company continues to expand its operations, its loans to individual projects may increase, thereby increasing its exposure with respect to individual projects and the potential for adverse effects on our Company's business, financial condition and results of operations in the event these risks were to materialise.

7. Risks inherent to power generation companies, who comprise a significant portion of the Issuer's borrowers, could adversely affect its business, financial condition and results of operations.

Many of the Issuer's borrowers are power generation companies who face various industry-specific risks as well as risks that are generally applicable to the power sector in India. Many of these risks are beyond the Issuer's control and include the following:

- activities in the power generation business can be dangerous and can cause injury to people or property;
- power generation companies may have limited access to funding for the development and implementation of their power projects which may limit the expansion of their business;

• changes in technology may negatively impact power generation companies by making their equipment or power projects less competitive or obsolete;
• the provisions of the Electricity Act, 2003 have significantly increased competition in the power generation industry which may negatively impact individual power generation companies; 81 • changes to tariff regulations may adversely affect the revenues and results of operations for power generation companies;
• compliance with strict environmental regulations; and
• fluctuating fuel costs.

To the extent the risks mentioned above or other risks relating to power generation companies materialise, the quality of the Issuer's asset portfolio and the Issuer's results of operations may be adversely affected. Furthermore, as the Issuer continues to expand its operations, its loans to individual power generation companies may increase, thereby increasing its exposure with respect to individual power generation companies and the potential risk for adverse effects on the Issuer's business, financial condition and results of operations in the event these risks were to materialise.

8. **Failure to manage any acquisition that the Issuer makes may cause its profitability to suffer.**
As of the date of this Offer Letter, the Issuer is not evaluating any merger and acquisition opportunities however it may take advantage of merger and acquisition opportunities in the future if suitable opportunities arise. These may require significant investments which may adversely affect the Issuer 's business and revenues. Furthermore, the Issuer, is not permitted to carry out any merger or acquisitions without prior approval from the GoI. Acquisitions involve additional risks, including the following:
• impact of unforeseen risks, such as contingent or latent liabilities relating to the acquired businesses that become apparent only after the merger or acquisition is finalised;
• success or failure of integration and management of the acquired operations and systems;
• success or failure of retention of select personnel; or
• impact of diversion of the Issuer management's attention from other ongoing business concerns.

If the Issuer is unable to integrate the operations of an acquired business successfully or manage such future acquisitions profitably, its revenues and results of operations may be adversely affected.

9. **If inflation increases, our Company's results of operations and financial condition may be adversely affected.**

There have been periods of slowdown in the economic growth of India. India's economic growth is affected by various factors including domestic consumption and savings, balance of trade movements, namely export demand and movements in key imports, global economic uncertainty and liquidity crisis, volatility in exchange currency rates and annual rainfall. Any persisted or future slowdown in the Indian economy or a further increase in inflation could have a material adverse effect on the price of raw materials involved in power generation and demand for our products and, as a result, on our business and financial results. In the event that domestic inflation or global inflation increases, certain of our Company's costs, such as salaries, which are typically linked to general price levels, may increase. Furthermore, if interest rates in India remain high, or if the RBI continues to retain high interest rates, our Company may face increased costs of funding. To the extent our Company cannot pass these increases on to its borrowers, its results of operations could be adversely affected.

10. **We currently fund our business in significant part through use of borrowing that have shorter maturities than the maturities of substantially all of our new loan assets and we may be required to obtain additional financing in order to repay our indebtedness and grow our business.-**

We may face potential liquidity risks due to mismatches in our funding requirements and the financing we provide to our borrowers. In particular, a significant part of our business is funded through borrowing that have shorter maturities than the maturities of substantially all of our new loan assets. Our Company's other financial products may also have maturities that exceed the maturities of its borrowing.

To the extent the Issuer funds its business through the use of borrowings that have shorter maturities than the loan assets the Issuer disburses, the Issuer's loan assets will not generate sufficient liquidity to enable the Issuer to repay its borrowings as they become due, and the Issuer will be required to obtain new borrowings to repay its existing indebtedness. Furthermore, in accordance with GoI directives, the Issuer is required to declare a minimum dividend on equity of 5.0 per cent of net worth or a minimum dividend payout of 30.0 per cent of its profit after tax each fiscal year, whichever is higher. However, this is subject to availability of disposable profits and the Issuer may declare a lower dividend with the consent of the GoI. As a result, the Issuer's retained earnings remain low and the Issuer may be unable to repay its loans from its retained earnings as and when they mature. There can be no assurance that new borrowings will be available on favourable terms, or at all. In particular, the Issuer is increasingly reliant on funding from the debt capital markets and commercial borrowings. The market for such funds is competitive and the Issuer's ability to obtain funds on acceptable terms will depend on various factors including, in particular, the Issuer's ability to maintain its credit ratings. Furthermore, the Issuer's inability to effectively manage its funding requirements and the financing the Issuer provides may also be aggravated if the Issuer's borrowers pre-pay or are unable to repay any of the financing facilities the Issuer grants to them. The Issuer's asset-liability management framework categorises all interest rate sensitive assets and liabilities into various time period categories according to contracted residual maturities or anticipated re-pricing dates, as may be relevant in each case. The difference between the value of assets and liabilities maturing, or being re-priced, in any time period category provides the measure to which the Issuer is exposed to the risk of potential changes in the margins on new or re-priced assets and liabilities. Despite the existence of such measures, the Issuer's liquidity position could be adversely affected by the development of an asset-liability mismatch, which could have a material adverse effect on the Issuer's business, prospects, results of operations and financial condition.

11. An inability to effectively manage the Issuer's growth or successfully implement its business plan and growth strategy could adversely affect the Issuer's business, financial condition and results of operations.

The Issuer intends to continue to grow its business, which could place significant demands on its operational, credit, financial and other internal risk controls, making management of asset quality increasingly important. This may also exert pressure on the adequacy of the Issuer's capitalisation. The Issuer intends to fund its asset growth primarily through the issuance of Rupee-denominated bonds and commercial borrowings raised in India. There can be no assurance that the Issuer will be able to raise funding on attractive terms, or at all. Any adverse development in the Indian credit markets or any increase in interest rates may significantly increase the Issuer's debt service costs and its overall cost of funds. The Issuer's growth also increases the challenges involved in maintaining and improving its internal administrative, technological and physical infrastructure, and entails substantial senior level management time and resources.

As part of its growth strategy, the Issuer has expanded its focus areas to include renewable energy projects and projects that represent forward and backward linkages to core power sector projects, including capital equipment for the power sector, fuel sources for power generation projects and related infrastructure development, as well as power trading initiatives. In addition, the Issuer intends to expand its business and service offerings in consultancy and other fee-based services, debt syndication and equity investments. The Issuer also intends to continue to develop strategic partnerships and alliances and evaluate new business opportunities related to the power sector in India. Pursuing any strategic business opportunities may require capital resources and additional regulatory approvals. The Issuer has limited knowledge and experience with respect to financing and other opportunities in these business expansion areas, and competition, applicable regulatory regimes and business practices applicable to these areas and opportunities may differ significantly from those faced by the Issuer in its current operations. In addition, if the Issuer decides to expand inorganically in these strategic areas, it may not be able to achieve expected synergies from, or achieve the strategic purpose of, any such acquisition, or achieve operational integration or the expected return on its investment. There can be no assurance that the Issuer will be able to implement, manage or execute its growth strategy efficiently or in a timely manner, or at all, which could adversely affect its business, prospects, financial condition and results of operations.

12. **The Issuer is not in compliance with certain corporate governance requirements under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, and the Companies Act, which may result in imposition of a penalty that may adversely affect the Issuer's reputation and business.**

    The Issuer has not complied with certain provisions of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements)Regulations, 2015 relating to composition of its Board for fiscal 2018. As of the date of this Offer Letter, the Issuer's Board has eight Directors, of which four are full-time functional directors, one is a Government nominee director and the other three are independent directors.

    The Equity Listing Agreement requires that at least half of the Board should be comprised of independent directors if the chairman of the Board is an executive director. However, as of the date of this Offer Letter, the Board of the Issuer does not have the requisite minimum number of independent directors.

    The Issuer cannot assure that further penalties, fines, actions or trading suspension orders will not be imposed on the Issuer for failure to comply with such provisions of the law, which in turn could adversely affect the Issuer's financial condition and business.

13. **The GoI has a majority control in the Company, which enables the GoI to influence the outcome of matters submitted to shareholders for approval.**

    As on 31.12.2019, the GoI has 55.99% stake in the equity share capital of our Company. As a result, the GoI, acting through the MoP, will continue to exercise significant control over our Company. The GoI also controls the composition of the Board and determines matters requiring shareholder approval or approval by the Board. The GoI may take or block actions with respect to our Company's business, which may conflict with our Company's interests or the interests of our Company's minority shareholders. By exercising its control, the GoI could delay, defer or cause a change of our Company's control or a change in our Company's capital structure, or a merger, consolidation, takeover or other business combination involving our Company, or discourage or encourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of our Company. In addition, as long as the GoI continues to exercise control over our Company, it may influence the material policies of our Company in a manner that could conflict with the interest of our Company's other shareholders and may take positions with which our Company or our Company's other shareholders may not agree. In addition, the GoI significantly influences our Company's operations both directly and indirectly through its various departments and policies in relation to the power industry generally. In particular, given the importance of the power industry to the economy, the GoI could require our Company to take action designed to serve the public interest in India and not necessarily to maximise our Company's profits.

14. **The Government may sell all or part of its shareholding in our Company that may result in a change in control of our Company.**

    Whilst the Government's shareholding in our Company equals or exceeds 51%, our Company will continue to be classified as a Government company and will be subject to various regulations, regulatory exemptions and benefits generally applicable to public sector companies in India. As on date, there is no legislation that places a mandatory requirement on the Government to hold a minimum 51% shareholding in our Company. Therefore the Government may sell all or part of its shares in our Company, which may result in a change in control of our Company and which may, in turn, disqualify our Company from benefiting from certain regulatory exemptions and other benefits that may be applicable to our Company due to it being a public sector company. If a change of control were to occur, our Company cannot assure investors that it will have sufficient funds available at such time to pay the purchase price of such outstanding Bonds or repay such loan, which required to be purchased / repaid as per their respective finance covenants, as the source of funds for any such purchase/repayment will be the available cash or third party financing which our Company may not be able to obtain at that time.

15. **Our Company is subject to credit, market and liquidity risks and, if any such risk were to materialise, our Company's credit ratings and its cost of funds may be adversely affected.**

    The Issuer may not be able to effectively mitigate its risk exposures in particular market environments or against particular types of risks. The Issuer's revenues and interest rate risk are dependent upon its ability to properly identify, and mark-to-market, changes in the value of financial instruments caused by changes in market prices or rates. The Issuer's earnings are dependent upon its effectiveness in managing credit quality and risk concentrations, the accuracy of its valuation models and its critical accounting estimates and the adequacy of its allowances for loan losses. To the extent its assessments, assumptions or estimates prove inaccurate or are not predictive of actual results, the Issuer could incur higher than anticipated losses. The successful management of credit, market and operational risk is an important consideration in managing the Issuer's liquidity risk because it affects the evaluation of the Issuer's credit ratings by rating agencies. The Issuer currently holds credit ratings for its long-term domestic borrowings and its short term borrowings from CRISIL, ICRA and CARE respectively. International credit rating agencies Moody's, Fitch and Standard & Poor's have also provided long-term foreign currency issuer ratings for the Issuer. However, rating agencies may reduce or indicate their intention to reduce the ratings at any time and there can be no assurance that the Issuer may not experience such downgrade in the future. The rating agencies can also decide to withdraw their ratings altogether, which may have the same effect as a reduction in the Issuer's ratings. Any reduction (or withdrawal) in the Issuer's ratings may make the Issuer ineligible to remain classified as an IFC, increase the Issuer's borrowing costs, limit the Issuer's access to capital markets and adversely affect the Issuer's ability to sell or market its products, engage in business transactions, particularly longer-term and derivatives transactions, or retain its customers. This, in turn, could reduce the Issuer's liquidity and negatively impact the Issuer's financial condition and results of operations.

16. **The Issuer may fail to obtain regulatory approvals to operate or expand its business in a timely manner or at all, or to comply with the terms and conditions of its existing regulatory approvals and licenses, which**

may have a material adverse effect on the continuity of the Issuer's business and may impede its operations in the future.

The Issuer requires certain regulatory approvals, sanctions, licenses, registrations and permissions for operating and expanding its business. The Issuer may not receive or be able to renew such approvals in the time frames anticipated by the Issuer, or at all, which could adversely affect the Issuer's business. If the Issuer does not receive, renew or maintain the regulatory approvals required to operate its business, it may have a material adverse effect on the continuity of its business and may impede its effective operations in the future.

NBFCs in India are subject to strict regulations and supervision by the RBI. These laws and regulations impose numerous requirements on the Issuer, including those relating to asset classification and prescribed levels of capital adequacy, cash reserves and liquid assets. In addition to the numerous conditions required for the registration as an NBFC with the RBI, the Issuer is required to maintain certain statutory and regulatory permits and approvals for its business. In the future, the Issuer will be required to renew such permits and approvals and obtain new permits and approvals for any proposed operations. There can be no assurance that the relevant authorities will issue any of such permits or approvals in the time-frame anticipated by the Issuer or at all. Failure by the Issuer to renew, maintain or obtain the required permits or approvals may result in the interruption of the Issuer's operations and may have a material adverse effect on its business, financial condition and results of operations.

Furthermore, the RBI has not provided for any ceiling on interest rates that can be charged by non-deposit taking NBFCs even though they have stated in circulars that NBFCs should lay out appropriate internal principles and procedures in determining interest rates and other charges. The Issuer fixes the interest rate based on average cost of funds, RBI's monetary policies, competitors' interest rate, certain percentage of margin and other markets conditions, which are subject to change from time to time. There may be future changes in the regulatory system or in the enforcement of laws and regulations or legal interpretations of existing regulations relating to or affecting interest rates, taxation, inflation or exchange controls that could have an adverse effect on non-deposit taking NBFCs. In addition, the Issuer is required to make various filings with the RBI, the Registrar of Companies (RoC) and other relevant authorities pursuant to the provisions of the RBI regulations, the Companies Act and other regulations. If the Issuer fails to comply with these requirements, or if a regulator claims the Issuer has not complied with such requirements, the Issuer may be subject to penalties. Moreover, these laws and regulations can be amended, supplemented or changed at any time such that the Issuer may be required to restructure its activities and incur additional expenses in complying with such laws and regulations, which could adversely affect the Issuer's business. In addition, any historical or future failure to comply with the terms and conditions of the Issuer's existing regulatory or statutory approvals may cause the Issuer to lose or become unable to renew such approvals.

17. **Our Company may in the future conduct additional business through joint ventures and strategic partnerships, exposing our Company to certain regulatory and operating risks.**

Our Company intends to continue to pursue suitable joint venture and strategic partnership opportunities in India, in particular with companies/firms whose resources, capabilities and strategies are likely to enhance and diversify our Company's business operations in the power sector. Our Company may not be able to identify suitable joint venture or strategic partners or our Company may not complete transactions on terms commercially acceptable to our Company, or may not complete transactions at all. Our Company may not be able to successfully form such alliances and ventures or realise the anticipated benefits of such alliance and joint ventures. Furthermore, such partnerships may be subject to regulatory approvals, which may not be received in a timely manner, or may not be received at all. In addition, our Company's expected strategic benefits or synergies of any future partnerships may not be realised. Furthermore, such investments in strategic partnerships may be long-term in nature and may not yield returns in the short to medium term. Such initiatives will place significant strains on our Company's management, financial and other resources and any unforeseen costs or losses could adversely affect its business, profitability and financial condition.

18. Some of our agreements with our lenders and our borrowers are not executed on stamp paper.

In the event that some of the Issuer's loan documents with its lenders and borrowers may not be executed on appropriate stamp paper documents such agreements cannot be admitted as evidence in a court of law or be acted upon by any person having consent of parties by law or the authority to receive any such evidence. Such agreements can only be used as evidence in a court of law upon payment of the applicable stamp duty, along with any additional penalty that may be levied (which penalty may be up to ten times the applicable stamp duty). Therefore, in cases of disputes among the lenders or borrowers where the agreements have not been executed on the correct stamp paper, such agreements may be inadmissible as evidence (unless the adequate stamp duty together with any penalty has been paid) and this may in turn have a material adverse effect on the Issuer 's business, results of operations and financial position.

19. We have negative cash flows from operations in recent periods. There is no assurance that such negative cash flows from operations shall not recur in the future.

The cash outflows relating to loans and advances that the Issuer disburses (net of any repayments the Issuer receives) are reflected in the Issuer's cash flow from operating activities whereas the cash inflows from external funding that the Issuer procures (net of any repayments of such funding) to disburse these loans and advances are reflected in the Issuer's cash flows from financing activities. The net cash flows from investing activities primarily represent sale and purchase of fixed assets, other investments and interest received. The following table sets forth certain information with respect to the Issuer's historical cash flows, including certain negative cash flows, for the periods indicated:

(₹ in crores)

Particulars	As of March 31				
	2015	2016	2017	2018	2019
Net cash from operating Activities	(21,448.36)	(13,338.97)	1920.23	(27,528.34)	(44,501.30)
Net cash from investing activities	(472.87)	(1,855.85)	(308.91)	1,138.18	(13,819.57)
Net cash from financing activities	26,881.98	10,203.44	1,475.36	23,813.13	58,091.65
Net increase/(decrease) in cash and cash equivalents	4,960.75	(4,991.38)	3,086.68	(2577.03)	(229.23)

There can be no assurance that there will not be a negative cash flow in the future.

20. The Issuer may not be able to identify attractive financing or investment opportunities, or provide financing to or make investments in such identified opportunities, which may adversely affect the Issuer's financial condition and results of operations.

There can be no assurance that the Issuer will be able to identify attractive financing or investment opportunities that meet its financing and investment criteria, or provide financing to or make investments in such identified opportunities. The activity of identifying attractive financing and investment opportunities is highly competitive and providing financing to or making such investments may be subject to various factors beyond the Issuer's control. In addition, the Issuer may not be able to fully ascertain the risks involved in the power sector projects the Issuer finances or invests in due to limited information.

Furthermore, any investment that the Issuer makes in power sector projects may be subject to contractual, legal and other restrictions, such as pre-emption rights and the requirement to obtain consents and approvals on resale. The illiquidity of these investments may make it difficult to sell investments even if the Issuer determines that the sale is in its interest. In addition, if the Issuer is required to liquidate all, or a portion of its investment portfolio quickly, the Issuer may not realise an appropriate value for its investments. The Issuer may also face other restrictions on its ability to liquidate an investment in an investee company to the extent that the Issuer has material non-public information regarding such company. In addition, the large number of competitors compared to the limited number of attractive investment opportunities in the Indian power sector may increase the cost at which investments may be made and reduce potential profits. The Issuer may also incur significant expenses identifying, investigating and seeking to acquire potential investments, which are ultimately not acquired, including expenses relating to due diligence, transportation, extended competitive bidding processes, legal expenses and the fees of other third-party advisors. Furthermore, in case of equity investments in the power sector, the Issuer's competing entities may seek to sell assets at the same time as the Issuer, thereby resulting in a decline in the value of such asset.

21. **Setting up and operating power projects in India requires a number of approvals and permits, and the failure to obtain or renew them in a timely manner may adversely affect the operations of our Company's borrowers and in turn adversely affect the quality of our Company's loans.**

    Setting up and operating power projects requires a number of approvals, licenses, registrations and permissions. Some of these approvals are subject to certain conditions, the non-fulfillment of which may result in revocation of such approvals. Moreover, some of the conditions may be onerous and may require our Company's customers to incur substantial expenditure, specifically with respect to compliance with environmental laws. Furthermore, certain of our Company's borrowers' contractors and other counterparties are required to obtain approvals, licenses, registrations and permits with respect to the services they provide to our Company's borrowers. Our Company's borrowers, their contractors or any other party may not be able to obtain or comply with all necessary licenses, permits and approvals required for the power projects in a timely manner to allow for the uninterrupted construction or operation of the power plants, or may not comply at all. Any failure to renew the approvals that have expired or apply for and obtain the required approvals, licenses, registrations or permits, or any suspension or revocation of any of the approvals, licenses, registrations and permits that have been or may be issued to our Company's borrowers may adversely affect its operations. This in turn could adversely affect the quality of our Company's loans, may put our Company's customers in financial difficulties (which could increase the level of non-performing assets in our Company's portfolio) and adversely affect our Company's business and financial condition.

22. **Our Company's business and activities are regulated by the Competition Act, 2002 (the "Competition Act") and any application of the Competition Act to our Company may be unfavourable or have an adverse effect on our Company's business, financial condition and results of operations.**

    The Indian Parliament has enacted the Competition Act under the auspices of the Competition Commission of India ("**Competition Commission**") to prevent business practices that have an appreciable adverse effect on competition in India, which (other than for certain provisions relating to the regulation of combinations) became effective in 2009. Under the Competition Act, any arrangement, understanding or action in concert between enterprises, whether formal or informal, which causes or is likely to cause an appreciable adverse effect on competition in India is void and attracts substantial monetary penalties. Any agreement which directly or indirectly determines purchase or sale prices, limits or controls production, shares the market by way of geographical area, market or number of customers in the market is presumed to have an appreciable adverse effect on competition. Furthermore, if it is proved that the contravention committed by a company took place with the consent or involvement or is attributable to any neglect on the part of, any director, manager, secretary or other officer of such company, that person shall be guilty of a contravention and liable to be punished.

    If our Company is affected, directly or indirectly, by any provision of the Competition Act or its application or interpretation, including any enforcement proceedings initiated by the Competition Commission and any adverse publicity that may be generated due to scrutiny or prosecution by the Competition Commission, it may have a material adverse effect on our Company's business, financial condition and results of operations.

23. Changes in legislation, including tax legislation, or policies applicable to our Company could adversely affect our Company's results of operations.

The Government has proposed two major reforms in Indian tax laws, namely the Goods and Services Tax (GST) and provisions relating to General Anti Avoidance Rules (GAAR).

The provisions of the GST have come into effect from 1 July 2017 and have replaced the indirect taxes on goods and services such as central excise duty, service tax, customs duty, central sales tax, state VAT, surcharge and excise currently being collected by the central and state governments.

As regards GAAR, the provisions have come into effect from assessment year 2018-2019. The GAAR provisions intend to catch arrangements declared as "impermissible avoidance arrangements", which is any arrangement, the main purpose or one of the main purposes of which is to obtain a tax benefit and which satisfy at least one of the following tests: (i) creates rights, or obligations, which are not ordinarily created between persons dealing at arm's length; (ii) results, directly or indirectly, in misuse, or abuse, of the provisions of the Income Tax Act, 1961; (iii) lacks commercial substance or is deemed to lack commercial substance, in whole or in part; or (iv) is entered into, or carried out, by means, or in a manner, which are not ordinarily employed for bona fide purposes. The onus to prove that the transaction is not an "impermissible avoidance agreement" is on the assessee. If GAAR provisions are invoked, then the tax authorities have wide powers, including denial of tax benefit or a benefit under a tax treaty.

24. The risks to financial stability could adversely affect our Company's business.

As reported by the RBI in its financial stability report dated June 26, 2015, the gross non- performing assets in the banking system have grown, while stressed advances including standard restructured loans have risen since September 2014. This deterioration in asset quality is expected to continue into the next few quarters as well. Profitability measured by return on assets and return on equity remained around the same level during the last two years. The banking stability map suggests that the overall risks to the banking sector have moderated marginally since September 2014. However, concerns remain over the continued weakness in asset quality and profitability.

Our Company has little or no control over any of these risks or trends and may be unable to anticipate changes in economic conditions. Adverse effects on the Indian banking system could impact our Company's funding and adversely affect our Company's business, operations and financial condition and the market price of the Bonds.

25. We have granted loans to private sector borrowers on a non-recourse or limited recourse basis, which increases the risk of non-recovery and may adversely affect our financial condition.

As of March 31, 2019, ₹ 53,612 crore or 17% of our total outstanding loans were to private sector borrowers. Under the terms of our loans to private sector borrowers, our loans are secured by project assets, and in certain cases, we also obtain additional collateral in the form of a pledge of shares by the relevant promoter, or sponsor guarantee. We expect that our exposure to private sector borrowers will increase in the future. The ability of such borrowers to perform their obligations under our loans will depend primarily on the financial condition and results of the relevant projects, which may be affected by many factors beyond the borrowers' control, including competition, operating costs, regulatory issues and other risks. If borrowers with non-recourse or limited recourse loans were to be adversely affected by these or other factors and were unable to meet their obligations, the value of the underlying assets available to repay the loans may become insufficient to pay the full principal and interest on the loans, which could expose us to significant losses.

26. The escrow account mechanism and the trust and retention account arrangements implemented by us as a quasi-security mechanism in connection with the payment obligations of our borrowers may not be effective, which could adversely affect our financial condition and results of operations.

Majority of our outstanding loans to state and Central sector borrowers involved escrow account mechanism. Similarly, in the case of private sector borrowers, security is typically obtained through a first priority pari passu charge on the relevant project assets, and through a trust and retention account mechanism.

The escrow account mechanism and the trust and retention account arrangements are effective in the event that revenue from the end users or other receipts, as applicable, is received by our borrowers and deposited in the relevant escrow accounts or trust and retention accounts. Though we monitor the flow into the escrow accounts and trust and retention accounts, we do not have any arrangement in place to ensure that such revenue is actually received or deposited in such accounts and the effectiveness of the escrow account mechanism and the trust and retention account arrangements is limited to that extent. In the event that end users do not make payments to our borrowers, the escrow account mechanism and the trust and retention account arrangements will not be effective in ensuring the timely repayment of our loans, which may adversely affect our financial condition and results of operations. In addition, as we diversify our loan portfolio and enter into new business opportunities, we may not be able to implement such or similar quasi-security mechanisms or arrangements and there can be no assurance that even if such mechanisms and arrangements are implemented, they will be effective.

27. Insurance of relevant project assets obtained by the Issuer's borrowers may not be adequate to protect them against all potential losses, which could indirectly affect the Issuer's ability to recover its loans to such borrowers.

Under the loan agreements, where loans are extended on the basis of a charge on assets, the Issuer's borrowers are required to create a charge on their assets in the Issuer's favour in the form of hypothecation or mortgage, or both. In addition, terms and conditions of the loan agreements require the Issuer's borrowers to maintain insurance against damage caused by any disasters including floods, fires and earthquakes or theft on the assets charged, primarily as collateral against the loan granted by the Issuer. However, the Issuer's borrowers may not have obtained the required insurance coverage, or may not renew the insurance policies, or the amount of insurance coverage may be less than the replacement cost of the relevant assets and therefore insufficient to cover all financial losses that the Issuer's borrowers may suffer. In the event the assets charged in the Issuer's favour are damaged, it may affect the Issuer's ability to recover the loan amounts due to the Issuer.

28. We are involved in a number of legal proceedings that, if determined against us, could adversely impact our business and financial condition.

Our Company is a party to various legal proceedings. These legal proceedings are pending at different levels of adjudication before various courts, tribunals, statutory and regulatory authorities/ other judicial authorities, and if determined against our Company, could have an adverse impact on the business, financial condition and results of operations of our Company. No assurances can be given as to whether these legal proceedings will be decided in our favour or have no adverse outcome, nor can any assurance be given that no further liability will arise out of these claims.

29. Volatility in interest rates affects our Company's lending operations and may result in a decline in our Company's net interest income and net interest margin and adversely affect our Company's return on assets and profitability.

The Company's business is primarily dependent on interest income from its lending operations. The primary interest rate-related risks our Company faces are from timing differences in the pricing of our Company's assets and liabilities, for example, in an increasing interest rate environment, our Company's liabilities are priced prior to its assets being priced, our Company may incur additional liabilities at a higher interest rate and incur a repricing risk, or in the event that there is an adverse mismatch between the repricing terms of our Company's loan assets and its loan liabilities.

Interest rates are highly sensitive to many factors beyond the Issuer's control, including the monetary policies of the RBI, deregulation of the financial sector in India, domestic and international economic and political conditions and other factors. When interest rates decline, the Issuer is subject to greater re-pricing and pre-payment risks as borrowers may take advantage of the attractive interest rate environment. If the Issuer re-prices loans, the Issuer's results may be adversely affected in the period in which the re-pricing occurs. If borrowers prepay loans, the return on the Issuer's capital may be impaired as any prepayment premium the Issuer receives may not fully compensate the Issuer for the redeployment of such funds elsewhere. In addition, while the Issuer sets the interest rate under its loans and also typically has the option to reset the rate to the Issuer's prevailing lending rates in accordance with the terms of the relevant loans, typically every three years or ten years, this flexibility is also subject to the borrower's ability to prepay the loan and refinance with another lender. When interest rates rise, it results in an increase of interest rates for the Issuer's borrowings and given that a majority of the Issuer's loans are subject to three year re-set clauses, the Issuer may not be able to re-price the loans or increase the interest rates with respect to such loans during such period, which could have a material adverse effect on the Issuer's results of operations and financial condition. In addition, as a non-deposit taking NBFC, the Issuer may be more susceptible to such increases in interest rates than some of the Issuer's competitors such as commercial banks or deposit taking NBFCs that have access to lower cost funds.

The Issuer's results of operations are therefore dependent on various factors that are indirectly affected by the prevailing interest rate and lending environment, including disbursement and repayment schedules for the Issuer's loans, the terms of such loans including interest rate reset terms as well as the currency of such loans and any exchange gains or losses relating thereto. In addition, the value of any interest rate hedging instruments the Issuer may enter into in the future may be affected by changes in interest rates. There can be no assurance that the Issuer will be able to adequately manage its interest rate risk and be able to effectively balance the proportion and maturity of its interest earning assets and interest bearing liabilities in the future.

30. As an NBFC and an IFC, we are required to adhere to certain individual and borrower group exposure limits prescribed by the RBI.

The Issuer is a systemically important non-deposit taking NBFC and is subject to various regulations by the RBI as an NBFC. With effect from 28 July 2010, the Issuer has been classified as an IFC by the RBI, and the classification is subject to certain conditions stipulated by RBI.

The maximum exposure ceilings as prescribed in respect of systemically important non-deposit taking NBFCs that are also IFCs under the Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007 are set out below:

(limit as a % of owned funds)

Concentration of credit / investment	Loan company	Infrastructure Finance Company
• ***Lending ceilings***		
Lending to any single borrower	15%	*25%*
Lending to any single group of borrowers	25%	*40%*
• ***Loans and investment taken together***		
Lending and investing to single party	25%	30%
Lending and investing to single group of parties	40%	50%

The applicable NBFCs may exceed the concentration of credit/investment norms by 5 per cent for any single party and by 10 per cent for a single group of parties, if the additional exposure is on account on infrastructure loan and/or investment.

Furthermore, the Issuer is exempted from the applicability of RBI concentration of credit and investment limits in respect of its exposure towards Government entities (including state government entities) until 31 March 2022. Accordingly, in case of the Government sector, the Issuer is following the below MoP-approved credit concentration limits:

Concentration of credit / investment	Government sector Companies(limit as a % of networth)
• ***Lending to a single entity*** *:*	*100% -150% (higher exposure upto 150% is permitted subject to certain conditions)*
• ***Investment in shares*** *:*	*15%*
• ***Lending + Investment*** *:*	*100%-150%*

As of 31 March 2019, the Issuer's CRAR was 17.09 per cent. Any inability to continue to be classified as an IFC may impact the Issuer's growth plans by affecting its competitiveness. As an IFC, the Issuer has to constantly monitor its compliance with the necessary conditions, which may hinder the Issuer's future plans to diversify into new business lines. In the event that the Issuer is unable to comply with the eligibility condition(s), the Issuer may be subject to regulatory actions by the RBI and/or the cancellation of its registration as a systemically important non-deposit taking NBFC that is also an IFC. Any levy of fines or penalties or the cancellation of the Issuer's registration as an NBFC or IFC may adversely affect the Issuer's business, prospects, results of operations and financial condition.

In addition, the Issuer's ability to borrow from various banks may be restricted under guidelines issued by the RBI imposing restrictions on banks in relation to their exposure to NBFCs.
As the Issuer grows its business and increases its borrowings, it may face similar limitations with other lenders, which could impair the Issuer's growth and interest margins.

31. The power sector financing industry is becoming increasingly competitive and the Issuer's growth will depend on its ability to compete effectively and maintain a low effective cost of funds.

We are facing increasing competition from public and private sector commercial banks and from other financial institutions that provide funding to the power sector. Many of the Issuer's competitors may have access to greater and cheaper sources of funding than the Issuer. Competition in the Issuer's industry depends on, among other factors, the ongoing evolution of GoI policies relating to the industry, the entry of new participants into the industry and the extent to which there is consolidation among banks, financial institutions and NBFCs in India. The Issuer's primary competitors are public sector infrastructure finance companies, public sector banks, private banks (including foreign banks), financial institutions and other NBFCs. Many of the Issuer's competitors may have larger resources or balance sheet sizes than the Issuer and may have considerable financing resources. In addition, since the Issuer is a non-deposit taking NBFC, the Issuer may have restricted access to funds in comparison to banks and deposit taking NBFCs. The Issuer's ability to compete effectively is dependent on its ability to maintain a low effective cost of funds. With the growth of its business, the Issuer is dependent on funding from the equity and debt markets and commercial borrowings. The market for such funds is competitive and the Issuer's ability to obtain funds on acceptable terms, or at all, will depend on various factors including the Issuer's ability to maintain its credit ratings. If the Issuer is unable to access funds at an effective cost that is comparable to or lower than that of its competitors, the Issuer may not be able to offer competitive interest rates for its loans to power projects. This is a significant challenge for the Issuer, as there are limits to the extent to which higher costs of funds can be passed on to borrowers, thus potentially affecting the Issuer's net interest income

32. Our contingent liabilities in the event they were to materialize could adversely affect our business, financial condition and results of operations.

As of March 31, 2019, we had contingent liabilities of ₹ 1,424.25 crores including non-funded contingent exposure of ₹ 117.39 crores in the form of guarantees, ₹ 1,019.06 crores in the form outstanding disbursement commitments to the borrowers by way of Letter of Comfort against loans sanctioned, other contingent liabilities of ₹ 265.23 crores and ₹ 22.57 crores towards income and service tax demands. If any or all of these contingent liabilities materialize, our financial condition could be adversely affected.

33. The power sector in India is regulated by GoI, and our business and operations are directly or indirectly dependent on GoI policies and support, which make us susceptible to any adverse developments in such GoI policies and support.

We are a Government company operating in a regulated industry, and the GoI (being a principal shareholder holding 55.99% as on Dec 31, 2019, of our paid up equity share capital), acting through the MoP, exercises significant influence on key decisions relating to our operations, including with respect to the appointment and removal of members of our Board, and can determine various corporate actions that require the approval of our Board or majority shareholders, including proposed budgets, transactions with other Government companies or GoI entities and agencies, and the assertion of any claim against such entities. The GoI has also issued directions in connection with the payment of dividends by Government companies.

The power sector in India and our business and operations are regulated by, and are directly or indirectly dependent on the GoI policies and support for the power sector. The GoI has implemented various financing schemes and incentives for the development of power sector projects, and we, like other Government companies, are responsible for the implementation of, and providing support to, such GoI schemes and initiatives. We may therefore be required to follow public policy directives of the GoI by providing financing for specific projects or sub-sectors in the public interest which may not be consistent with our commercial interests. In addition, we may be required to provide financial or other assistance and services to public sector borrowers and GoI and other Government agencies in connection with the implementation of such GoI initiatives, resulting in diversion of management focus and resources from our core business interests. Any developments in GoI policies or in the level of direct or indirect support provided to us or our borrowers by the GoI in these or other areas could adversely affect our business, financial condition and results of operations.

34. Volatility in foreign exchange and un-hedged foreign currency could adversely affect our Company's financial conditions and results of operations.

As of March 31, 2019, we had foreign currency borrowing outstanding of ₹ 28,827 crore, or approx.10% of our total borrowings. We may continue to be involved in foreign currency borrowing and lending in the future, which will further expose us to fluctuations in foreign currency rates. Our Company has put in place a currency risk management ("**CRM**") policy, which has been approved by RBI, to manage risks associated with foreign currency borrowing. However, there is no assurance that it will remain effective over a period of time. Our Company enters into hedging transactions to cover exchange rate and interest rate risk through various instruments like currency forward, option, principal swap, interest rate swap and forward rate agreements. Volatility in foreign exchange rates could adversely affect our business and financial performance. We are also affected by adverse movements in foreign exchange rates to the extent they impact our borrowers negatively, which may in turn impact the quality of our exposure to these borrowers. Foreign lenders may also impose conditions more onerous than domestic lenders.

In addition, although the Issuer engages in hedging transactions to manage interest rate and foreign exchange currency rate risks, the Issuer's hedging strategy may not be successful in minimising its exposure to these fluctuations. The Issuer faces the risk that the counterparties to its hedging activities may fail to honour their contractual obligations to the Issuer. This may result in the Issuer not being able to net off its positions and hence reduce the effectiveness of the Issuer's hedges. Non-performance of contracts by counterparties may lead to the Issuer in turn not being able to honour its contractual obligations to third parties. This may subject the Issuer to, among others, legal claims and penalties.

35. Certain of our SEB borrowers have been restructured and we have not yet entered into definitive loan agreements with such restructured entities, which could affect our ability to enforce applicable loan terms and related state Government guarantees.

We have granted long–term loans to various SEBs that were guaranteed by the respective state Governments. Pursuant to certain amendments to the Electricity Act, 2003 ("**Electricity Act**"), the respective state Governments have restructured these SEBs into separate entities formed for power generation, transmission and/ or distribution activities. As part of such restructuring process, all liabilities and obligations of the restructured SEBs relating to our loans were transferred, pursuant to a notification process, to the respective state Government, which in turn transferred such liabilities and obligations to the newly formed state Government-owned transmission, distribution and/ or generation companies. However, the relevant notification transferring such liabilities and obligations under our loans necessitates the execution of a transfer agreement among us, the respective state Government and the relevant newly formed transferee entity. We have not yet executed such transfer agreements with respect to some of these loans. In such circumstances, as the state Government guarantees have not been reaffirmed to cover the debt obligations of such newly formed transferee entities, we may not be able to enforce the relevant state guarantees in case of default on our loans by such transferee entities. Although we intend to enter into such transfer agreements to ensure that the terms of our original loan agreements entered into with the SEBs continue to apply to such transferee entities, there can be no assurance that we will be able to execute such transfer agreements in a timely manner, or execute at all. In addition, the relevant state Government may not reaffirm such guarantees with respect to the debt obligations assumed by such restructured transferee entities. There may also be delay, due to factors beyond our control, with respect to the establishment of relevant trust and retention account arrangements with such restructured transferee entities. In addition, we have restructured loans sanctioned to certain SPUs and other SEBs, including rescheduling of repayment terms. Any negative trends or financial difficulties faced by such SPUs and SEBs could increase our NPAs and adversely affect our business, financial condition and results of operations.

36. We may incur shortfalls in the advance subsidy received under the Accelerated Generation and Supply Programme ("AG&SP") scheme of the GoI, which may affect our financial condition.

In Fiscal 1998, the GoI started the AG&SP, a scheme for providing interest subsidies for various projects. We oversee and operate this scheme on behalf of the GoI. The scheme subsidizes our normal lending rates on loans to SPUs. The subsidy is paid in advance directly to us from the Central Government budget and is to be passed on to the borrowers against their interest liability arising in future under the AG&SP scheme.

We maintain an interest subsidy fund account on account of the subsidy claimed from the GoI at net present value which is calculated at certain pre-determined and indicative discount rates, irrespective of the actual repayment schedule, moratorium period and duration of repayment. The impact of the difference between the indicative discount rate and period considered at the time of drawal and the actual can be ascertained only after the end of the respective repayment period in relation to that particular loan. In the event of there being a shortfall, we shall have to bear the difference, which may affect our financial condition and results of operations.

37. We might not be able to develop or recover costs incurred on our Ultra Mega Power Projects and ITPs and our failure to do so may have an adverse effect on our profitability.

We have been appointed as the nodal agency for the development of UMPPs, each with a contracted capacity of 4,000 MW or more. We have incorporated wholly-owned subsidiaries as SPVs for these projects. These SPVs have been established to undertake preliminary site investigation activities necessary for conducting the bidding process for these projects and also to undertake preliminary studies and obtain necessary linkages, clearances, land and approvals including for water, land and power sale arrangements, prior to transfer of the projects to successful bidders. The objective is to transfer these SPVs to successful bidders, through a tariff based international competitive bidding process, who will then implement these projects, on payment of development costs incurred by each SPV. Our Company has and is likely to continue to incur expenses in connection with these SPVs. There may be delays in the development of such UMPPs or we may be unable to transfer these UMPPs due to various factors, including environmental issues, resistance by local residents, changes in related laws or regulatory frameworks, or our inability to find a developer for such projects. In addition, we may not be able to fully recover our expenses from the successful bidder, which may result in financial loss to us, which could adversely affect our financial condition and results of operations.

38. Our agreements regarding certain of our joint venture arrangements or investments in other companies contain restrictive covenants, which limit our ability to transfer our shareholding in such ventures.

The Issuer has entered into a joint venture arrangement, pursuant to which a joint venture company has been incorporated.

The Issuer has also entered into a share subscription and shareholders agreement with the NSE and National Commodity & Derivatives Exchange Limited subscribing to the equity shares of Power Exchange India Limited.

Furthermore, the Issuer has investments in the Small is Beautiful Fund, a venture capital fund established with the objective to invest in equity and equity-like instruments of special purpose vehicles involved in the development of power projects.

The Issuer has also jointly promoted various companies in which the Issuer holds a minority stake.

As the Issuer holds minority interests in the joint venture company, the Issuer’s joint venture partners will have control over such joint venture companies (except to the extent agreed under the respective joint venture agreements). In addition, the Issuer has not made provisions for the decline in value of some investments which may have an adverse impact on the Issuer’s financial condition. In addition, the Issuer may not be able perform or comply with its obligations under the joint venture agreement and its failure to do so may result in a breach of such agreement, which could affect the Issuer’s rights under this agreement.

Furthermore, the success of the joint venture is dependent upon the cooperation of the Issuer’s joint venture partners. The joint venture is subject to the risk of non-performance by the Issuer’s joint venture partners of their obligations, including their financial obligations, in respect of the joint venture. Joint venture partners may have business interests or goals that may differ from the Issuer’s business interests or goals, or those of the Issuer’s shareholders. Any disputes that may arise between the Issuer and its joint venture partners may cause delays in completion or the suspension or abandonment of the venture. In addition, although the joint venture confers rights on the Issuer, its joint venture partners have certain decision-making rights that may limit the Issuer’s flexibility to make decisions relating to such business, and may cause delays or losses.

39. The Issuer’s success depends in large part upon its management team and skilled personnel and its ability to attract and retain such persons.

Many of the Issuer’s employees, particularly senior management, have worked with the Issuer for significantly long periods. The Issuer’s future performance depends on the continued service of its management team and skilled personnel. The Issuer may face a challenge to recruit and retain a sufficient number of suitably skilled personnel, particularly as the Issuer continues to grow. There is significant competition for management and other skilled personnel in the Issuer's industry. Furthermore, the Issuer's ability to meet future business challenges depends on its ability to attract and recruit talented and skilled personnel. The loss of any of the members of the Issuer's Board, senior management, or other key personnel or an inability to manage the attrition levels in the different employee categories may materially and adversely impact the Issuer's business, financial condition and results of operations.

40. We benefit from certain tax benefits available to us as a lending institution. If these tax benefits are no longer available to us it would adversely affect our business, financial condition and results of operations.

We have received and currently receive tax benefits by virtue of our status as a lending institution, including as a result of our lending within the infrastructure sector, which have enabled us to reduce our effective tax rate. The availability of such tax benefits is subject to the policies of the GoI and there can be no assurance as to any or all of these tax benefits that we will receive or continue to receive in the future. If the laws or regulations regarding these tax benefits are amended, our taxable income and tax liability may increase/ decrease, which may have an impact on our financial condition and results of operations.

41. We may make equity investments in power sector in the future and such investments may not be recovered.

As part of its growth strategy, and subject to receipt of relevant approvals, the Issuer may evaluate potential equity investment opportunities in power sector projects. In addition, the Issuer may consider equity syndication opportunities for power sector projects, which the Issuer expects will also increase its fee-based income. The value of such investments will depend on the success and continued viability of these projects. In addition to project-specific risks, the Issuer will have limited control over the operations or management of these businesses. Therefore, the Issuer's ability to realise expected gains on its equity interest in a business is highly dependent on factors outside the Issuer's control. Write-offs or write-downs in respect of the Issuer's equity investments may adversely affect the Issuer's financial condition. The Issuer may also be unable to realise any value if the company in which the Issuer invests does not have a liquidity event, such as a sale of the business, recapitalisation or public offering, which would allow the Issuer to sell the underlying equity interest. In addition, the ability of these investee companies to make dividend payments is subject to applicable laws and regulations in India relating to payment of dividends. Furthermore, equity investments in power sector projects may be less liquid and involve a longer holding period than traditional private equity investments. Such investments may not have any readily ascertainable market value and the value of investments reflected in the Issuer's financial statements may be higher than the values obtained by the Issuer upon the sale of such investments.

42. We are subject to restrictive covenants under our credit facilities that could limit our flexibility in managing our business.

There are restrictive covenants in the agreements we have entered into with certain banks and financial institutions for our short term borrowing, medium term borrowing, long term borrowing and bonds trust deeds. These restrictive covenants require us to maintain certain financial ratios and seek the prior permission of these banks/financial institutions for various activities, including, amongst others, selling, leasing, transferring or otherwise disposing of any part of our business or revenues, effecting any scheme of amalgamation or reconstitution, implementing a new scheme of expansion or taking up an allied line of business. Such restrictive covenants in our loan and bond documents may restrict our operations or ability to expand and may adversely affect our business.

In addition, if our Company fails to meet its debt service obligations or if a default otherwise occurs, its lenders could declare our Company in default under the terms of its borrowing and accelerate the maturity of its obligations, or in some cases, could exercise step-in rights, or could enforce the security underlining their secured lending, such as security created on the secured long-term Rupee-denominated infrastructure bonds. Any acceleration of the maturity of our Company's obligations could have a material adverse effect on our Company's cash flows, business and results of operations. Furthermore, our Company's lenders may recall certain short-term demand loans availed of by our Company at any time. There can be no assurance that our Company will be able to comply with these financial or other covenants or that our Company will be able to obtain the consents necessary to take the actions our Company believes are required to operate and grow its business in the future.

43. We have entered and may enter into certain transactions with related parties, which may not be on an arm's length basis or may lead to conflicts of interest.

The Issuer has entered and may enter into transactions with related parties, including its Directors. There can be no assurance that the Issuer could not have achieved more favourable terms on such transactions had they not been entered into with related parties. Furthermore, it is likely that the Issuer will enter into related party transactions in the future. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on the Issuer's financial condition and results of operations. The transactions the Issuer has entered into and any future transactions with related parties have involved or could potentially involve conflicts of interest.

The Issuer's subsidiaries PFCCL is engaged in the consultancy services and debt syndication services business respectively, and the Issuer's constitutional documents permit the Issuer to engage in similar business however there is no relationship agreement or similar arrangement currently in place between the Issuer and PFCCL and the Issuer and it is possible this may result in potential conflicts of interest.

44. Our insurance may not be adequate to protect us against all potential losses to which we may be subject.

We maintain insurance for our physical assets such as our office and residential properties against standard fire and special perils (including earthquake). In addition, we maintain a group personal accident insurance as well as Directors' and officers' insurance policy. However, the amount of our insurance coverage may be less than the replacement cost of such property and may not be sufficient to cover all financial losses that we may suffer should a risk materialize. If we were to incur a significant liability for which we were not fully insured, it could have a material adverse effect on our results of operations and financial position.

In addition, in the future, we may not be able to maintain insurance of the types or in the amounts which we deem necessary or adequate or at premiums which we consider acceptable. The occurrence of an event for which we are not adequately or sufficiently insured or the successful assertion of one or more large claims against us that exceed available insurance coverage, or changes in our insurance policies (including premium increases or the imposition of large deductible or co- insurance requirements), could have a material and adverse effect on our business, financial condition, results of operations, and cash flows.

45. We are subject to stringent labour laws, thus making it difficult for us to maintain flexible human resource policies, which could have an adverse effect on our business, financial condition and results of operations.

India has stringent labour legislation that protects the interests of workers, including legislation that sets forth detailed procedures for employee removal and dispute resolution and imposes financial obligations on employers. This makes it difficult for our Company to maintain flexible human resource policies, discharge employees or downsize, which though not quantifiable, may adversely affect our Company's business and profitability. Our Company has a registered trade union under the Trade Unions Act, 1926. Although our Company considers its relations with its employees to be stable, 4.82% of our employees are unionised and although our Company has not lost any time on account of strikes or labour unrest to date, our Company's failure to effectively re-negotiate wage revisions or other legitimate union activity could result in work stoppages. Any such work stoppage, though not quantifiable, could have an adverse effect on our Company's business, financial condition and results of operations.

46. Some of the properties taken on lease by us may have certain irregularities in title, as a result of which our operations may be impaired.

Our Company has taken property on lease for its branch office and it is possible that the lease for such property may not be renewed on favourable terms. The property may not have been constructed or developed in accordance with local planning and building laws and other statutory requirements. In addition, there may be certain irregularities in title in relation to some of our Company's owned/leased properties. For example, some of the agreements for such arrangements may not have been duly executed and/or adequately stamped or registered in the land records of the local authorities or the lease deeds may have expired and not yet been renewed. Since registration of land title in India is not centralised and has not been fully computerised, the title to land may be defective as a result of a failure on the part of our Company, or on the part of a prior transferee, to obtain the consent of all such persons or duly complete stamping and registration requirements. The uncertainty of title to land may impede the processes of acquisition, independent verification and transfer of title, and any disputes in respect of land title to which our Company may become party may take several years and considerable expense to resolve if they become the subject of court proceedings. Any such dispute, proceedings or irregularities may have an impact on the operation of our Company's business.

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47. We may become liable for the acts or omissions of external consultants engaged by our Company or our Subsidiaries.

Certain of our Subsidiaries provide consultancy services and undertakes execution of consultancy assignments in the power sector for its clients. For these purposes, our Subsidiaries also engages external consultants. Our Company also engages external consultants in the course of its business to assist in the conduct of the bidding process, among others. In the event that any acts or omissions of these external consultants may result in professional negligence or breach of contract, our Company may become liable to its clients or third parties for the acts or omissions of such external consultants, which could have an adverse affect on our Company's business, financial condition and results of operations.

48. Changes in environment standards in relation to thermal power projects impose significant risks to the Issuer's business.

With the change in requirements and adoption of stricter norms by thermal power projects in order to bring such projects in line with global parameters of climate conservation, there may be delays in the execution of such thermal power projects, which in turn may adversely affect the Issuer's business and financial condition. This is because the companies engaged in the thermal power sector form one of the Issuer's primary borrowers and any delay in implementation of such projects may in turn lead to delay or impediments to future sanctions, disbursements and recovery from such sectors, which may adversely affect the Issuer's business and financial condition.

49. Security of our Company's IT systems may fail and adversely affect our Company's business, operations, financial condition and reputation.

Our Company is dependent on the effectiveness of its information security policies, procedures and capabilities to protect its computer and telecommunications systems and the data such systems contain or transmit. An external information security breach, such as a hacker attack, fraud, a virus or worm, or an internal problem with information protection, such as a failure to control access to sensitive systems, could materially interrupt our Company's business operations or cause disclosure or modification of sensitive or confidential information. Our Company's operations also rely on the secure processing, storage and transmission of confidential and other information in its computer systems and networks. Our Company's computer systems, software and networks may be vulnerable to unauthorised access, computer viruses or other malicious code and other events that could compromise data integrity and security. Although our Company maintains procedures and policies to protect its IT systems, such as a data back-up system, disaster recovery and a business continuity system, any failure of our Company's IT systems as mentioned above could result in business interruption, material financial loss, regulatory actions, legal liability and harm to our Company's reputation. Furthermore, any delay in implementation or disruption of the functioning of our Company's IT systems could disrupt its ability to track, record, process financial information or manage creditors/debtors or engage in normal business activities.

50. A decline in the PFC's capital adequacy ratio could restrict the company's future business growth.

PFC is required under applicable laws and regulations to maintain a capital adequacy ratio of at least 15.00% of its risk-weighted assets, with the minimum requirement of Tier I capital being 10.00%. For maintaining growth in its loan portfolio and asset base, PFC may be required to raise additional Tier I and Tier II capital in order to continue to meet applicable capital adequacy ratios. There can be no assurance that PFC will be able to raise adequate additional capital in the future on terms favourable to the Company or that PFC will be able to retain its IFC classification, which may affect the growth of the PFC's business.

B. RISKS RELATING TO THE INDIAN ECONOMY

1. A slowdown in economic growth in India could adversely impact the Issuer's business. The Issuer's performance and the growth of its business are necessarily dependent on the performance of the overall Indian economy.

Any slowdown in the Indian economy or in the growth of any of the industries to which the Issuer provides a financing facility, or a rise in volatility in global commodity prices could adversely affect the Issuer's borrowers and in turn the growth of the Issuer's business, results of operations and financial condition.

India's economy could be adversely affected by a general rise in interest rates, currency exchange rates, and adverse conditions affecting agriculture, commodity and electricity prices or various other factors. Furthermore, conditions outside India, such as slowdowns in the economic growth of other countries, could have an impact on the growth of the Indian economy, and government policy may change in response to such conditions.

The Indian economy and financial markets are also significantly influenced by worldwide economic, financial and market conditions. Any financial turmoil, especially in the United States of America, Europe or China, may have a negative impact on the Indian economy. Although economic conditions differ in each country, investors' reactions to any significant developments in one country can have adverse effects on the financial and market conditions in other countries. A loss in investor confidence in the financial systems, particularly in other emerging markets, may cause increased volatility in Indian financial markets.

For example, (i) the global financial turmoil in 2008, which was an outcome of the sub-prime mortgage crisis that originated in the United States of America, led to a worldwide loss in investor confidence. The Indian financial markets also experienced the effect of the global financial turmoil, evidenced by the sharp decline in stock exchange indices; and (ii) the result of the referendum which led United Kingdom to opt out of the European Union membership (Brexit) has generated significant uncertainty as to the impact of Brexit on general economic conditions in the United Kingdom and the European Union and any consequential impact on global financial markets. These issues and any other prolonged financial crisis may have an adverse impact on the Indian economy, thereby resulting in a material adverse effect on Issuer's business, financial condition and results of operations.

2. Any downgrading of India's debt rating by an international rating agency could have a negative impact on our Company's business.

The Issuer is rated by international rating agencies namely, Standard & Poor's, Fitch and Moody's for its foreign currency borrowings. Standard & Poor's which maintained a negative outlook since April 2012 revised India's credit outlook in September 2014, to "stable". Similar revision in credit outlook was made by Fitch.

There can be no assurance that these ratings will not be further revised, suspended or withdrawn by Moody's, Standard & Poor's or Fitch or that international rating agencies will also not downgrade India's credit ratings.

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our Company's ability to raise additional financing in the international markets, and the interest rates and other commercial terms at which such additional financing is available. This could have a material adverse effect on our Company's business and future financial performance, our Company's ability to obtain financing for providing finance to the power sector.

LI. A decline in India's foreign exchange reserves may affect liquidity and interest rates in the Indian economy, which could adversely impact our Company's financial condition.

A decline in India's foreign exchange reserves could impact the value of the Rupee and result in reduced liquidity and higher interest rates, which could adversely affect our Company's future financial condition. Alternatively, high levels of foreign funds inflow could add excess liquidity to the system, leading to policy interventions, which would also allow slowdown of economic growth. In either case, an increase in interest rates in the economy following a decline in foreign exchange reserves could adversely affect our Company's business, prospects, financial condition and results of operations.

LII. Private participation in the power sector in India is dependent on the continued growth of the Indian economy and regulatory developments in India. Any adverse change in policy/ implementation/ industry demand may adversely affect us.

Although the power sector is rapidly growing in India, we believe that further development of this sector is dependent upon the formulation and effective implementation of regulations and policies that facilitate and encourage private sector investment in power projects. Many of these regulations and policies are evolving and their success will depend on whether they are designed to adequately address the issues faced and are effectively implemented. In addition, these regulations and policies will need continued support from stable and experienced regulatory regimes that not only stimulate and encourage the continued investment of private capital into power projects, but also lead to increased competition, appropriate allocation of risk, transparency, and effective dispute resolution. The availability of private capital and the continued growth of the private power sector in India are also linked to continued growth of the Indian economy. Many specific factors in the power sector may also influence the success of power projects, including changes in policies, regulatory frameworks and market structures. Any adverse change in the policies relating to the power sector may leave us with unutilized capital and interest and debt obligations to fulfil. If the Central and state Governments' initiatives and regulations in the power sector do not proceed in the desired direction, or if there is any downturn in the macroeconomic environment in India, our business prospects, financial condition and results of operations could be adversely affected. In addition, it is generally believed that demand for power in India will increase in connection with expected increases in India's GDP. However, there can be no assurance that demand for power in India will increase to the extent we expect or at all. In the event demand for power in India does not increase as anticipated, the extent to which we are able to grow our business by financing the growth of the power sector would be limited and this could have a material adverse effect on our business, financial condition and results of operations.

LIII. Significant shortages in the supply of crude oil, natural gas or coal could adversely affect the Indian economy and the power sector projects to which we have exposure, which could adversely affect our Company.

India majorily imports its requirements of crude oil. Although oil prices have shown a marked lack of volatility recently, volatility in oil prices is expected to increase, as the current compressed level in oil prices appears inconsistent with falling inventories, limited global spare capacity and an escalation in the number and connectedness of geopolitical risks. The GoI has deregulated retail prices of certain fuels, and prices have moderated in fiscal year 2014 due to concerns over a slowdown in global economic growth. The GoI has also deregulated the prices of certain oil products resulting in greater pass-through of international crude prices to domestic oil prices. Any significant increase in oil prices could affect the Indian economy, including the power sector, and the Indian banking and financial system. High oil prices could also add to inflationary pressures in the Indian economy. In addition, increases in oil prices may have a significant impact on the power sector and related industries in which the Issuer has substantial exposure. This could adversely affect the Issuer's business including its ability to grow, the quality of its asset portfolio, its financial condition and its ability to implement its strategy.

Natural gas is a significant input for power projects. India has experienced interruptions in the availability of natural gas, which has caused difficulties in these projects. Continued difficulties in obtaining a reliable, timely supply of natural gas could adversely affect some of the projects the Issuer finances and could impact the quality of the Issuer's asset portfolio and the Issuer's financial condition. Prices of other key raw materials, for example steel, coal and cement, have also risen in recent years and if the prices of such raw materials approach levels that project developers deem unviable, this will result in a slowdown in the infrastructure sector and thereby reduce the Issuer's business opportunities, its financial condition and its ability to implement its strategy.

Continued shortages of fuel could adversely affect some of the projects the Issuer finances and could impact the quality of the Issuer's asset portfolio and the Issuer's financial condition. With regard to coal, while there are substantial proven reserves in India, significant investments are required to mine the reserves. There can be no assurance that such investments will be made. Domestic coal demand is expected to increase significantly, driven by significant Indian power capacity addition. High dependence on domestic coal could therefore expose power companies to potential price and availability risks. In the case of a shortage of coal, the productivity of the domestic coal-fired power stations could be reduced and their expansion plans hindered. Domestic power companies also import coal however there is no assurance that such sources of coal will continue to be available to the power companies at reasonable price or terms.

LIV. Economic developments and volatility in securities markets in other countries may negatively affect the Indian economy.

The Indian securities market and the Indian economy are influenced by economic and market conditions in other countries. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy, including the movement of exchange rates and interest rates in India.

The global credit and equity markets have experienced substantial dislocations, liquidity disruptions and market corrections. The collapse of the sub-prime mortgage loan market in the United States that began in September 2008 led to increased liquidity and credit concerns and volatility in the global credit and financial markets in following Fiscal years. The European sovereign debt crisis has led to renewed concerns for global financial stability and increased volatility in debt and equity markets. These and other related factors such as concerns over recession, inflation or deflation, energy costs, geopolitical issues, slowdown in economic growth in China and Renminbi (Chinese Yuan) devaluation, commodity prices and the availability and cost of credit have had a significant impact on the global credit and financial markets as a whole, including reduced liquidity, greater volatility, widening of credit spreads and a lack of price transparency in the United States and global credit and financial markets.

In the event that the current difficult conditions in the global financial markets continue or if there are any significant financial disruptions, this could have an adverse effect on our Company's cost of funding, loan portfolio, business, future financial performance and the trading price of any Bonds issued under the Programme. Negative economic developments, such as rising Fiscal or trade deficits, or a default on national debt in other emerging market countries may also affect investor confidence and cause increased volatility in Indian securities markets and indirectly affect the Indian economy in general.

LV. Political instability or changes in GoI policies could delay the liberalization of the Indian economy and adversely affect economic conditions in India generally, which could impact our financial results and prospects.

Our Company is incorporated in India, derives its revenues from operations in India and all its assets are located in India. Consequently, our Company's performance may be affected by interest rates, Government policies, taxation, social and ethnic instability and other political and economic developments affecting India. The GoI has traditionally exercised and continues to exercise significant influence over many aspects of the Indian economy. Our Company's business, may be affected by changes in the GoI's policies, including taxation. Current macro-economic situations and global conditions might lead to a gradual departure from an accommodative fiscal and monetary policy, which would affect exchange rates and interest rates. Such events could also affect India's debt rating, our Company's business, its future financial performance and the trading price of the Bonds.

LVI. Difficulties faced by other financial institutions or the Indian financial sector generally could cause our business to suffer.

We are exposed to the risks consequent to being part of the Indian financial sector. This sector in turn may be affected by financial difficulties and other problems faced by Indian financial institutions. Certain Indian financial institutions have experienced difficulties during recent years, and some co-operative banks have also faced serious financial and liquidity difficulties in the past. Any major difficulty or instability experienced by the Indian financial sector could create adverse market perception, which in turn could adversely affect our business and financial performance.

LVII. Terrorist attacks, civil unrest and other acts of violence or war involving India and other countries could adversely affect the financial markets and our business.

Terrorist attacks and other acts of violence or war may negatively affect the Indian markets in which our securities trade and also adversely affect the worldwide financial markets. These acts may also result in a loss of business confidence, make travel and other services more difficult and eventually adversely affect our business. Any deterioration in relations between India and its neighbouring countries may result in actual or perceived regional instability. Events of this nature in the future could have a material adverse effect on our ability to develop our operations. As a result, our business, prospects, results of operations and financial condition could be materially adversely affected by any such events.

LVIII. Natural calamities could have a negative impact on the Indian economy and cause our business to suffer.

India has experienced natural calamities such as earthquakes, floods and drought in the recent past. The extent and severity of these natural disasters determine their impact on the Indian economy. Prolonged spells of below normal rainfall in the country or other natural calamities could have a negative impact on the Indian economy, affecting our Company's business and potentially causing the trading price of the Bonds to decrease. Because our Company's operations are located in India, our Company's business and operations could be interrupted or delayed as a result of a natural disaster in India, which could affect our Company's business, financial condition and results of operations. Health epidemics could also disrupt our Company's business. In Fiscal year 2010, there were outbreaks of swine flu, caused by the H1N1 virus, in certain regions of the world including India and several other countries in Asia. Any future outbreak of health epidemics may restrict the level of business activity in affected areas, which may in turn adversely affect our Company's business.

LIX. There may be other changes to the regulatory framework that could adversely affect us.

We are under the administrative control of the MoP and a number of our activities are subject to supervision and regulation by statutory authorities including the RBI, the SEBI and IRDA. We are also subject to policies/procedures of GoI departments such as the MoF, MCA and DPE. In addition, our borrowers in the power sector are subject to supervision and regulation by the CEA, CERC and SERCs. Furthermore, we are subject to changes in Indian law as well as to changes in regulation and Government policies and accounting principles. We also receive certain benefits and takes advantage of certain exemptions available to us as a public financial institution under Section 2(72) of the Companies Act, 2013 and as a systemically important non-deposit taking NBFC that are also IFCs under the RBI Act. In addition, the statutory and regulatory framework for the Indian power sector has undergone a number of changes in recent years and the impact of these changes is yet to be seen. The Electricity Act puts in place a framework for major reforms in the sector. Furthermore, there could be additional changes in the manner of determination of tariff and other policies and licensing requirements for, and tax incentives applicable to, companies in the power sector. Presently, we are not aware of the nature or extent of any future review and amendment of the Electricity Act and rules and policies issued thereunder, and it is possible that any amendments may have an adverse impact on our business, financial condition and results of operations. Applicable laws and regulations governing our borrowers and us could change in the future and any such changes could adversely affect our business, financial condition and results of operations.

LX. Direct capital market access by our borrowers could adversely affect us.

The Indian capital markets are developing and maturing and, as such, there may be a shift in the pattern of power sector financing. Financially stronger SPUs might source their fund requirement directly from the market. We have large exposure to SPUs and such changes may have an adverse impact on our business, financial condition and results of operations.

LXI. Companies operating in India are subject to a variety of Central and state Government taxes and surcharges.

Tax and other levies imposed by the Central and State Governments in India that affect the tax liability of the Corporation include Central and state taxes and other levies including income tax, GST, stamp duty and other special taxes surcharges and cess etc. These taxes are extensive and subject to change from time to time. Any amendments may affect the overall tax liability of Companies operating in India and result in significant additional taxes becoming payable. Additional tax exposure could adversely affect our business and results of operations.

C. RISKS RELATING TO THE BONDS

1. Bonds will not be listed. Bonds are not marketable, non-transferable, non-negotiable

Bonds will not be listed on any stock exchange. The Bonds are not marketable, neither they are transferable nor negotiable. Holders of these bonds will not be able to transfer them and they may not be liquid in nature.

2. Risks relating to any international regulations, FATCA, taxation rules may apply on foreign investors as the Issue may be marketed to them.

The Bonds have not been recommended by any U.S. federal or state securities commission or regulatory authority. Any representation to the contrary is a criminal offence in the United States and may be a criminal offence in other jurisdictions. The Bonds have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws in the United States and may not be offered or sold within the United States under the U.S. Securities Act, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable state securities laws in the United States. Further, any person making or intending to make an offer of Bonds within the European Economic Area ("EEA") which are the subject of the Issue should only do so in circumstances in which no obligation arises for our Company to produce a prospectus for such offer.

Foreign Account Tax Compliance Act withholding may affect payments on the Bonds. Sections 1471 through 1474 of the U.S. Internal Revenue Code of 1986 ("FATCA") impose a new reporting regime and, potentially, a 30%. withholding tax with respect to (i) certain payments from sources within the United States, (ii) "foreign pass thru payments" made to certain non-U.S. financial institutions that do not comply with this new reporting regime, and (iii) payments to certain investors that do not provide identification information with respect to interests issued by a participating non-U.S. financial institution. FATCA may affect payments made to custodians or intermediaries in the payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. This is not a complete analysis or listing of all potential tax consequences of FATCA. Investors should consult their own tax advisers to obtain a more detailed explanation of FATCA and how FATCA may affect them. India and The United States have signed an agreement on 9 July to share financial information about their residents, which takes effect on 30 September, 2015 and the amendments to the Income Tax Act, have been notified on 7 August by the CBDT. Therefore if any withholding or deduction is required pursuant to section 1471 through 1474 of the US Internal Revenue Code of 1986 (FATCA), any regulation or agreements thereunder, official interpretations thereof, or any law implementing an intergovernmental approach thereto, our company shall make such FATCA deduction and shall not be liable to compensate, reimburse, indemnify or otherwise make any payment whatsoever directly or indirectly in respect of such FATCA deduction.

3. You may not be able to recover, on a timely basis or recover at all, the full value of the outstanding amounts and/ or the interest accrued thereon, in connection with the Bonds.

Our ability to pay interest accrued on the Bonds and/ or the principal amount outstanding from time to time in connection therewith would be subject to various factors, including our financial condition, profitability and the general economic conditions in India and in the global financial markets. We cannot assure you that we would be able to repay the principal amount outstanding from time to time on the Bonds and/ or the interest accrued thereon in a timely manner, or repay at all.

4. **Non resident investors subscribing to the Bonds are subject to risks in connection with (i) exchange control regulations, and, (ii) fluctuations in foreign exchange rates.**

The Bonds will be denominated in Indian rupees and the payment of interest and redemption amount shall be made in Indian rupees. Various statutory and regulatory requirements and restrictions apply in connection with the Bonds held by foreign investors. The amounts payable to foreign investors holding the Bonds, on redemption of the Bonds and/or the interest paid/payable in connection with such Bonds would accordingly be subject to prevailing Exchange Control Regulations. Any change in the Exchange Control Regulations may adversely affect the ability of such foreign investors to convert such amounts into other currencies, in a timely manner or may not be permitted to be converted at all. Further, fluctuations in the exchange rates between the Indian rupee and other currencies could adversely affect the amounts realized by foreign investors on redemption or payment of interest on the Bonds by us.

5. **The Bonds are not guaranteed by the Republic of India**

The Bonds are not the obligations of, or guaranteed by, the Republic of India. Although the Government owned 61.48% of our Company's issued and paid up share capital as on 31.12.2018, the Government is not providing a guarantee in respect of the Bonds. In addition, the Government is under no obligation to maintain the solvency of our Company. Therefore, investors should not rely on the Government ensuring that our Company fulfils its obligations under the Bonds.

6. **Legal investment considerations may restrict certain investments**

The investment activities of certain investors are subject to investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent the laws and regulations are applicable to the investor.

7. **The Bonds are subject to the risk of change in law.**

The terms and conditions of the Bonds are based on Indian law in effect as of the date of issue of the relevant Bonds. No assurance can be given as to the impact of any possible judicial decision or change to Indian law or administrative practice after the date of issue of the relevant Bonds and any such change could materially and adversely impact the value of any Bonds affected by it.

8. **No debenture redemption reserve will be created for the Bonds issued under this issue since as per Companies Act 2013 (Share Capital & Debentures) Rules For NBFCs registered with the RBI under Section 45-IA of the RBI (Amendment) Act, 1997, no DRR is required in the case of privately placed debenture.**

According to the Companies (Share Capital and Debentures) Rules, 2014, for NBFCs registered with the RBI under Section 45-IA of the RBI (Amendment) Act, 1997, the adequacy of the DRR will be 25% of the value of debentures issued through public issue as per present SEBI (Issue & Listing of Debt Securities) Regulation 2008, and no DRR is required in case of privately placed debentures. Therefore creation of DRR is not envisaged against the Bonds being issued under the terms of this Information Memorandum.

9. **Any downgrading in credit rating of our other Bonds may affect the rating for these bonds**

The Bonds proposed to be issued under this Issue have been rated AAA/Stable' by CRISIL, 'AAA (Stable)' by ICRA, & 'AAA/Stable' by CARE. The credit ratings of our other bonds may be suspended, withdrawn or revised at any time by the assigning Credit Rating Agencies. Any revision or downgrading in the credit rating may affect the ratings for these bonds.

10. Payments made on the Bonds will be subordinated to certain tax and other liabilities preferred by law

The Bonds will be subordinated to certain liabilities preferred by law such as to claims of the GoI on account of taxes, and certain liabilities incurred in the ordinary course of our transactions. In particular, in the event of bankruptcy, liquidation or winding-up, our assets will be available to pay obligations on the Bonds only after all of those liabilities that rank senior to these Bonds have been paid. In the event of bankruptcy, liquidation or winding-up, there may not be sufficient assets remaining, after paying amounts relating to these proceedings, to pay amounts due on the Bonds. Further, there is no restriction on the amount of debt securities that we may issue that may rank above the Bonds.

CHAPTER XI

RISK MANAGEMENT

The Issuer has developed various risk management policies and procedures, with particular emphasis on actively managing and controlling its risk exposures. These processes include a detailed appraisal methodology, identification of risks and suitable structuring of credit risk mitigation measures.

The Issuer has set up a Risk Management Committee to monitor various risks, examine risk management policies and practices and initiate action for mitigation of risks relating to the Issuer's operations.

The Issuer has developed an integrated enterprise-wide risk management policy. The Risk Management Committee has set up a Risk Management Compliance Committee and a separate unit called the CRA unit to monitor certain risks identified by the Issuer.

Important risks faced by our Company are:

- Credit risks.
- Security risks.
- Liquidity risks.
- Interest rate risks;
- Foreign currency risk; and
- Operational risk.

a) Credit risks

Credit risk involves the risk of loss arising from the diminution in credit quality of a borrower along with the risk that the borrower will default on contractual repayments under a loan or an advance. We follow a systematic institutional and project appraisal process to assess and mitigate credit risk. These processes include a detailed appraisal methodology, identification of risks and suitable structuring and credit risk mitigation measures. We use a wide range of quantitative as well as qualitative parameters as a part of the appraisal process to make a sound assessment of the underlying credit risk in a project. We evaluate the credit quality of the borrowers by assigning risk weights on the basis of the various financial and non-financial parameters. We evaluate borrowers' eligibility criteria with an emphasis on financial and operational strength, capability and competence.

Although the Issuer encourages certain schemes through differential lending rates, the eligibility criteria and the Issuer's funding decision is guided by the merit of the project and no funds are pre-allocated. In addition, the Issuer has adopted its own prudential norms that provide guidance on aspects of its financial operations including asset classification, provisioning, income recognition, asset concentration and investment limits.

Our lending policies are set out in our Operational Policy Statement ("**OPS**") which is reviewed from time to time to align it with market requirements. In addition, we place emphasis is given to projects/ schemes having short gestation periods and on-going generation projects.

We lend to projects which meet the following criteria:

1) techno-economically sound with Financial or Economic Rate of Return of not less than 12% (as may be applicable);other than in certain specific instances, such as projects involving environmental upgrading, meter installation, load dispatch, computerisation and communication, research and development and non-conventional energy projects;

2) feasible and technically sound and provide optimal cost solutions for the selected alternative;
3) compatible with integrated power development and expansion plans of the state/ region/ country;
4) compliant with environmental guidelines, standards and conditions;
5) schemes should have obtained the required clearances;
6) all inputs required for the implementation and operation of the projects are tied up and proper procurement and implementation plans have been drawn up.
7) The minimum project size to be considered for appraisal of generation projects (for sanctioning of term loan/guarantee) of private companies (including for captive projects and Debt Refinancing proposals) shall be as follows:* -
   i. Generation from Non-Conventional Energy Sources (including small hydro projects) and other Projects Promoted by an existing Co. on its own Balance Sheet or by forming SPV with adequate collaterals on the revenues of main Company – 5 MW
   ii. Other Projects – 10 MW
   iii. In case of Wind Power Generation projects promoted by Grade I-IV promoters the minimum benchmark can be lowered from 5 MW to 3 MW on case-to-case basis.
   iv. In case of all Grid connected Solar PV Private Sector Power Generation Projects the minimum size of the project to be considered for appraisal/financing of shall be 1 (one) MW

*The financial assistance for R&M/R&U and other schemes/projects will not be governed by above limits. The above limits shall also not be applicable to the loan/guarantee proposals received from State/Central sector borrowers.

We evaluate the credit quality of all our borrowers by assigning a rating on the basis of various financial and non-financial parameters. Further, integrated rating (Combination of Entity Rating and Project Rating) is worked out for private sector generation projects. The interest rates, requirement of collateral securities and exposure limits are worked out on the basis of integrated ratings.

b) Security risks

We seek to put in place a number of different security and quasi-security arrangements for the loans that we extend. We obtain one or more of the following securities in public sector power projects: (i) a priority claim over the surplus revenue from state power utilities over any loan granted by the relevant state Government to other entities; (ii) an irrevocable guarantee from the relevant state Governments; and (iii) security in the form a charge over the relevant project assets;

For loans to Central and State sector borrowers that do not satisfy certain criteria in terms of credit rating and debt service coverage ratios, we use an escrow arrangement as a credit enhancement mechanism pursuant to an escrow agreement (the "**Escrow Agreement**"). The Escrow Agreement is typically a tripartite agreement entered into by us, the borrower and the bank designated as escrow agent. Under the terms of the Escrow Agreement, the borrower is required to deposit all of its receivables (from certain centres) into the designated escrow account and the borrower is specifically prohibited from opening any other account for the purpose of collection of revenues without our written consent. In the event of a default in payment by the borrower, upon a demand by us the escrow agent is authorised to pay the amount owed to us from the monies deposited in the escrow account. In addition, the escrow agent is required to submit monthly bank statements of the escrow account to us.

In the case of private sector power projects, security is normally obtained through (i) a first priority pari passu charge on assets; and (ii) a trust and retention arrangement in relation to all of the cash flows of the project pursuant to a trust and retention account agreement (the "**TRA Agreement"**). The TRA Agreement is entered into amongst us, the borrower and a bank designated as the account bank. Under the terms of the TRA Agreement, the cash flows of the project are controlled by the account bank which must deal with the cash flows strictly in accordance with the terms of the TRA Agreement. The TRA Agreement specifies the conditions that must be satisfied, on a periodic basis, before funds from the trust account can be used to meet the relevant expense and the manner in which such payments will be made, including payments by way of debt service to us throughout the life of the loan. The account bank is not permitted to allow any withdrawal of funds in excess of the approved limits without our prior approval. The TRA Agreement continues to operate until all of the obligations have been indefeasibly and irrevocably paid by the borrower. The trust and retention account is a no lien account. The TRA Agreement also specifies the payment waterfall that would apply upon the occurrence of an event of default or a potential event of default in relation to the loan and which gives priority to the secured lenders.

Eligibility of private sector borrowers is assessed on the basis of various factors such as past performance of the promoters, their experience and their capacity to bring in equity and project soundness. In certain cases, collateral securities such as pledges of equity shares held by the promoters and personal or corporate guarantees are also required.

c) Liquidity risks

Liquidity risk is the risk of the Issuer's potential inability to meet its liabilities as they become due. The Issuer faces liquidity risks, which could require the Issuer to raise funds or liquidate assets on unfavourable terms. The Issuer manages its liquidity risk through a mix of strategies, including through forward-looking resource mobilisation based on projected disbursements and maturing obligations.

Our Company has put in place an effective Asset Liability Management System, constituted an Asset Liability Management Committee ("**ALCO**") headed by Director (Finance). ALCO monitors risks related to liquidity and interest rate and also monitors implementation of decisions taken in the ALCO meetings. The liquidity risk is being monitored with the help of liquidity gap analysis. The Asset Liability Management framework includes periodic analysis of long term liquidity profile of asset receipts and debt service obligations.

To ensure that we always have sufficient funds to meet our commitments, our OPS requires us to maintain satisfactory level of liquidity to ensure availability of funds at any time up to three months' anticipated disbursements. At present, surplus funds are invested by way of short-term deposits with banks and in debt based liquid schemes of public sector mutual funds.

d) Interest rate risks

Interest rate risk is the risk that changes in market interest rates will adversely affect the Issuer's financial condition. The primary interest rate-related risks that the Issuer faces are from timing differences in the maturity of its fixed rate assets and liabilities. For example, if in an increasing interest rate environment, its fixed rate liabilities mature prior to its fixed rate assets and therefore require the Issuer to incur additional liabilities at a higher interest rate, and re-pricing risk, for example, where there is an adverse mismatch between the re-pricing terms of the Issuer's loan assets and its loan liabilities.

Interest rates are dynamic and dependent on various internal and external factors including cost of borrowing, liquidity in the market, competitors' rates, movement of benchmarks such as AAA bond/GSEC yields and RBI policy changes. The interest rate risk is managed by the analysis of interest rate sensitivity gap statements, the evaluation of earning at risk on change of interest and the creation of assets and liabilities with a mix of fixed and floating interest rates.

The Issuer reviews its lending rates periodically based on prevailing market conditions, borrowing cost, yield, spread, competitors' rates, sanctions and disbursements. The Issuer's incremental Rupee lending interest rates are usually made with either a three year or ten year interest reset clause. In order to manage pre-payments risks, the Issuer's policy as of the date of this Offer Letter is to require a pre-payment premium to be paid by the borrower in case of pre-payment. The interest rate reset dates typically occur at the option of the borrower at three or ten year intervals.

The Issuer has historically, and may in the future, implement interest rate risk management through the contractual terms of its loans, including pricing terms, maturities and pre-payment and re-pricing provisions. In addition, all loan sanction documents specifically entitle the Issuer to vary the interest rate on the undisbursed portion of any loan.

e) Foreign currency risks

Foreign currency exchange risk involves exchange rate movements among currencies that may adversely impact the value of foreign currency-denominated assets, liabilities and off-balance sheet arrangements. We have foreign currency borrowings that could expose us to foreign currency exchange rate risk and we expect to increase our foreign currency-denominated borrowings in the future.

We have developed a currency risk management policy to manage risks associated with foreign currency borrowing. We manages foreign currency risk by lending in foreign currency and through derivative products (such as currency forwards, options, principal swaps, interest rate swaps and forward rate agreements) offered by banks, who are authorised dealers. Our currency risk management policy lays down the appropriate systems and controls to identify, measure, monitor, report and manage currency risks, including interest rate risk. Some of the important features of the currency risk management policy include benchmarks, hedging ratios, open position limits, and exposure limits with regard to empanelled banks. In addition, foreign exchange exposures are evaluated on a loan-to-loan basis, and the exposure is managed in accordance with the various parameters defined in the currency risk management policy. Every month, the details of foreign currency exposure, open and hedged position are submitted to the Risk Management Committee and such details are submitted every quarter to the Audit Committee and the Board.

f) Operational risks

Operational risks are risks arising from inadequate or failed internal processes, people and systems or from external events. We have established systems and procedures to reduce operational risk as outlined below:

(i) Operational controls in project finance activities: Our OPS, operational guidelines and manuals provide a detailed description of the systems and procedures to be followed in the course of appraisal, approval, disbursement, recovery of a loan and resource mobilisation. . Various checks and control measures have been built-in for timely review of the operating activities and monitoring of any gaps in the same. A significant proportion of the activities are subject to regular monitoring and auditing, including loan sanctions, disbursements, recovery and resource mobilisation. In addition to this, many important activities are monitored on a periodic basis.

(ii) Operational controls in treasury activities: Our OPS and manual for deployment of surplus funds provide a description of operations to be followed, with suitable exposure and counterparty limits. Compliance with our guidelines is monitored through internal control and a well-developed audit system including external and internal audits.

(iii) Legal risk: Legal risk arises from the uncertainty of the enforceability of contracts relating to the obligations of our borrowers. This could be on account of delay in the process of enforcement or difficulty in the applicability of the contractual obligations. We seek to minimize the legal risk through legal documentation that is drafted to protect our interests to the maximum extent possible.

CHAPTER XII

DISCLOSURES WITH REGARD TO INTEREST OF DIRECTORS, LITIGATION ETC.

A. Contribution being made by the promoters or directors either as part of the offer or separately in furtherance of such objects

The Promoter or the Directors of the Company have not made any contribution and shall not be subscribing to the present Issue of Bonds

B. Any financial or other material interest of the directors, promoters or key managerial personnel in the offer and the effect of such interest in so far as it is different from the interests of other persons.

The Promoter, Directors or key managerial personnel of the Company do not have any financial or other material interest in the Issue of Bonds and thus there shall be no effect which is different from the interests of other persons

C. Details of any litigation or legal action pending or taken by any ministry or department of the government or a statutory authority against any promoter of the offeree company during the last three years immediately preceding the year of the circulation of the offer letter and any direction issued by such ministry or department or statutory authority upon conclusion of such litigation or legal action.

The Promoter of the Company is President of India hence, it is not possible to give details of litigations, legal actions or directions pending or taken by any Ministry or Department of the Government or a statutory authority against the Promoter of the Company during the last three years.

D. Any material event/ development or change having implications on the financials/credit quality (e.g. any material regulatory proceedings against the issuer/promoters, tax litigation resulting in material liabilities ,corporate restructuring, event etc.)at the time of issue which may affect the issue or the investor's decision to invest / continue to invest in the debt securities

Nil

E. Remuneration of directors (during the current year and last three financial years) –

1. Whole-time directors

The remuneration paid to the Whole-time Directors comprises of - remuneration, benefits, allowances and performance linked incentives etc.

Financial Year	(Amount ₹ in crores)
2019-20 (provisional)	4.88
2018-19	5.16
2017-18	2.96
2016-17	3.16

2. Non-executive directors

The Non-Executive/ Non Whole-time Directors of the Company are entitled to sitting fees at a rate fixed by the Board within the limits as prescribed under the Companies Act, 1956 for attending the meetings of the Board and Committees of Directors. Presently, sitting fee of Rs. 20,000 for attending each meeting of the Board and Committees of Directors is being paid to each Independent Director. The following table provides the details of remuneration paid by the Company to the Non-Executive Directors:

Financial Year	(Amount ₹ in crores)
2019-20(provisional)	0.120
2018-19	0.120
2017-18	0.080
2016-17	0.060

Government nominees were not entitled to any remuneration or sitting fee from the Company.

F. Related party transactions

Details of related parties of the Company and transactions entered by the Company with the related parties during the last three financial years as on 31.03.19 including with regard to loans advanced, guarantees given or securities provided on the basis of audited accounts, are furnished as under:

1. Promoter/ holding companies

The Company is promoted by the President of India, acting through the Ministry of Power, Government of India. The Company has not entered into any transaction of material nature with its promoters, the directors or the management, their relatives or its subsidiaries, that may have any potential conflict with the interest of the Company.

2. Investment in equity share capital of companies incorporated in India as subsidiaries / associates /joint venture companies including companies promoted as Special Purpose Vehicles (SPV) for ultra-mega power projects during the last three financial year as on 31.03.2019 are given below:-

Sr. no.	Name of the Companies	Date of investment	No. of Shares Subscribed	% of ownership	Amount ₹ in crore
A. Subsidiary Company					
1.	PFC Consulting Limited	09.04.2008 05.02.2019	50,000 2246	100%	0.15
2.	REC Ltd.	28.03.2019	103,94,95,247	52.63%	14,500.50
3.	POWER Equity Capital Advisors (private) Limited (iv)	15.04.2008 11.10.2011	15,000 35,000	100%	0.05
	Sub-Total (A)				**14500.70**
B. Subsidiary Companies promoted as SPVs for Ultra Mega Power Projects					
1.	Coastal Maharashtra Mega Power Limited	05.09.2006	50,000	100%	0.05
2.	Orissa Integrated Power Limited	05.09.2006	50,000	100%	0.05
3	Coastal Karnataka Power Limited	14.09.2006	50,000	100%	0.05

4.	Coastal Tamil Nadu Power Limited	31.01.2007	50,000	100%	0.05
5.	Chhattisgarh Surguja Power Limited	31.03.2008	50,000	100%	0.05
6.	Sakhigopal Integrated Power Company Limited	27.01.2010	50,000	100%	0.05
7.	Ghogarpalli Integrated Power Company Limited	27.01.2010	50,000	100%	0.05
8.	Tatiya Andhra Mega Power Limited	27.01.2010	50,000	100%	0.05
9.	Deoghar Mega Power Limited	30.07.2012	50,000	100%	0.05
10.	Cheyyur Infra Limited.	24.03.2014	50,000	100%	0.05
11.	Odisha Infrapower Limited	27.03.2014	50,000	100%	0.05
12.	Deoghar Infra Ltd	25.08.2015	50,000	100%	0.05
13.	Bihar Infrapower Ltd	26.08.2015	50,000	100%	0.05
14.	Bihar Mega Power Ltd	27.08.2015	50,000	100%	0.05
15.	Jharkhand Infrapower Ltd	05.02.2016	50,000	100%	0.05
	Sub-Total (B)				**0.75**
C. Joint Venture Companies					
1.	Energy Efficiency Services Limited	21.01.2010 26.03.2013 21.08.2015 25.04.2016 02.07.2018	6,25,000 2,18,75,000 2,50,00,000 9,90,00,000 9,90,00,000	36.36%	245.50
	Sub-Total (C)				**245.50**
	TOTAL (A+B+C)				**14,746.95**

3. The Company's share of assets, liabilities, contingent liabilities and capital commitment as on 31.03.2019 and income and expenses for the period in respect of joint venture entities based on audited accounts are given below:-

Particulars	**As on 31.03.2019**	**As on 31.03.2018**	**As on 31.03.2017**
Financial assets			
Cash and cash equivalents	424.96	558.78	264.67
Bank balances other than above	335.76	68.58	57.67
Other financial assets	1,998.71	1,470.97	985.02
Sub-Total	**2,759.43**	**2,098.33**	**1,307.36**
Non-Financial assets	4,104.94	3,370.81	1,269.11
Total assets	**6,864.37**	**5,469.14**	**2,576.47**

Financial Liabilities	5,686.62	4,686.89	1,859.04
Non-Financial Liabilities	348.67	92.18	162.18
Total liabilities	**6,035.29**	**4,779.07**	**2,021.22**
Net assets	**829.08**	**690.07**	**555.25**

* Based on unaudited standalone financial position of the joint venture

4. The details of amount recoverable and payable from subsidiaries and associates are given below:

	Amount (in ₹ Crore)		
Particulars	**31.03.2019**	**31.03.2018**	**31.03.2017**
Advances to Subsidiaries and Associates	196.22	169.95	115.04
Advance received from Subsidiaries and Associates	189.11	163.69	161.8

5. Investment in "Small is Beautiful" Fund: -

The Company has outstanding investment of ₹ 6.18 crore as on 31.03.2019 (as on 31.03.2018 ₹6.26 crore & as on 31.03.2017 ₹ 6.30 crore) in units of Small is Beautiful Fund. The face value of the Fund is Rs.10 per unit. As investment in Small is Beautiful Fund is long term investment, the fluctuation in NAV in the current scenario is considered as temporary.

G. Summary of reservations or qualifications or adverse remarks of auditors during the FY 2014-15 to FY 2018-19 and of their impact on the financial statements and financial position of the company and the corrective steps taken and proposed to be taken by the company for each of the said reservations or qualifications or adverse remark–

There has been no qualification, reservation or adverse remark of the auditor of the Company in the last five financial years.

H. Details of any inquiry, inspections or investigations initiated or conducted under the companies act or any previous company law in the last three years immediately preceding the year of circulation of offer letter in the case of company and all of its subsidiaries. Also if there were any prosecutions filed (whether pending or not) fines imposed, compounding of offences in the last three years immediately preceding the year of the offer letter and if so, section-wise details thereof for the company and all of its subsidiaries.

1. All the directors of our Company are appointed by the President of India as per the Articles of our Company. As on date of this offer letter, our Company's Board comprised of 8 Directors which includes 4 whole time functional directors, one is a Government Nominee Director and 3independent directors. Since appointment of directors is undertaken by the GoI, and is beyond the control of our Company, we could not comply with certain corporate governance requirements envisaged under Clause 49 of the Equity Listing Agreement and Companies Act, 2013.

The equity listing agreement requires that at least half of the Board should comprise of Independent Directors, if the Chairman of the Board is an executive director. Our Company does not have the requisite minimum number of independent directors on the Board.

This non-compliance with regard to appointment of requisite minimum number of independent directors is beyond the control of our Company and our Company has requested the GoI from time to time to expedite the process of such appointment(s) but our Company cannot provide any assurance that this will be rectified until the GoI appoints such directors.

I. Details of acts of material frauds committed against the company in the last three years, if any, and if so, the action taken by the company

Nil

CHAPTER XIII

FINANCIAL POSITION OF THE COMPANY

A. The capital structure of the company as on December 31, 2019 is provided below

Particulars	₹ in Crore
SHARE CAPITAL	
(a) Authorized Share Capital	
1100,00,00,000 Equity Shares of ₹ 10/- each & 200000000 Preference shares of ₹ 10/- each	**11200.00**
(b) Issued, Subscribed and Paid-up	
264,00,81,408 Equity Shares of ₹ 10/- each	**2640.08**

B. Share premium account as on December 31, 2019

Particulars	₹ in Crore
Share premium account before the issue	2776.54
Share premium account after the issue*	2776.54

*Since the present offer comprises of issue of non-convertible debt securities, it shall not affect the paid-up equity share capital or share premium account of the Company after the offer.

C. Changes in its capital structure for the last five years as on December 31, 2019:

Date of allotment	Increase in share capital (₹)	₹	Particulars
February 19, 2007	1173167000	11477667000	Cumulative share capital after IPO allotment
May 24, 2011	1721650050	13199317050	Cumulative share capital after FPO allotment
August 8, , 2012	751780	13200068830	Cumulative share capital after ESOP allotment
November 9, 2012	56310	13200125140	Cumulative share capital after ESOP allotment
February 11, 2013	24970	13200150110	Cumulative share capital after ESOP allotment
July 15, 2013	218200	13200368310	Cumulative share capital after ESOP allotment
November 8, 2013	31410	13200399720	Cumulative share capital after ESOP allotment
March 27, 2014	7320	13200407040	Cumulative share capital after ESOP allotment
September 1, 2016	13200407040	26400814080	Bonus Issue

D. Equity Share Capital History of the company as on December 31, 2019 for the last five years :

Date of Allotment	No. of Equity Shares	Face Value (₹)	Issue Price (₹)	Consider a-tion (Cash, other than cash, etc.)	Nature of Allotment	Cumulative		
						No. of equity shares	Equity Share Capital (₹)	Equity Security Premium (In ₹)
Information prior to last 5 years from last quarter ended					PROMOTER (GoI)	1030450000	10304500000	
19.02.2007	117316700	10	85	CASH	IPO ALLOTMENT	1147766700	11477667000	
24.05.2011	172165005	10	203	CASH	FPO ALLOTMENT	1319931705	13199317050	40926714456
08.08.2012	75178	10	186.05	CASH	ESOP ALLOTMENT	1320006883	13200068830	40939949543
09.11.2012	5631	10	186.05	CASH	ESOP ALLOTMENT	1320012514	13200125140	40940940881
11.02.2013	2497	10	186.05	CASH	ESOP ALLOTMENT	1320015011	13200150110	40941380478
15.07.2013	4255	10	186.05	CASH	ESOP ALLOTMENT	1320019266	13200192660	40942129571
15.07.2013	17565	10	170.75	CASH	ESOP ALLOTMENT	1320036831	13200368310	40944953145
08.11.2013	3141	10	170.75	CASH	ESOP ALLOTMENT	1320039972	13200399720	40945458061
27.03.2014	732	10	170.75	CASH	ESOP ALLOTMENT	1320040704	13200407040	40945575730
01.09.2016	1320040704	10	10	Other than Cash	Bonus Issue	2640081408	26400814080	40945575730

E. Details of equity shares allotted for considerations other than cash

Sl. No.	Date of Allotment	No. of Equity Shares allotted	Face Value of Equity Shares (in ₹)	Issue Price of Equity Shares (in ₹)	Consideration	Aggregate Paid-up value and share premium (₹ in crore)
1	September 1, 2016	1320040704	10	10	Bonus Issue	13200407040

F. Changes in authorised capital of the issuer

Sl. No.	Date of change (AGM/EGM)	Particulars of change
1	August 19, 2016	Authorised Share Capital increased from Rs. 2,000 crore to Rs. 10,000 crore
2	February 07, 2019	Authorised Share Capital increased from Rs. 10,000 crore to Rs. 11,200 crore

G. Details of any acquisition or amalgamation in the last 1 year

The Cabinet Committee of Economic Affairs (CCEA), on 06th December 2018 had given its 'In Principle' approval for strategic sale of the Government of India's existing 52.63% of total paid up equity shareholding in Rural Electrification Corporation Limited (REC) to Power Finance Corporation Limited (PFC) along with transfer of management control. The acquisition intends to achieve integration across the power chain, obtain better synergies, create economies of scale and have enhanced capability to support energy access and energy efficiency by improved capability to finance power sector.

PFC on 28th March 2019 has acquired 103,93,99,343 equity shares of REC (representing 52.63% of the share capital of REC Limited from President of India. With the same, PFC has become the holding company and also a promoter of REC.

H. Details of any reorganization or reconstruction in the last 1 year:-

Type of Event	Date of Announcement	Date of Completion	Details
---NIL---			

Details of shareholding of the company as on the latest quarter end :

1. **Shareholding pattern of the company as on last quarter end as on 31.12.2019 :**

Sr. No.	Particulars	Total Number of Shares	No of Shares Held in Dematerialized Form	Total Shareholding as a % of Total No of Shares
(A)	**PROMOTER AND PROMOTER GROUP**			
(1)	INDIAN			
(a)	Individual /HUF			
(b)	Central Government/State Government(s)	1478291778	1478291778	55.99
(c)	Bodies Corporate			
(d)	Financial Institutions / Banks			
(e)	Others			
	Sub-Total A(1) :	**1478291778**	**1478291778**	**55.99**
(2)	FOREIGN			
(a)	Individuals (NRIs/Foreign Individuals)			
(b)	Bodies Corporate			
(c)	Institutions			
(d)	Qualified Foreign Investor			
(e)	Others			
	Sub-Total A(2) :			
	Total A=A(1)+A(2)	**1623231514**	**1623231514**	**61.48**
(B)	**PUBLIC SHAREHOLDING**			

Sr. No.	Particulars	Total Number of Shares	No of Shares Held in Dematerialized Form	Total Shareholding as a % of Total No of Shares
(1)	INSTITUTIONS			
(a)	Mutual Funds /UTI	290216725	290216725	10.99
(b)	Financial Institutions /Banks	19583602	19583602	0.74
(c)	Central Government / State Government(s)			
(d)	Venture Capital Funds			
(e)	Insurance Companies	165642654	165642654	6.27
(f)	Foreign Institutional Investors			
(g)	Foreign Portfolio Investor	374445192	374445192	14.18
(h)	Qualified Foreign Investor			
(i)	Others			
	Sub-Total B(1) :	849888173	849888173	32.20
(2)	NON-INSTITUTIONS			
(a)	Body Corporates	15099217	15099217	0.57
(a)	NBFCs registered with RBI	1116457	1116457	0.04
(b)	Individuals			
	Holding nominal share capital uptoRs 2 lakh	85545981	85511898	3.24
	Holding nominal share capital in excess of Rs 2 lakh	18808240	18808240	0.71
(c)	Others			
	NON RESIDENT INDIANS	2563714	2563714	0.10
	CLEARING MEMBERS	736081	736081	0.03
	NRI NON REPATRIATION	974277	974277	0.04
	TRUSTS	2343268	2343268	0.09
	I E P F ALTERNATIVE INVESTMENT FUND Qualified Institutional Buyer	48123 - 805223	48123 - 805223	0.00 - 0.03
	Sub-Total B(2) :	**128040581**	**128006498**	**4.85**
	Total B=B(1)+B(2) :	**116178963**	**1161755545**	**44.01**
	Total (A+B) :	**2640081408**	**2640047323**	**100.00**
(C)	Shares held by custodians, against which			
	Depository Receipts have been issued			
(1)	Promoter and Promoter Group			
(2)	Public			
	GRAND TOTAL (A+B+C)	**2640081408**	**2640047323**	**100.00**
Note- The same information provided under clause 35 of listing agreement				

2. Details of promoters of the company as on the latest quarter ending December 31, 2019:

Sr. no.	Name of Shareholders	Total no. of equity shares	No. of shares in demat form	Total shareholding as % of total no. of equity shares	No. of shares pledged	% of shares Pledged with respect to shares owned
1.	President of India Through MoP , GoI	147,82,91,778	147,82,91,778	55.99	NIL	N.A

3. List of top 10 holders of equity shares of the company as on December 31, 2019:

S. No.	Name of the Share holder	Total No. of Equity Shares	Total share holding as % of Total No. of Equity Shares
1	PRESIDENT OF INDIA	147,82,91,778	55.99
2	LIFE INSURANCE CORPORATION OF INDIA	15,62,60,146	5.92
3	THE WINDACRE PARTNERSHIP MASTER FUND LP	12,86,15,000	4.87
4	HDFC TRUSTEE COMPANY LTD. A/C HDFC BALANCED ADVANTAGE FUND	9,76,13,874	3.70
5	UBS PRINCIPAL CAPITAL ASIA LTD	8,30,28,000	3.14
6	CPSE EXCHANGE TRADED SCHEME(CPSE ETF)	7,15,94,450	2.71
7	HDFC TRUSTEE COMPANY LIMITED-HDFC EQUITY FUND	5,51,59,775	2.09
8	HDFC TRUSTEE COMPANY LTD. A/C HDFC TOP 100 FUND	3,06,25,486	1.16
9	RELIANCE CAPITAL TRUSTEE CO LTD-A/C NIPPON INDIA TAX SAVER (ELSS) FUND	2,25,00,000	0.85
10	HDFC TRUSTEE COMPANY LTD - A/C HDFC MID – CAPOPPORTUNITIES FUND	1,97,03,460	0.75
	TOTAL	**214,33,91,969**	**81.19**

I. Profits of the company for the three financial years preceding the date of circulation of Information Memorandum

(i) on Standalone Basis

(₹ in crore)

Sr. No	Particulars*	*Year ended 31.03.2019	*Year ended 31.03.2018
	Revenue from Operations		

	Interest Income	28,440.97	25,562.03
	Dividend Income	167.03	146.23
	Fees and Commission Income	149.02	267.59
	Net Gain on Fair Value Changes	84.98	-
I	**Total Revenue from Operations**	**28,842.00**	**25,975.85**
II	**Other Income**	**9.29**	**4.40**
III	**Total Income (I+II)**	**28,851.29**	**25,980.25**
	Expenses		
	Finance Costs	18,981.76	16,955.89
	Net Translation / Transaction Exchange Loss (+) / Gain (-)	520.23	213.10
	Fees and Commission Expense	10.09	8.58
	Net Loss on Fair Value changes	-	193.19
	Impairment on Financial Instruments	(871.48)	2,391.01
	Employee Benefits Expenses	173.57	176.64
	Depreciation and Amortisation	6.14	6.41
	Corporate Social Responsibility Expenses	100.50	118.88
	Other Expenses	114.69	71.44
IV	**Total Expenses**	**19,035.50**	**20,135.14**
V	**Profit/(Loss) Before Exceptional Items and Tax (III-IV)**	**9,815.79**	**5,845.11**
VI	**Exceptional Items**	-	-
VII	**Profit/(Loss) Before Tax (V-VI)**	**9,815.79**	**5,845.11**
	Tax Expense:		
	(1) Current Tax		
	Current Year	2,346.50	2,434.68
	Earlier Years	1.22	(1.07)
	(2) Deferred Tax	515.15	(975.27)
VIII	**Total Tax Expense**	**2,862.87**	**1,458.34**
IX	**Profit/(Loss) for the year from Continuing Operations (VII-VIII)**	**6,952.92**	**4,386.77**
X	Profit/(Loss) From Discontinued Operations (After Tax)	-	-
XI	**Profit/(Loss) for the year (for continuing and discontinued operations) (IX+X)**	**6,952.92**	**4,386.77**
XII	**Other Comprehensive Income**		
	(i) Items that will not be reclassified to Profit or Loss - Re-measurement of Defined Benefit Plans	(3.63)	5.72
	- Net Gain / (Loss) on Fair Value of Equity Instruments	(154.88)	(331.24)
	(ii) Income Tax relating to items that will not be reclassified to Profit or Loss		
	- Re-measurement of Defined Benefit Plans.	1.69	1.78
	(iii) Items that will be reclassified to Profit or Loss		
	Effective Portion of Gains and (Loss) on Hedging Instruments in Cash Flow Hedge.	(77.08)	-
	(iv) Income Tax relating to items that will be reclassified to Profit or Loss	26.93	-
	Other Comprehensive Income	**(206.97)**	**(323.74)**

XIII	**I Total Comprehensive Income for the year (XI+XII)**	**6,745.95**	**4,063.03**

*The figures reported for FY 2018-19 and 2017-18 are on IND-AS basis and the table below shows the figures for FY 2016-17 on I-GAP basis.

(in Crore)

	Description*	***Year ended 31.03.2017**
I	**Revenue from operations**	
	Interest	26,270.08
	Other operating Income	129.81
	Other Financial Services	316.34
		26,716.23
II	**Other Income**	
	Other Income	302.34
III	**Total Revenue (I+II)**	**27,018.57**
IV	**Expenses**	
	Finance Cost	16,432.69
	Bond Issue Expenses	26.58
	Employee Benefit Expenses	114.97
	Provision for contingencies	5,101.08
	Provision for decline in value of investments	(7.51)
	Depreciation and Amortization expenses	5.56
	CSR and Sustainable Development Expenses	166.15
	Other Expenses	67.79
	Prior Period Items (Net)	1.47
	Total Expenses	**21,908.78**
V.	**Profit before exceptional and extraordinary items and tax (III-IV)**	**5,109.79**
VI.	Exceptional Items	0
VII.	**Profit before extraordinary items and tax (V-VI)**	**5,109.79**
VIII.	Extraordinary Items	0
IX.	**Profit Before Tax (VII-VIII)**	**5,109.79**
X.	**Tax Expenses**	
	(1) Current Tax	
	for current year	3,074.39
	for earlier years	(0.09)
	(2) Deferred Tax liability(+) /Asset(-)	(90.90)
XI.	**Profit (Loss) for the year from continuing operations (IX-X)**	**2,126.39**

(ii) on Consolidated Basis

Sr. No	*Particulars	*Year ended 31.03.2019	*Year ended 31.03.2018
	Revenue from Operations		
	Interest Income	53,435.70	47,677.22
	Dividend Income	76.63	92.13
	Fees and Commission Income	374.11	566.98
	Net Gain on Fair Value Changes	227.50	287.50
I	**Total Revenue from Operations**	**54,113.94**	**48,623.83**
II	**Other Income**	**42.89**	**21.59**
III	**Total Income (I+II)**	**54,156.83**	**48,645.42**
	Expenses		
	Finance Costs	34,620.96	30,288.83
	Net Translation / Transaction Exchange Loss (+) / Gain (-)	1,041.42	232.47
	Fees and Commission Expense	44.47	33.16
	Net Loss on Fair Value changes	263.54	766.56
	Impairment on Financial Instruments	(625.73)	4,693.23
	Cost of services rendered	85.15	119.80
	Cost of material consumed	-	7.95
	Changes in inventries of finished goods and work-in-progress	-	0.04
	Employee Benefit Expenses	362.66	374.16
	Depreciation and Amortisation	15.49	14.68
	Corporate Social Responsibility Expenses	206.32	171.05
	Other Expenses	324.77	185.40
IV	**Total Expenses**	**36,339.05**	**36,887.33**
V	**Profit/(Loss) Before Exceptional Items and Tax (III-IV)**	**17,817.78**	**11,758.09**
VI	Exceptional Items	-	-
VII	Share of Profit / (Loss) in Joint Venture and Associates	44.25	21.35
VIII	**Profit/(Loss) Before Tax (V-VI+VIII)**	**17,862.03**	**11,779.44**
	Tax Expense:		
	(3) Current Tax Current Year Earlier Years (4) Deferred Tax	 4,182.75 (12.75) 1,051.76	 4,656.89 9.94 (1,684.08
IX	**Total Tax Expense**	5,221.76	2,982.75
X	**Profit/(Loss) for the year from Continuing Operations (VIII-IX)**	12,640.27	8,796.69
XI	Profit/(Loss) From Discontinued Operations (After Tax)	-	-
XII	**Profit/(Loss) for the year (for continuing and discontinued operations) (X+XI)**	**12,640.27**	**8,796.69**
XIII	**Other Comprehensive Income** (v) Items that will not be reclassified to Profit or Loss - Re-measurement of Defined Benefit Plans - Net Gain / (Loss) on Fair Value of Equity Instruments	 (23.00) (202.25) (0.13)	 (0.62) (322.22) (0.05)

	- Share of other Comprehensive Income / (Loss) in Joint Venture accounted using equity method		
	(vi) Income Tax relating to items that will not be reclassified to Profit or Loss	8.46	3.98
	- Re-measurement of Defined Benefit Plans.	(0.68)	(0.10)
	- Net Gain / (Loss) on Fair Value of Equity Instruments		
	(vii) Items that will be reclassified to Profit or Loss	(77.08)	-
	-Effective Portion of Gains and (Loss) on Hedging Instruments in Cash Flow Hedge.	-	2.92
	-Share of other Comprehensive Income in Joint Venture accounted using equity method	26.93	-
	(viii) Income Tax relating to items that will be reclassified to Profit or Loss		
	Other Comprehensive Income	**(267.75)**	**(316.09)**
XIV	**Total Comprehensive Income for the year (XII+XIII)**	**12,372.52**	**8,480.60**

*The figures reported for FY 2018-19 and 2017-18 are on IND-AS basis and the table below shows the figures for FY 2016-17 on I-GAP basis.

(₹ in Crore)

	*Description	*Year ended 31.03.2017
I	**Revenue from operations**	
	Interest	26,333.11
	Consultancy /Advisory Services	181.44
	Other operating Income	457.21
	Other Financial Charges	318.10
		27,289.86
II	**Other Income**	
	Other Income	321.43
III	**Total Revenue (I+II)**	**27,611.29**
IV	**Expenses**	
	Finance Cost	16,767.64
	Bond Issue Expenses	26.58
	Employee Benefit Expenses	133.24
	Provision for contingencies	5,112.33
	Provision for decline in value of investments	(7.41)
	Depreciation and Amortization expenses	40.82
	CSR and Sustainable Development Expenses	167.64
	Other Expenses	105.29
	Prior Period Items (Net)	1.47
	Total Expenses	**22,347.60**
V.	**Profit before exceptional and extraordinary items and tax (III-IV)**	**5,263.69**
VI.	Exceptional Items	
VII.	**Profit before extraordinary items and tax (V-VI)**	**5,263.69**
VIII.	Extraordinary Items	

	*Description	*Year ended 31.03.2017
IX.	**Profit Before Tax (VII-VIII)**	**5,263.69**
X.	**Tax Expenses**	
	(1) Current Tax	
	for current year	3,121.71
	for earlier years	(0.47)
	(2) Deferred Tax liability(+) / Asset(-)	(93.65)
XI.	**Profit (Loss) for the year from continuing operations (IX-X)**	**2,236.10**

J. Dividends declared by the company in respect of the said three financial years; interest coverage ratio for last three years (on consolidated basis)

Particulars	FY 2018-19	FY 2017-18	FY 2016-17
		Audited	Audited
Dividend declared on equity shares (%age)	Nil	60% (1st Interim) 18% (2nd Interim)	50%
Interest coverage ratio* *	1.51	1.48	1.32

** (Earnings before depreciation, interest & tax / interest)

FINANCIAL RATIOS

Particulars	FY 2018-19	FY 2017-18	FY 2016-17
Current Ratio	7.08	0.95	1.32
Gross NPA (%)*	9.39%	9.57%	12.50%
Net NPA (%)	4.55%	7.39%	10.55%
Tier I Capital Adequacy Ratio (%)	11.73	16.98%	16.20%
Tier II Capital Adequacy ratio (%)	5.36	3.01%	3.08%

*on long term loans only.

K. (1) A summary of the financial position of the company for the three financial years audited balance sheets preceding the date of circulation of Information memorandum on standalone basis

(i) on Standalone Basis

(₹ in crore)

Sr. No.	Particulars*	*As at 31.03.2019	*As at 31.03.2018

1	**ASSETS** **Financial Assets**		
	Cash and Cash Equivalents	308.48	537.71
	Bank Balance other than included in Cash and Cash Equivalents	13,846.53	15.49
	Derivative Financial Instruments	567.98	229.09
	Loans	303,210.36	266,011.3
	Investments	16,586.20	2,520.04
	Other Financial Assets	5,376.40	5,276.91
	Total Financial Assets (1)	**339,895.95**	**274,590.62**
2	Non- Financial Assets		
	Current Tax Assets (Net)	628.59	508.12
	Deferred Tax Assets (Net)	4,060.73	4,547.26
	Property, Plant and Equipment	27.74	26.08
	Intangible Assets	0.59	0.89
	Other Non-Financial Assets	242.09	235.48
	Total Non- Financial Assets (2)	**4,95974**	**5,317.83**
	Total Assets (1+2)	**344,855.69**	**279,908.45**
	LIABILITIES AND EQUITY		
1	**LIABILITIES** **Financial Liabilities**		
	Derivative Financial Instruments	505.59	240.68
	Debt Securities	205,584.49	206,811.79
	Borrowings (other than Debt Securities)	80,344.53	26,080.17
	Subordinated Liabilities	9,309.70	3,892.76
	Other Financial Liabilities	5,327.84	5,393.19
	Total Financial Liabilities (1)	**301,072.15**	**242,418.59**
2	**Non- Financial Liabilities**		
	Current Tax Liabilities (Net)	130.70	129.97
	Provisions	130.70	291.17
	Other Non-Financial Liabilities	100.85	291.17
	Total Non- Financial Liabilities (2)	**495.55**	**533.71**
	Total Liabilities (1+2)	**301,567.70**	**242,952.30**
3	**Equity**		
	Equity Share Capital	2,640.08	2,640.08
	Other Equity	40,647.91	34,316.07
	Total Equity (3)	**43,287.99**	**36,956.15**
	Total Liabilities and Equity (1+2+3)	**344,855.69**	**279,908.45**

*The figures reported for FY 2018-19 and 2017-18 are on IND-AS basis and the table below shows the figures for FY 2016-17 on I-GAP basis.

(₹ in Crore)

		Description*			***As on 31.03.2017**
I .	**A**	**EQUITY & LIABILITIES**			
		(1)	**Share Holders' Funds**		
			(i)	Share Capital	2,640.08
			(ii)	Reserves & Surplus	33,830.13
					36,470.21

					*As on 31.03.2017
			Description*		
		(2)	**Non-Current Liabilities**		
			(i)	Long Term Borrowing	
				Secured	20,106.17
				Un-secured	154,735.19
					174,841.36
			(ii)	Deferred Tax Liabilities (Net)	250.51
			(iii)	Other Long Term Liabilities	6,142.58
			(iv)	Long Term Provisions	2,544.96
		(3)	**Current Liabilities**		
			(i)	Current Maturity of Long term Borrowing (secured)	3.70
				Current Maturity of Long term Borrowing (Unsecured)	25,342.19
			(ii)	Short -Term Borrowing	
				Secured	2,400.79
				Un-secured	0.00
			(iii)	Other Current Liabilities	8,420.17
			(iv)	Short Term Provisions	1,927.11
				Total	**258,343.58**
II .	**B**		**ASSETS**		
		(1)	**Non-current Assets**		
				Fixed Assets	
			(i)	Tangible Assets	106.51
				Less: Accumulated Depreciation	44.63
					61.88
			(ii)	Intangible Assets	8.95
				Less: Accumulated Amortization	8.26
					0.69
			(iii)	Intangible Assets under Development	
			(iv)	Non-Current Investments	
				Trade	465.60
				Others	1,800.00
					2,265.60
			(vi)	Long Term Loans	
				Secured	138,306.30
				Un-Secured	62,026.71
					200,333.01
			(vii)	Other Non Current Assets	5,450.62
		(2)	**Current Assets**		
			(i)	Current Investments	1,325.53
			(ii)	Cash and Bank Balances	3,573.15
			(iii)	Short Term Loans	
				Secured	1,490.49
				Un-Secured	4,468.71

				Description*	*As on 31.03.2017
			(iv)	Other Current Assets	
			a)	Current Maturity of Long Term Loans	
				Secured	28,635.13
				Un-Secured	5,241.68
			b)	Other Assets	5,497.09
					50,231.78
				Total	**258,343.58**

(2) A summary of the financial position of the company for the three financial years audited balance sheets preceding the date of circulation of information memorandum on consolidated basis

(ii) on Consolidated Basis

Sr. No.	Particulars*	*As at 31.03.2019	*As at 31.03.2018
1	**ASSETS** **Financial Assets**		
	Cash and Cash Equivalents	725.03	825.04
	Bank Balance other than included in Cash and Cash Equivalents	15,606.41	2,024.27
	Derivative Financial Instruments	2,370.56	919.47
	Trade Receivables	172.13	145.77
	Loans	573,661.28	494,889.63
	Investments	4,603.77	5,492.51
	Other Financial Assets	23,761.47	9,662.57
	Total Financial Assets (1)	**620,900.65**	**513,959.26**
2	**Non- Financial Assets**		
	Inventories		
	Current Tax Assets (Net)	925.90	542.31
	Deferred Tax Assets (Net)	6,369.74	7,393.55
	Investment Property	0.01	0.01
	Property, Plant and Equipment	186.45	155.24
	Capital Work-in-Progress	196.94	127.23
	Intangible Assets under development	1.59	1.46
	Other Intangible Assets	9.18	6.19
	Other Non-Financial Assets	393.50	338.55
	Total Non- Financial Assets (2)	**8,083.31**	**8,564.54**
3	**Assets Classified as held for sale**	**9.56**	**7.68**
	Total Assets (1+2+3)	**628,993.52**	**522,531.48**
	LIABILITIES AND EQUITY		
1	**LIABILITIES** **Financial Liabilities**		
	Derivative Financial Instruments	664.99	558.43
	Trade Payables (i) Total outstanding dues of Micro, Small and Medium Enterprises	2.65	1.83

	(ii) Total outstanding dues of creditors other than Micro, 72.26 64.87 45.89 Small and Medium Enterprises	72.26	64.87
	Debt Securities	398,352.00	385,879.65
	Borrowings (other than Debt Securities)	127,007.07	48,711.59
	Subordinated Liabilities	14,128.46	6,560.12
	Other Financial Liabilities	24,574.28	24,607.41
	Total Financial Liabilities (1)	**564,801.71**	**466,383.90**
2	**Non- Financial Liabilities**		
	Current Tax Liabilities (Net)	130.70	130.48
	Provisions	366.81	517.28
	Other Non-Financial Liabilities	209.95	230.07
	Total Non- Financial Liabilities (2)	**707.46**	**877.83**
3	**Liabilities directly associated with assests classified as held for sale**	**0.08**	**-**
	Total Liabilities (1+2+3)	**565,509.25**	**467,261.73**
4	**Equity**		
	Equity Share Capital	2,640.08	2,640.08
	Other Equity	44,481.17	37,194.45
	Equity attributables to owners of the Company (a+b)	**47,121.25**	**39,834.53**
	Non-Controlling interest	16,363.02	15,435.22
	Total Equity (4)	**63,484.27**	**55,269.75**
	Total Liabilities and Equity (1+2+3+4)	**628,993.52**	**522,531.48**

*The figures reported for FY 2018-19 and 2017-18 are on IND-AS basis and the table below shows the figures for FY 2016-17 on I-GAP basis.

(₹ in Crore)

					*As at 31.03.2017
		Description*			
I .	**A**	**EQUITY & LIABILITIES**			
		(1)	**Share Holders' Funds**		
			(i)	Share Capital	2,640.08
			(ii)	Reserves & Surplus	34,204.82
					36,844.91
		(2)	**Non-Current Liabilities**		
			(i)	Long Term Borrowing	
				Secured	20,106.17
				Un-secured	154,997.19
					175,103.36
			(ii)	Deferred Tax Liabilities (Net)	247.55
			(iii)	Other Long Term Liabilities	6,143.07
			(iv)	Long Term Provisions	2,549.29
		(3)	**Current Liabilities**		
			(i)	Current Maturity of Long term Borrowing (Secured)	3.70
				Current Maturity of Long term Borrowing (Unsecured)	25,342.20
			(ii)	Short -Term Borrowing	
				Secured	2,543.48

				Description*	*As at 31.03.2017
				Un-secured	0.00
			(iii)	Trade Payables	120.55
			(iv)	Other Current Liabilities	8,592.95
			(v)	Short Term Provisions	1,928.55
				Total	**259,419.61**
II .	**B**		**ASSETS**		
		(1)	**Non-current Assets**		
				Fixed Assets	
			(i)	Tangible Assets	393.03
				Less: Accumulated Depreciation	97.87
					295.16
			(ii)	Intangible Assets	9.62
				Less: Accumulated Amortization	8.40
					1.22
			(iii)	Capital Works in Progress	105.44
			(iv)	Non-Current Investments	
				Trade	19.64
				Others	1,800.00
					1,819.64
			(vi)	Long Term Loans	
				Secured	138,911.54
				Un-Secured	62,026.71
					200,938.25
			(vii)	Other Non Current Assets	
				Fixed Deposit with schedule Bank	145.18
				Other	5,457.19
		(2)	**Current Assets**		
			(i)	Current Investments	1,325.53
			(ii)	Trade Receivables	
				More than 6 months	166.03
				Others	113.53
			(iii)	Cash and Bank Balances	3,799.82
			(iv)	Current Maturity of Long Term Loans	
				Secured	1,490.49
				Un-Secured	4,412.41
			(v)	Short Term Loans	
				Secured	28,659.49
				Un-Secured	5,045.28
			(vi)	Other Assets	5,644.95
					50,657.53
				Total	**259,419.61**

M. (1) Audited cash flow statement for the three years preceding the date of circulation of information

memorandum :

(I) **on standalone basis**

(₹ in crore)

	PARTICULARS	*Year Ended 31.03.2019	*Year ended 31.03.2018
1	**Cash Flow from Operating Activities :-**		
	Profit before Tax	**9,815.79**	**5,845.11**
	Add / (Less): Adjustments for Loss on derecognition of Property, Plant and Equipment (net)	0.32	0.42
	Depreciation and Amortisation	6.14	6.41
	Amortization of discount on Zero Coupon Bonds and Financial Charges on Commercial Papers	(136.83)	(66.42)
	Unrealised Foreign Exchange Translation Loss / (Gain)	519.07	198.97
	Net Change in Fair Value	(84.98)	193.19
	Effective Interest Rate on Loans	(10.47)	15.82
	Impairment on Financial Instruments	(871.48)	2,391.01
	Accrued Interest on investment	(288.60)	(253.50)
	Interest Subsidy Fund	3.46	9.32
	Provision for interest under Income Tax Act, 1961	5.86	-
	Excess Liabilities written back	-	(0.84)
	Provision for Retirement Benefits etc.	56.09	72.39.
	Dividend Income	(167.03)	(146.23)
	Effective Interest Rate on Borrowings / Debt Securities / Subordinated Liabilities	(0.35)	(82.88)
	Interest on Income Tax Refund	(8.29)	(4.78)
	Operating profit before Working Capital Changes:	**8,838.71**	**8,177.99**
	ncrease / Decrease :		
	Loans (Net)	(36,321.76)	(33,153.02)
	Other Assets (Financial and Non-Financial)	(13,897.14)	3,425.35
	Derivative	11.00	49.86
	Liabilities and provisions	(668.69)	(577.45)
	Cash Flow before Exceptional Items	**(42,037.88)**	**(22,077.27)**
	Exceptional Items	-	-
	Cash Flow from Operations Before Tax	**(42,037.88)**	**(22,077.27)**
	Income Tax paid	(2,544.76)	(2,632.95)
	Income Tax Refund	81.34	1.83
	Net Cash flow from Operating Activities	**(44,501.30)**	**(24,708.39)**
II	**Cash Flow From Investing Activities :**		
	Proceeds from disposal of Property, Plant and Equipment	0.11	0.22
	Purchase of Property, Plant and Equipment	(7.93)	(9.32)

	Investments in Subsidiaries	(14,500.00)	-
	Interest on investment	243.25	271.56
	Dividend on investment	167.03	146.23
	Increase / Decrease in Other Investments	277.97	1,019.10
	Net Cash Used in Investing Activities	**(13,819.57)**	**1,427.79**
III	**Cash Flow From Financing Activities :**		
	Issue of Bonds (including premium) (Net of Redemptions)	(8,957.74)	4,046.31
	Raising of Long Term Loans (Net of Repayments)	35,678.55	8,525.00
	Raising of Foreign Currency Loans (Net of Repayments)	9,634.40	9,547.20
	Raising of Subordinated Liabilities (Net of Redemptions)	5,411.50	(0.00)
	Raising of Commercial paper (Net of Repayments)	2,970.00	7,030.00
	Raising of Working Capital Demand Loan / OD / CC / Line of Credit (Net of Repayments)	13,357.18	(2,400.79)
	Unclaimed Bonds (Net)	(2.78)	3.41
	Unclaimed Dividend (Net)	0.53	1.20
	Payment of Interim Dividend*	-	(2,505.30)
	Payment of Corporate Dividend Tax	-	(471.59)
	Net Cash in-flow from Financing Activities	**58,091.65**	**23,775.45**
	Net Increase / Decrease in Cash and Cash Equivalents	**(229.23)**	**494.84**
	Add : Cash and Cash Equivalents at beginning of the financial year	537.71	42.87
	Cash and Cash Equivalents at the end of the financial year	**308.48**	**537.71**
	Details of Cash and Cash Equivalents at the end of the year:		
	i) Balances with Banks (of the nature of cash and cash equivalents)		
	In current accounts	8.48	4.76
	In demand deposit accounts	300.00	532.95
	ii) Cheques, Drafts on hand including postage and Imprest		
	Total Cash and Cash Equivalents at the end of the year	**308.48**	**537.71**

*The figures reported for FY 2018-19 and 2017-18 are on IND-AS basis and the table below shows the figures for FY 2016-17 on I-GAP basis.

	PARTICULARS	*Year ended 31.03.2017
I.	**Cash Flow from Operating Activities :-**	
	Net Profit before Tax and Extraordinary items	**5,109.79**
	ADD: Adjustments for	
	Loss on Sale of Fixed Assets (net)	0.16
	Profit on sale of investment	(0.50)
	Depreciation / Amortization	5.78
	Amortization of Zero Coupon Bonds & Commercial Papers	99.49
	Foreign Exchange Translation Loss	221.48
	Net Change in Fair Value of Derivatives	(178.15)
	Diminution in value of investments	(7.51)
	Provision for Contingencies	5,101.08
	Dividend / Interest on investment	(290.41)
	Provision for CSR Expenditure & Sustainable Expenditure	166.15
	Interest Subsidy Fund	2.22
	Provision for interest under IT Act	0.69
	Excess Liability written back	(0.12)
	Provision for Retirement Benefits / Other Welfare Expenses / Wage revision	18.59
	Operating profit before working Capital Changes:	**10,278.74**
	Increase/Decrease :	
	Loans Assets (Net)	(6,939.35)
	Other Current Assets	(4,572.82)
	Foreign Currency Monetary Item Translation Difference A/c	92.18
	Liabilities and provisions	6,324.91
	Cash flow before extraordinary items	**5,153.66**
	Extraordinary items	-
	Cash Inflow/Outflow from operations before Tax	**5,153.66**
	Income Tax paid	(3,302.04)
	Income Tax Refund	68.61
	Net Cash flow from Operating Activities	**1,920.23**
II.	**Cash Flow From Investing Activities :**	
	Sale / adjustment of Fixed Assets	0.09
	Purchase of Fixed Assets	(4.51)
	Increase / decrease in intangible assets under development	(0.02)
	Investments in Subsidiaries	0.00
	Dividend on investment	260.08
	Other Investments	(564.55)
	Net Cash Used in Investing Activities	**(308.91)**
III.	**Cash Flow From Financial Activities :**	
	Issue of Equity Shares	
	Issue of Bonds (including premium) (Net)	18,570.20

	Raising of Long Term Loans (Net)	(9,000.00)
	Foreign Currency Loans (Net)	(2,559.98)
	Commercial paper (Net)	(5,350.00)
	Loan Against Fixed Deposits/Working Capital Demand Loan/OD/CC/Line of Credit (Net)	115.59
	Unclaimed Bonds (Net)	(3.32)
	Unclaimed Dividend (Net)	(0.29)
	Payment of Final Dividend of Previous year	(79.20)
	Payment of Interim Dividend of Current year	
	Payment of Corporate Dividend Tax	(217.64)
	Net Cash in-flow from Financing Activities	**1,475.36**
	Net Increase/Decrease in Cash & Cash Equivalents	**3,086.68**
	Add : Cash & Cash Equivalents at beginning of the period	28.06
	Cash & Cash Equivalents at the end of the period	**3,114.74**
	Details of Cash & Cash Equivalents at the end of the period:	
	Balance in current A/c with:	
	Reserve Bank of India	0.02
	Schedule Banks	42.84
	Cheques in hand,Imprest with Postal authority & Balances with Banks	0.00
	Fixed Deposits with Scheduled Banks	3,071.88
		3,114.74

(2) Audited cash flow statement for the three years preceding the date of circulation of information memorandum

(I) on consolidated basis:

(₹ in crore)

	PARTICULARS	*Year Ended 31.03.2019	*Year ended 31.03.2018
1	**Cash Flow from Operating Activities :-**		
	Profit before Tax	**17,862.03**	**11,779.44**
	Add / (Less): Adjustments for		
	Loss on derecognition of Property, Plant and Equipment (net)	1.23	0.98
	Depreciation and Amortisation	15.49	14.68
	Amortization of discount on Zero Coupon Bonds and Finacial Charges on Commercial Papers	363.04	158.72
	Unrealised Foreign Exchange Translation Loss / (Gain)	1,077.58	145.36
	Net Change in Fair Value	266.54	779.95
	Effective Interest Rate on Loans	(9.14)	(21.88)

	Impairment on Financial Instruments	(625.73)	4,693.24
	Accrued Interest on investment	(505.59)	(493.78)
	Interest Subsidy Fund	3.46	9.32
	Provision for interest under Income Tax Act, 1961	9.56	5.68
	Excess Liabilities written back	(1.68)	(3.70)
	Provision for Retirement Benefits etc.	56.09	72.39
	Dividend Income	(76.63)	(92.13)
	Effective Interest Rate on Borrowings / Debt Securities / Subordinated Liabilities	(788.63)	1.28
	Interest on Income Tax Refund	(8.29)	(4.78)
	Share of Profit/Loss of Joint Venture accounted for using equity method	(44.25)	(21.35)
	Operating profit before Working Capital Changes:	**17,595.09**	**17,023.42**
	Increase / Decrease :		
	Loans (Net)	(78,082.12)	(70,627.66)
	Other Assets (Financial and Non-Financial)	(27,653.86)	(2,160.85)
	Derivative	(1,611.07)	(635.92)
	Liabilities and provisions	14,044.08	4,101.58
	Cash Flow before Exceptional Items	**(75,707.88)**	**(52,299.43)**
	Exceptional Items	-	
	Cash Flow from Operations Before Tax	**(75,707.88)**	**(52,299.43)**
	Income Tax paid	(4,626.89)	(4,852.53)
	Income Tax Refund	81.34	4.40
	Net Cash flow from Operating Activities	**(80,253.43)**	**(57,147.56)**
III	**Cash Flow From Investing Activities :**		
	Proceeds from disposal of Property, Plant and Equipment	0.28	0.44
	Purchase of Property, Plant and Equipment (including CWIP and capital advance)	(99.46)	(89.77)
	Investments in Subsidiaries	(14,500.00)	-
	Interest on investment	411.15	509.65
	Dividend on investment	76.63	92.13
	Increase / Decrease in Other Investments	648.39	896.68
	Net Cash Used in Investing Activities	**(13,463.02)**	**1,409.13**
III	**Cash Flow From Financing Activities :**		
	Issue of Bonds (including premium) (Net of Redemptions)	(4,737.02)	23,604.86
	Raising of Long Term Loans (Net of Repayments)	60,028.55	8,175.00
	Raising of Foreign Currency Loans (Net of Repayments)	13,353.18	17,942.68

	Raising of Subordinated Liabilities (Net of Redemptions)	7,562.70	(0.00)
	Raising of Commercial paper (Net of Repayments)	7,113.04	10,044.84
	Raising of Working Capital Demand Loan / OD / CC / Line of Credit (Net of Repayments)	13,357.17	(2,400.79)
	Unclaimed Bonds (Net)	(2.78)	3.41
	Unclaimed Dividend (Net)	0.53	1.20
	Payment of Interim Dividend*	(2,511.50)	(4,464.15)
	Payment of Corporate Dividend Tax	(547.44)	(888.57)
	Net Cash in-flow from Financing Activities	**93,616.44**	**52,018.49**
	Net Increase / Decrease in Cash and Cash Equivalents	**-100.01**	**-3719.95**
	Add : Cash and Cash Equivalents at beginning of the financial year	825.04	4544.99
	Cash and Cash Equivalents at the end of the financial year	**725.03**	**825.04**
	Details of Cash and Cash Equivalents at the end of the year:		
	i) Balances with Banks (of the nature of cash and cash equivalents)		
	In current accounts	369.41	211.31
	In demand deposit accounts	355.61	613.72
	ii) Cheques, Drafts on hand including postage and Imprest	0.01	0.01
	Total Cash and Cash Equivalents at the end of the year	**725.03**	**825.04**

*The figures reported for FY 2018-19 and 2017-18 are on IND-AS basis and the table below shows the figures for FY 2016-17 on I-GAP basis.

PARTICULARS		***Year ended 31.03.2017**
I.	**Cash Flow from Operating Activities :-**	
	Net Profit before Tax and Extraordinary items	**5,263.69**
	ADD: Adjustments for	
	Loss on Sale of Fixed Assets (net)	0.16
	Profit on sale of investments	(0.50)
	Depreciation / Amortisation	41.04
	Amortisation of Zero Coupon Bonds	99.49
	Foreign Exchange Loss/Gain	221.48
	Net Change in Fair Value of Derivatives	(178.15)
	Dimunition in value of investments	(7.41)
	Provision for Contingencies	5,112.33
	Dividend / Interest and profit on sale of investment	(287.02)

PARTICULARS		*Year ended 31.03.2017
	Provision for CSR Expenditure & Sustainable Expenditure	166.15
	Interest subsidy fund	2.22
	Provision for interest under IT Act	0.69
	Excess Liability written bank	(0.12)
	Provision for Retirement Benefits/Other Welfare Expenses/Wage revision	19.03
	Interest Received	(22.54)
	Interest Paid	15.79
	Deferred Rent Expense	0.23
	Operating profit before working Capital Changes:	**10,446.56**
	Increase/Decrease :	
	Loans Disbursed (Net)	(7,377.60)
	Other Current Assets	(4,689.47)
	Foreign Currency Monetary Item Translation Difference A/c	84.46
	Liabilities and provisions	6,473.59
	Cash flow before extraordinary items	**4,937.54**
	Extraordinary items	0.00
	Cash Inflow/Outflow from operations before Tax	**4,937.54**
	Other Current Assets	
	Income Tax paid	(3,370.01)
	Income Tax Refund	68.61
	Net Cash flow from Operating Activities	**1,636.14**
II.	**Cash Flow From Investing Activities :**	
	Sale / decrease of Fixed Assets	0.10
	Purchase of Fixed Assets	(124.36)
	Increase/decrease in Capital Works in Progress	(57.01)
	Investments in Subsidiaries	(0.64)
	Interest Received	22.28
	Dividend / Interest and profit on sale of investment	256.69
	Other Investments	(597.67)
	Capital Advances	(0.17)
	Net Cash Used in Investing Activities	**(500.78)**
III.	**Cash Flow From Financial Activities :**	
	Issue of Equity Shares	31.39
	Issue of Bonds (including premium) (Net)	18,570.20
	Commercial paper (Net)	(5,350.00)
	Loan Against Fixed Deposits (Net) - Including WCL	356.70

	PARTICULARS	*Year ended 31.03.2017
	Raising of Long Term Loans (Net)	(8,781.10)
	Repayment of Long Term Loans	
	Redemption of Bonds	
	Raising of Foreign Currency Loans (Net)	(2,559.98)
	Interest Paid	(15.73)
	Interest Subsidy Fund	
	Unclaimed Bonds (Net)	(3.32)
	Unclaimed Dividend (Net)	(0.29)
	Payment of Final Dividend of Previous year	(79.20)
	Payment of Interim Dividend of Current year	0.00
	Payment of Corporate Dividend Tax	(218.35)
	Net Cash in-flow from Financing Activities	**1,950.52**
	Net Increase/Decrease in Cash & Cash Equivalents	**3,085.68**
	Add : Cash & Cash Equivalents at beginning of the period	145.65
	Cash & Cash Equivalents at the end of the period	**3,231.33**
	Details of Cash & Cash Equivalents at the end of the period:	
	Balance in current Account with	
	Reserve Bank of India	0.02
	Schedule Banks	151.18
	Cheques in hand,Imprest with Postal authority & Balances with Banks	
	Fixed Deposits with Scheduled Banks	3,080.13
		3,231.33

N. Any change in accounting policies during the last three years and their effect on the profits and the reserves of the company:

There has been no major change in the accounting policies of the Issuer affecting its profits and the reserves during last three financial years except the following:-

(₹ in crore)

Financial Year	Modifications	Impact on PBT [(+) increase / (-) decrease]
2018-19	The Company has adopted Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from 01.04.2018. New Accounting Policy has been drafted in line with Ind AS.	N.A.
2017-18	Inserted to amortise the arrangement fee on long term foreign currency borrowings over its tenure.	120.64

	Rate of provisioning has been enhanced on standard assets from 0.35% to 0.40% as per RBI Norms.	(114.05)
	Rate of provisioning has been enhanced on Restructured Standard Assets from 4.25% to 5% as per RBI norms.	(180.79)
	Policy regarding provisioning requirement of restructured project loans related to Transmission & Distribution, Renovation & Modernization and Life Extension projects and also the hydro projects in Himalayan region or affected by natural disasters has been aligned in line with RBI restructuring norms.	(67.83)
	Exchange difference in case of loan from KfW, Germany has been charged off to Statement of Profit and Loss as against earlier policy of transferring it to Interest Differential Fund Account – KfW.	(1.51)
2016-17	Policy on Quoted Current Investments has been modified to align with the RBI prudential norms requiring category-wise valuation of Quoted Current Investments against the earlier policy of scrip-wise valuation.	92.06
	Policy on Un-Quoted Current Investments Substituted to include policy on valuation of equity shares converted from debt in line with RBI prudential norms.	(46.27)
	Policy on Asset Classification modified to align with RBI Restructuring Norms / Directions	(2,550.76)
	Policy on Provisioning against Standard Loans and NPAs modified to align with the RBI prudential norms[1] resulting in – i) additional pro-rata provision on standard assets ii) Change in rate of provision from 100% to 50% on doubtful assets exceeding 3 years.	 (79.69) 707.80
	Policy on Provisioning against Restructured Loans modified to align with the RBI Restructuring Norms / Directions resulting in additional / pro-rata provision on restructured standard assets including an amount of ₹ 1,403.79.	(1549.64)
	Policy on Derivative Transactions augmented to align with the provisions of Guidance Note on Accounting for Derivative Contracts issued by ICAI applicable w.e.f. 01.04.2016.	178.15

Details of borrowings of the company, as on the latest quarter end

A) Details of Unsecured Loan Facilities Outstanding as on 31.12.2019

Lender's Name	Type of Facility	Amount Sanctioned (₹ in crs)	Principal Amount Outstanding (₹ in Crs)	Repayment Date/ Schedule
Vijaya Bank	Rupee Term Loan	1,800.00	1,800.00	19-Jun-20

Vijaya Bank	Rupee Term Loan	200.00	200.00	19-Jun-20
State Bank of India	Rupee Term Loan	6,000.00	6,000.00	27-Sep-23
Andhra Bank	Rupee Term Loan	2,000.00	1,979.00	29-Jun-20
HDFC Bank	Rupee Term Loan	750.00	750.00	30-Sep-20
HDFC Bank	Rupee Term Loan	750.00	750.00	05-Oct-23
IIFCL	Rupee Term Loan	800.00	800.00	14-Sep-21
Bank of Baroda	Rupee Term Loan	700.00	700.00	04-Mar-21
Bank of Baroda	Rupee Term Loan	2,000.00	2,000.00	15-Apr-24
Canara Bank	Rupee Term Loan	1,500.00	1,500.00	13-Sep-20
Canara Bank	Rupee Term Loan	500.00	500.00	28-Dec-23
Canara Bank	Rupee Term Loan	500.00	500.00	15-Jan-24
Bank of India	Rupee Term Loan	1,000.00	1,000.00	6-Aug-20
Bank of India	Rupee Term Loan	1,000.00	1,000.00	21-Jan-24
Bank of India	Rupee Term Loan	1,000.00	1,000.00	20-Jan-24
UCO Bank	Rupee Term Loan	1,000.00	1,000.00	23-Aug-21
Punjab National Bank	Rupee Term Loan	2,000.00	2,000.00	24-May-20
Punjab National Bank	Rupee Term Loan	2,000.00	2,000.00	5-Jun-20
United bank of India	Rupee Term Loan	1,000.00	995.00	24-Dec-23
NSSF	Rupee Term Loan	7,500.00	7,500.00	27-Dec-28
Union Bank of India	Rupee Term Loan	1,000.00	1,000.00	19-Jun-22
Union Bank of India	Rupee Term Loan	1,000.00	1,000.00	30-Sep-22
SBI	Rupee Term Loan	3000.00	2402.20	19-Dec-24

B) Details of Secured Loan Facilities Outstanding as on 31.12.2019:-

Lender's Name	Type of Facility	Amount Sanctioned (₹ in crs)	Principal Amount Outstanding (₹ in Crs)	Repayment Date/ Schedule
Canara Bank	Rupee Term Loan	1,000.00	1,000.00	20-Feb-24
Canara Bank	Rupee Term Loan	500.00	500.00	21-Jun-24
Canara Bank	Rupee Term Loan	500.00	500.00	24-Jun-24
Canara Bank	Rupee Term Loan	1,000.00	1,000.00	29-Jun-24
OBC	Rupee Term Loan	1,500.00	1,500.00	25-Feb-25
UCO Bank	Rupee Term Loan	200.00	200.00	02-Mar-22
Bank of India	Rupee Term Loan	1,000.00	1,000.00	02-Mar-25
Corporation Bank	Rupee Term Loan	1,000.00	1,000.00	15-Mar-24
Bank of Maharashtra	Rupee Term Loan	750.00	750.00	11-Mar-24
Allahabad Bank	Rupee Term Loan	1,800.00	1,800.00	29-Jun-26
Corporation Bank	Rupee Term Loan	500.00	500.00	30-Sep24
OBC	Rupee Term Loan	225.00	225.00	30-Sep-25
UCO Bank	Rupee Term Loan	250.00	250.00	30-Sep-22
Karnataka Bank	Rupee Term Loan	500.00	500.00	30-Jul-22

2) **Details of Foreign Currency Loans Outstanding as on 31.12.2019**

Sl. No.	Lender's Name	Type of Facility	Amount Sanctioned (₹ in crs)	Principal Amount Outstanding (₹ in Crs)	Repayment Date/ Schedule
1.	Kreditanstalt Fur Wiederaufbau (KFW-1 & II)	Foreign Currency Loan	Deutsche Mark 4.65 crores, divided into two equal sub-limits, namely, Portion I and Portion II.	For Portion I: Euro 5.81 million;	Portion I: payable in 60 instalments payable semi-annually from December 30, 2005. Portion II loan has been repaid in full on 30.12.2015.
2.	Asian Development Bank	Foreign Currency Loan	USD 150.00 million	USD 10.54 million	Each disbursement of this facility will be repaid in semi-annual instalments payable on April 15 and

					October 15 of each year, the first instalment payable on the eleventh interest payment date with respect to such disbursement, i.e. from 15.10.2009 and the last repayment date is 15.10.2028
3.	Natixis (formerly known as Credit National France) (on behalf of the Government of the Republic of France)	Foreign Currency Loan	FRF 16.46 crores	Euro 5.38 million	Each portion of this facility is repayable in 46 equal and successive half-yearly installments, the first of which is payable 126 months from the date of the calendar half-year during which such disbursement has been made, i.e. from 30.12.2000 and the last repayment date is 30.06.2028.
4.	State Bank of India acting as facility agent through its branch in Hong Kong on behalf of various lenders	Foreign Currency Loan- syndicated loan-XVIII	JPY 43,668 million	JPY 43,668 million	Repayment in three equal installments on 6.11.2020, 8.11.2021 and 4.11.2022
5.	The Bank of New York Mellon, London Branch acting as Trustee	Green Bonds	USD 400.00 million	USD 400.00 million	Repayment after 10 years from drawdown (i.e. on 06.12.2027)
6.	State Bank of India acting as facility agent through its branch in Hong Kong on behalf of various lenders	Foreign Currency Loan- syndicated loan-XXI	USD 300.00 million	USD 300.00 million	Repayment after 5 years from drawdown (i.e. on 12.12.2022)
7.	State Bank of India, Hong Kong	Foreign Currency Loan- syndicated loan-XXII	USD 250.00 million	USD 250.00 million	Repayment after 5 years from drawdown (i.e. on 28.02.2023)
8.	State Bank of India acting as facility agent through its branch in Hong Kong on behalf	Foreign Currency Loan- syndicated loan-XXIII	USD 250.00 million	USD 250.00 million	Repayment after 5 years from drawdown (i.e. on 22.03.2023)

	of various lenders				
9.	State Bank of India, Hong Kong	Foreign Currency Loan-syndicated loan-XXIV	USD 450.00 million	USD 450.00 million	Repayment in three equal instalments at the end on 28-Sep-2020, 26-Mar-2021 and 24-Sep-2021
10.	SBI	FCNR (B) loan	USD 250.00 million	USD 250.00 million	Repayment after 12 months of drawl (i.e. on 20.03.20)
11.	The Bank of New York Mellon, London Branch acting as Trustee	Bonds	USD 300.00 million	USD 300.00 million	Repayment after 10 years from drawdown (i.e. on 10.08.2028)
12.	Bank of Baroda, New York	Foreign Currency Loan-syndicated loan-XXVI	USD 250.00 million	USD 250.00 million	Repayment after 5 years from drawdown (i.e. on 26.09.2023)
13.	The Bank of New York Mellon, London Branch acting as Trustee	Bonds	USD 500.00 million	USD 500.00 million	Repayment after 10 years from drawdown (i.e. on 06.12.2028)
14.	Mizuho Bank Ltd. acting as facility agent through its branch in Singapore on behalf of various lenders	Foreign Currency Loan-syndicated loan-XXVII	JPY 16,410.75 million	JPY 16,410.75 million	Repayment after 5 years from drawdown (i.e. on 01.02.2024)
15.	The Bank of New York Mellon, London Branch acting as Trustee	Bonds	USD 400.00 million	USD 400.00 million	Repayment after 5 years from drawdown (i.e. on 18.06.2024)
16.	The Bank of New York Mellon, London Branch acting as Trustee	Bonds	USD 600.00 million	USD 600.00 million	Repayment after 10 years from drawdown (i.e. on 18.06.2029)
17.	State Bank of India acting as facility agent through its branch in Hong Kong on behalf of various lenders	Foreign Currency Loan-syndicated loan-XXVIII USD	USD 250.00 million	USD 250.00 million	Repayment after 3 years from drawdown (i.e. on 28.06.2022)
18.	State Bank of India acting as facility agent through its	Foreign Currency Loan-syndicated	JPY 5,369.25 million	JPY 5,369.25 million	Repayment after 3 years from drawdown (i.e. on 28.06.2022)

	branch in Hong Kong on behalf of various lenders	loan-XXVIII JPY			
19.	The Bank of New York Mellon, London Branch acting as Trustee	Bonds	USD 300.00 million	USD 300.00 million	Repayment after 5 years from drawdown (i.e. on 16.09.2024)
20.	The Bank of New York Mellon, London Branch acting as Trustee	Bonds	USD 450.00 million	USD 450.00 million	Repayment after 10 years from drawdown (i.e. on 16.09.2029)
21.	State Bank of India, Hong Kong	Foreign Currency Loan-syndicated loan-XXIX	USD 250.00 million	USD 250.00 million	Repayment after 5 years from drawdown (i.e. on 20.12.2024)

3) Unsecured taxable bonds issued by our Company as on 31.12.2019:

Details of bonds	Amount Raised (₹ in crore)	Deemed date of allotment	Coupon rate and maturity and redemption	Amount Outstanding (₹in crore)
Zero Coupon Bond (2022) Series XIX	157.96	December 30, 2002	Coupon Rate: Zero coupon bonds having face value of ₹ 0.10 million each, aggregating to ₹ 7500 million, allotted at a discounted aggregate amount of ₹ 1,579.58 million Maturity and Redemption: At par at the end of 20 years from the deemed date of allotment	593.99
Debenture Series XXVIII	600.00	May 31, 2006	Coupon Rate: 8.85% per annum Maturity and Redemption: At par at the end of 15 years from the deemed date of allotment	600.00

Debenture Series LVII-B (II & III)	2599.50	August 7, 2009	Coupon Rate: 8.60% per annum Maturity and Redemption: At par in 3 equal annual instalments. Each bond will comprise 3 detachable, separately transferable redeemable principal parts redeemable at par at the end of the 5th, 10th, 15th year respectively from the deemed date of allotment	866.50
Debenture Series LXI	1053.00	December 15, 2009	Coupon Rate: 8.50% per annum Maturity and Redemption: At par in 3 equal annual instalments. Each bond will comprise 3 detachable, separately transferable redeemable principal parts redeemable at par at the end of the 5th, 10th, 15th year respectively from the deemed date of allotment	351.00
Debenture Series LXII A	845.40	January 15, 2010	Coupon Rate: 8.70% per annum Maturity and Redemption: At par at the end of 10 years from the deemed date of allotment	845.40
Debenture Series LXII B	1172.60	January 15, 2010	Coupon Rate: 8.80% per annum	1172.60

			Maturity and Redemption: At par at the end of 15 years from the deemed date of allotment	
Debenture Series LXIII	552.00	March 15, 2010	Coupon Rate: 8.90% per annum Maturity and Redemption: At par in 3 equal annual instalments. Each bond will comprise 3 detachable, separately transferable redeemable principal parts redeemable at par at the end of the 5th, 10th, 15th year respectively from the deemed date of allotment	368.00
Debenture Series LXIV	1477.00	March 30, 2010	Coupon Rate: 8.95% per annum Maturity and Redemption: At par in 3 equal annual instalments. Each bond will comprise 3 detachable, separately transferable redeemable principal parts redeemable at par at the end of the 5th, 10th, 15th year respectively from the deemed date of allotment	984.00
Debenture Series LXV	4012.50	May 14, 2010	Coupon Rate: 8.70% per annum Maturity and Redemption: At par in 3 equal annual instalments. Each bond will comprise 3 detachable, separately transferable redeemable principal parts	2,675.00

			redeemable at par at the end of the 5th, 10th, 15th year respectively from the deemed date of allotment	
Debenture Series LXVI-A	500.00	June 15, 2010	Coupon Rate: 8.65% per annum Maturity and Redemption: At par at the end of 10 years from the deemed date of allotment	500.00
Debenture Series LXVI -B	1532.00	June 15, 2010	Coupon Rate: 8.75% per annum Maturity and Redemption: At par at the end of 15 years from the deemed date of allotment	1532.00
Debenture Series LXVI -C	633.00	June 15, 2010	Coupon Rate: 8.85% per annum Maturity and Redemption: At par at the end of 20 years from the deemed date of allotment	633.00
Debenture Series LXVIII –B	1424.00	August 4, 2010	Coupon Rate: 8.70% per annum Maturity and Redemption: At par on July 15, 2020	1424.00
Debenture Series LXX	1549.00	November 15, 2010	Coupon Rate: 8.78% per annum Maturity and Redemption: At par at the end of 10 years	1549.00

			from the deemed date of allotment	
Debenture Series LXXI	578.10	December 15, 2010	Coupon Rate: 9.05% per annum Maturity and Redemption: At par in 3 equal annual instalments. Each bond will comprise 3 detachable, separately transferable redeemable principal parts redeemable at par at the end of 10th, 15th and 20th year respectively from the deemed date of allotment	578.10
Debenture Series LXXII-B	1219.00	January 14, 2011	Coupon Rate: 8.99% per annum Maturity and Redemption: At par at the end of 10 years from the deemed date of allotment	1219.00
Debenture Series LXXIII	1000.00	April 15, 2011	Coupon Rate:9.18% per annum Maturity and Redemption: At par at the end of 10 years from the deemed date of allotment	1000.00
Debenture Series LXXIV	1693.20	June 09 2011	Coupon Rate: 9.70% per annum Maturity and Redemption: At the end of 10 years from the date of allotment.	1693.20

Debenture Series LXXV-C	2084.70	June 29 2011	Coupon Rate: 9.61% per annum Maturity and Redemption: At the end of 10 years from the date of allotment	2084.70
Debenture Series LXXVI-A	2598.40	August 1 2011	Coupon Rate: 9.36% per annum Maturity and Redemption: At the end of 10 years from the date of allotment	2589.40
Debenture Series LXXVI-B	1105.00	August 1 2011	Coupon Rate: 9.46% per annum Maturity and Redemption: At the end of 15 years from the date of allotment	1105.00
Debenture Series 77-B	2568.00	September 1,2011	Coupon Rate: 9.45% per annum Maturity and Redemption: At the end of 15 years from the date of allotment	2568.00
Debenture Series 85-C	79.50	March 06 ,2012	Coupon Rate: 9.30% per annum Maturity and Redemption: At the end of 8 years 40 days from the date of allotment	79.50
Debenture Series 85-D	736.00	March 06 ,2012	Coupon Rate: 9.26% per annum Maturity and Redemption: At the end of 11 years 40 days from the date of allotment	736.00
Debenture Series 87-D	650.80	March 20 ,2012	Coupon Rate: 9.42% per annum	650.80

			Maturity and Redemption At the end of 8 years from the deemed date of allotment	
Debenture Series 88-C	184.70	March 28,2012	Coupon Rate: 9.48% per annum Maturity and Redemption At the end of 10 years & 18 days from the deemed date of allotment	184.70
Debenture Series 92-C	640.00	August 21,2012	Coupon Rate: 9.29% per annum Maturity and Redemption At the end of 10 years with put & call option on completion of 8 years from the deemed date of allotment	640.00
Debenture Series 99-B	733.00	February 20,2013	Coupon Rate: 8.82% per annum Maturity and Redemption At the end of 7 years from the deemed date of allotment	733.00
Debenture Series 100-A	54.30	March 04,2013	Coupon Rate: 8.86% per annum Maturity and Redemption At the end of 7 years from the deemed date of allotment	54.30
Debenture Series 100-B	1310.00	March 04,2013	Coupon Rate: 8.84% per annum Maturity and Redemption At the end of 10 years from the deemed date of allotment	1310.00
Debenture Series 101-B	1370.00	March 11,2013	Coupon Rate: 9.00% per annum Maturity and Redemption At the end of 15 years from the deemed date of allotment	1370.00

Debenture Series 102-A(II)	403.00	March 18,2013	Coupon Rate: 8.90% per annum Maturity and Redemption At the end of 10 years from the deemed date of allotment	403.00
Debenture Series 102-A(III)	403.00	March 18,2013	Coupon Rate: 8.90% per annum Maturity and Redemption At the end of 15 years from the deemed date of allotment	403.00
Debenture Series 102-B	70.00	March 18,2013	Coupon Rate: 8.87% per annum Maturity and Redemption At the end of 10 years with put & call option after 7 years from the deemed date of allotment	70.00
Debenture Series 103	2807.00	March 25,2013	Coupon Rate: 8.94% per annum Maturity and Redemption At the end of 15 years from the deemed date of allotment	2807.00
Debenture Series 105 (subordinated Tier II bonds)	800.00	June 14,2013	Coupon Rate: 8.19% per annum Maturity and Redemption At the end of 10 years from the deemed date of allotment	800.00
Debenture Series 111 (subordinated Tier II bonds)	1000.00	January 13,2014	Coupon Rate: 9.65% per annum Maturity and Redemption At the end of 10 years from the deemed date of allotment	1000.00
Debenture Series 114 (subordinated Tier II bonds)	2000.00	June 14,2013	Coupon Rate: 9.70% per annum	2000.00

			Maturity and Redemption At the end of 10 years from the deemed date of allotment	
Debenture Series 115 – III	700.00	July 07,2014	Coupon Rate: 9.20% per annum Maturity and Redemption At the end of 7 years from the deemed date of allotment	700.00
Debenture Series 117-B	855.00	August 19,2014	Coupon Rate: 9.37% per annum Maturity and Redemption At the end of 10 years from the deemed date of allotment	855.00
Debenture Series 118-B(II)	460.00	August 27,2014	Coupon Rate: 9.39% per annum Maturity and Redemption At the end of 10 years from the deemed date of allotment	460.00
Debenture Series 118-B(III)	460.00	August 27,2014	Coupon Rate: 9.39% per annum Maturity and Redemption At the end of 15 years from the deemed date of allotment	460.00
Debenture Series 120-A	961.00	October 8, 2014	Coupon Rate: 8.98% per annum Maturity and Redemption At the end of 10 years with put option after 2 years from the deemed date of allotment with annual interest payment	961.00
Debenture Series 120-B	950.00	October 8, 2014	Coupon Rate: 8.98% per annum Maturity and Redemption At the end of 10 years with put option after 2 years from the deemed date of	950.00

			allotment with first interest on annual compounding basis after 2 years and thereafter annually	
Debenture Series 123-C	200.00	November 28, 2014	Coupon Rate: 8.66% per annum Maturity and Redemption At the end of 5 years from the deemed date of allotment	200.00
Debenture Series 124-B	1200.00	December 9, 2014	Coupon Rate: 8.55% per annum Maturity and Redemption At the end of 7 years from the deemed date of allotment	1200.00
Debenture Series 124-C	1000.00	December 9, 2014	Coupon Rate: 8.48% per annum Maturity and Redemption At the end of 10 years from the deemed date of allotment	1000.00
Debenture Series 125	2826.00	December 29, 2014	Coupon Rate: 8.65% per annum Maturity and Redemption At the end of 10 years from the deemed date of allotment	2826.00
Debenture Series 126	5000.00	January 5, 2015	Coupon Rate: 8.65% per annum Maturity and Redemption At the end of 10 years from the deemed date of allotment	5000.00
Debenture Series 127	4440.00	February 26, 2015	Coupon Rate: 8.36% per annum Maturity and Redemption At the end of 5 years from the deemed date of allotment	4440.00

Debenture Series 128	1600.00	March 10, 2015	Coupon Rate: 8.20% per annum Maturity and Redemption At the end of 10 years from the deemed date of allotment	1600.00
Debenture Series 130-B	200.00	March 19, 2015	Coupon Rate: 8.42% per annum Maturity and Redemption At the end of 5 years 1 month from the deemed date of allotment	200.00
Debenture Series 130-C	925.00	March 19, 2015	Coupon Rate: 8.39% per annum Maturity and Redemption At the end of 10 years 1 months from the deemed date of allotment	925.00
Debenture Series 131-B	1350.00	March 27, 2015	Coupon Rate: 8.38% per annum Maturity and Redemption At the end of 5 years 1 months from the deemed date of allotment	1350.00
Debenture Series 131-C	5000.00	March 27, 2015	Coupon Rate: 8.41% per annum Maturity and Redemption At the end of 10 years from the deemed date of allotment	5000.00
Debenture Series 137	2,700	Jul 24, 2015	Coupon Rate: 8.53% per annum Maturity and Redemption At the end of 5 years from the deemed date of allotment	2,700
Debenture Series 138	1,000	Aug 10, 2015	Coupon Rate: 8.45% per annum	1,000

			Maturity and Redemption At the end of 5 years from the deemed date of allotment	
Debenture Series 140-B	1,250	Sep 04, 2015	Coupon Rate: 8.36% per annum Maturity and Redemption At the end of 5 years from the deemed date of allotment	1,250.00
Debenture Series 141-A	1,000	Sep 18, 2015	Coupon Rate: 8.46% per annum Maturity and Redemption At the end of 5 years from the deemed date of allotment	1,000.00
Debenture Series 141-B	1,000	Sep 18, 2015	Coupon Rate: 8.40% per annum Maturity and Redemption At the end of 10 years from the deemed date of allotment	1,000.00
Debenture Series 146	300	April 27, 2016	Coupon Rate: 8.05% per annum Maturity and Redemption At the end of 5 years from the deemed date of allotment	300.00
Debenture Series 147	1,000	May 2, 2016	Coupon Rate: 8.03% per annum Maturity and Redemption At the end of 10 years from the deemed date of allotment	1,000.00
Debenture Series 149	100	May 31, 2016	Coupon Rate: 8.04% per annum Maturity and Redemption At the end of 4 years from the deemed date of allotment	100.00
Debenture Series 150-A	2660	August 16, 2016	Coupon Rate: 7.50% per annum	2660.00

			Maturity and Redemption At the end of 5 years from the deemed date of allotment	
Debenture Series 150-B	1675	August 16, 2016	Coupon Rate: 7.63% per annum Maturity and Redemption At the end of 10 years from the deemed date of allotment	1675.00
Debenture Series 151-A	2260	September 16, 2016	Coupon Rate: 7.47% per annum Maturity and Redemption At the end of 5 years from the deemed date of allotment	2260.00
Debenture Series 151-B	210	September 16, 2016	Coupon Rate: 7.56% per annum Maturity and Redemption At the end of 10 years from the deemed date of allotment	210.00
Debenture Series 152	4000	September 26, 2016	Coupon Rate: 7.55% per annum Maturity and Redemption At the end of 10 years from the deemed date of allotment	4000.00
Debenture Series 153	1830	September 30, 2016	Coupon Rate: 7.40% per annum Maturity and Redemption At the end of 5 years from the deemed date of allotment	1830.00
Debenture Series 154	1101	December 22, 2016	Coupon Rate: 7.27% per annum Maturity and Redemption At the end of 5 years from the deemed date of allotment	1101.00
Debenture Series 155	2635	January 05, 2017	Coupon Rate: 7.23% per annum	2635.00

			Maturity and Redemption At the end of 10 years from the deemed date of allotment	
Debenture Series 157	2000	January 17, 2017	Coupon Rate: 6.83% per annum Maturity and Redemption At the end of 3 years 2 months and 29 days from the deemed date of allotment	2000.00
Debenture Series 159	2551	February 15, 2017	Coupon Rate: 7.05% per annum Maturity and Redemption At the end of 3 years 3 months from the deemed date of allotment	2551.00
Debenture Series 163	2435	March 17, 2017	Coupon Rate: 7.50% per annum Maturity and Redemption At the end of 3 years 6 months from the deemed date of allotment	2435.00
Debenture Series 165	3605	March 27, 2017	Coupon Rate: 7.42% per annum Maturity and Redemption At the end of 3 years 3 months from the deemed date of allotment	3605.00
Debenture Series 166	1180	5-May-17	Coupon Rate: 7.46% per annum Maturity and Redemption At the end of 3 years 1 month from the deemed date of allotment	1,180.00
Debenture Series 167	1560	30-May-17	Coupon Rate: 7.30% per annum Maturity and Redemption At the end of 3 years 1 month	1,560.00

			from the deemed date of allotment	
Debenture Series 168A	1950	12-Jun-17	Coupon Rate: 7.28% per annum Maturity and Redemption At the end of 5 years from the deemed date of allotment	1,950.00
Debenture Series 168B	1540	12-Jun-17	Coupon Rate: 7.44% per annum Maturity and Redemption At the end of 10 years from the deemed date of allotment	1,540.00
Debenture Series 169A	3395	8-Aug-17	Coupon Rate: 7.10% per annum Maturity and Redemption At the end of 5 years from the deemed date of allotment	3,395.00
Debenture Series 169B	1500	8-Aug-17	Coupon Rate: 7.30% per annum Maturity and Redemption At the end of 10 years from the deemed date of allotment	1,500.00
Debenture Series 170A	800	22-Nov-17	Coupon Rate: 7.35% per annum Maturity and Redemption At the end of 5 years from the deemed date of allotment	800.00
Debenture Series 170B	2001	22-Nov-17	Coupon Rate: 7.65% per annum Maturity and Redemption At the end of 10 years from the deemed date of allotment	2,001.00
Debenture Series 171	5000	15-Dec-17	Coupon Rate: 7.62% per annum	5,000.00

			Maturity and Redemption At the end of 10 years from the deemed date of allotment	
Debenture Series 172	850	30-Jan-2018	Coupon Rate: 7.74% per annum Maturity and Redemption At the end of 10 years from the deemed date of allotment with put option at the end of 3 year 11 month	850.00
Debenture Series 173A	505	12-Feb-2018	Coupon Rate: 7.73% per annum Maturity and Redemption At the end of 3 years 1 month from the deemed date of allotment	505.00
Debenture Series 173B	1325	12-Feb-2018	Coupon Rate: 7.73% per annum Maturity and Redemption At the end of 3 years 1 month 24 days from the deemed date of allotment	1325.00
Debenture Series 175	600	15-Mar-2018	Coupon Rate: 7.75% per annum Maturity and Redemption At the end of 3 years 1 month from the deemed date of allotment	600.00
Debenture Series 176A	1500	20-Mar-2018	Coupon Rate: 7.53% per annum Maturity and Redemption At the end of 1 year 10 month from the deemed date of allotment	1500.00
Debenture Series 176B	1295	20-Mar-2018	Coupon Rate: 7.99% per annum	1295.00

			Maturity and Redemption At the end of 1 years 9 month from the deemed date of allotment	
Debenture Series 177	3855	03-Apr-2018	Coupon Rate: 7.85% per annum payable semi-annually Maturity and Redemption At the end of 10 years from the deemed date of allotment	3855.00
Debenture Series 178	3000	10-Oct-2018	Coupon Rate: 8.95% per annum payable annually Maturity and Redemption At the end of 10 years from the deemed date of allotment	3000.00
Debenture Series 179A	1007.40	19-Nov-2018	Coupon Rate: 8.67% per annum payable semi-annually Maturity and Redemption At the end of 10 years from the deemed date of allotment	1007.40
Debenture Series 179B	528.40	19-Nov-2018	Coupon Rate: 8.64% per annum payable semi-annually Maturity and Redemption At the end of 15 years from the deemed date of allotment	528.40
Debenture Series 180	2654.00	22-Feb-2019	Coupon Rate: 8.75% per annum payable annually Maturity and Redemption At the end of 15 years from the deemed date of allotment	2654.00
Debenture Series 181	2155.00	11-Mar-2019	Coupon Rate: 8.45% per annum payable annually Maturity and Redemption At the end of 03 years & 05	2155.00

			months from the deemed date of allotment	
Debenture Series 182	3500.00	14-Mar-2019	Coupon Rate: 8.20% per annum payable annually Maturity and Redemption At the end of 01 years & 06 months from the deemed date of allotment	3500.00
Debenture Series 183	3751.20	19-Mar-2019	Coupon Rate: 8.18% per annum payable annually Maturity and Redemption At the end of 03 years from the deemed date of allotment	3751.20
Debenture Series 184-A(subordinated Tier II bonds)	2000.00	25-Mar-2019	Coupon Rate: 9.25% per annum payable annually Maturity and Redemption At the end of 05 years & 06 months from the deemed date of allotment	2000.00
Debenture Series 184-B(subordinated Tier II bonds)	2411.50	25-Mar-2019	Coupon Rate: 9.10% per annum payable annually Maturity and Redemption At the end of 10 years from the deemed date of allotment	2411.50
Debenture Series 185(subordinated Tier II bonds)	1000.00	28-Mar-2019	Coupon Rate: 8.98% per annum payable annually Maturity and Redemption At the end of 10 years from the deemed date of allotment	1000.00
Debenture Series 186	2578.90	30-Apr-2019	Coupon Rate: 8.7929% per annum payable annually Maturity and Redemption at the end of 15 years from the deemed date of allotment	2578.90

Debenture Series 187-A	1605.00	27-May-2019	Coupon Rate: 8.20% per annum payable annually Maturity and Redemption at the end of 03 years from the deemed date of allotment	1605.00
Debenture Series 187-B	1982.10	27-May-2019	Coupon Rate: 8.85% per annum payable annually Maturity and Redemption at the end of 10 years from the deemed date of allotment	1982.10
Debenture Series 188	691.10	04-Jun-2019	Coupon Rate: 8.10% per annum payable annually Maturity and Redemption at the end of 05 years from the deemed date of allotment	691.10
Debenture Series 189	4035.00	08-Aug-2019	Coupon Rate: 8.15% per annum payable annually Maturity and Redemption at the end of 15 years from the deemed date of allotment	4035.00
Debenture Series 190	4016.00	06-Sep-2019	Coupon Rate: 8.25% per annum payable annually Maturity and Redemption at the end of 15 years from the deemed date of allotment	4016.00
Debenture Series 191	3735.00	15-Oct-2019	Coupon Rate: 7.35% per annum payable annually Maturity and Redemption at the end of 3 years from the deemed date of allotment	3735.00
Debenture Series 192	3000.00	19-Nov-2019	Coupon Rate: 7.42% per annum payable annually Maturity and Redemption at the end of 5 years from the deemed date of allotment	3000.00

Debenture Series 193	4710.50	31-Dec-2019	Coupon Rate: 7.93% per annum payable annually Maturity and Redemption at the end of 10 years from the deemed date of allotment	4710.50

4) Secured taxable bonds issued by our Company as on 31.12.2019:

Details of bonds	Amount Raised (₹ in crore)	Deemed date of allotment	Coupon rate and maturity and redemption	Amount Outstanding (₹ in crore)
Debenture Series 112-B	270.00	January 31,2014	Coupon Rate: 9.70% per annum Maturity and Redemption At the end of 6 years from the deemed date of allotment	270.00
Debenture Series 112-C	270.00	January 31,2014	Coupon Rate: 9.70% per annum Maturity and Redemption At the end of 7 years from the deemed date of allotment	270.00

5) Secured taxable Infrastructure bonds as 31.12.2019

Details of bonds	Amount Raised (₹ in crore)	Deemed date of allotment	Coupon rate and maturity and redemption	Amount Outstanding (₹ in crore)
8.30% Long Term Infrastructure Bonds Series-I	66.836	31.03.2011	Coupon Rate: 8.30% per annum Maturity and Redemption: On date, being the date falling ten years from the deemed date of allotment	49.95
8.30% Long Term Infrastructure Bonds Series-II	139.667	31.03.2011	Coupon Rate: 8.30% per annum Maturity and Redemption: On date, being the date falling ten years from the deemed date of allotment	109.11
8.50% Long Term Infrastructure Bonds Series-III	6.135	31.03.2011	Coupon Rate: 8.50% per annum Maturity and Redemption: On date, being the date falling fifteen	5.28

			years from the deemed date of allotment	
8.50% Long Term Infrastructure Bonds Series-IV	22.75	31.03.2011	Coupon Rate: 8.50% per annum Maturity and Redemption: On date, being the date falling fifteen years from the deemed date of allotment	19.34
8.50% Long Term Infrastructure Bonds Series-I	32.43	21.11.2011	Coupon Rate: 8.50% per annum Maturity and Redemption: On date, being the date falling ten years from the deemed date of allotment	21.84
8.50% Long Term Infrastructure Bonds Series-II	51.15	21.11.2011	Coupon Rate: 8.50% per annum Maturity and Redemption: On date, being the date falling ten years from the deemed date of allotment	36.35
8.75% Long Term Infrastructure Bonds Series-III	3.23	21.11.2011	Coupon Rate: 8.75% per annum Maturity and Redemption: On date, being the date falling fifteen years from the deemed date of allotment	2.87
8.75% Long Term Infrastructure Bonds Series-IV	8.83	21.11.2011	Coupon Rate: 8.75% per annum Maturity and Redemption: On date, being the date falling fifteen years from the deemed date of allotment	7.77
8.43% Long Term Infrastructure Bonds Series-86-A	9.04	30.03.2012	Coupon Rate: 8.43% per annum Maturity and Redemption: On date, being the date falling ten years from the deemed date of allotment	7.39
8.43% Long Term Infrastructure Bonds Series-86-B	17.81	30.03.2012	Coupon Rate: 8.43% per annum Maturity and Redemption: On date, being the date falling ten years from the deemed date of allotment	15.47
8.72% Long Term Infrastructure Bonds Series-86-C	0.95	30.03.2012	Coupon Rate: 8.72% per annum(p.a.) Maturity and Redemption: On date, being the date falling fifteen years from the deemed date of allotment	0.87
8.72% Long Term Infrastructure Bonds Series-86-D	2.75	30.03.2012	Coupon Rate: 8.72% per annum Maturity and Redemption: On date, being the date falling fifteen years from the deemed date of allotment	2.40

6) Secured tax free bonds as on 31.12.2019

Details of bonds	Amount Raised (₹ in Crore)	Deemed date of allotment	Coupon rate and maturity and redemption	Amount outstanding (₹ in Crore)
Debenture Series 79-A	205.53	October 15,2011	Secured Tax Free Bonds Coupon Rate: 7.51% per annum Maturity and Redemption: At the end of 10 years from the date of allotment	205.53
Debenture Series 79-B	217.99	October 15,2011	Secured Tax Free Bonds Coupon Rate: 7.75% per annum Maturity and Redemption: At the end of 15 years from the date of allotment	217.99
Debenture Series 80-A	334.31	November 25,2011	Secured Tax Free Bonds Coupon Rate: 8.09% per annum Maturity and Redemption: At the end of 10 years from the date of allotment	334.31
Debenture Series 80-B	209.34	November 25,2011	Secured Tax Free Bonds Coupon Rate: 8.16% per annum Maturity and Redemption: At the end of 15 years from the date of allotment	209.34
Public Issue of Tax Free Bonds Series –I	2752.55	February 01,2012	Secured Tax Free Bonds Coupon Rate: 8.20% per annum Maturity and Redemption: At the end of 10 years from the date of allotment	2752.55
Public Issue of Tax Free Bonds Series –II	1280.58	February 01,2012	Secured Tax Free Bonds Coupon Rate: 8.30% per annum Maturity and Redemption: At the end of 15 years from the date of allotment	1280.58
Debenture Series 94-A	255.00	November 22,2012	Secured Tax Free Bonds Coupon Rate: 7.21% per annum Maturity and Redemption: At the end of 10 years from the date of allotment	255.00
Debenture Series 94-B	25.00	November 22,2012	Secured Tax Free Bonds Coupon Rate: 7.38% per annum	25.00

			Maturity and Redemption: At the end of 15 years from the date of allotment	
Debenture Series 95-A	30.00	November 22,2012	Secured Tax Free Bonds Coupon Rate: 7.22% per annum Maturity and Redemption: At the end of 10 years from the date of allotment	30.00
Debenture Series 95-B	100.00	November 22,2012	Secured Tax Free Bonds Coupon Rate: 7.38% per annum Maturity and Redemption: At the end of 15 years from the date of allotment	100.00
Public Issue of tax free bond FY 2012-13 Tranche-I Series I	342.75	January 04,2013	Secured Tax Free Bonds Coupon Rate: 7.19% per annum for non-retail investors 7.69% for retail investors Maturity and Redemption: At the end of 10 years from the date of allotment	342.75
Public Issue of tax free bond FY 2012-13 Tranche-I Series II	357.00	January 04,2013	Secured Tax Free Bonds Coupon Rate: 7.36% per annum for non-retail investors 7.86% for retail investors Maturity and Redemption: At the end of 15 years from the date of allotment	357.00
Public Issue of tax free bond FY 2012-13 Tranche-II Series I	96.16	March 28,2013	Secured Tax Free Bonds Coupon Rate: 6.88% per annum for non-retail investors 7.38% for retail investors Maturity and Redemption: At the end of 10 years from the date of allotment	96.16
Public Issue of tax free bond FY 2012-13 Tranche-II Series II	69.21	March 28,2013	Secured Tax Free Bonds Coupon Rate: 7.04% per annum for non-retail investors 7.54% for retail investors Maturity and Redemption: At the end of 15 years from the date of allotment	69.21
Debenture Series 107-A	113.00	August 30,2013	Secured Tax Free Bonds Coupon Rate: 8.01% per annum Maturity and Redemption: At the end of 10 years from the date of allotment	113.00
Debenture Series 107-B	1011.10	August 30,2013	Secured Tax Free Bonds Coupon Rate: 8.46% per annum Maturity and Redemption: At the end of 15 years from the date of allotment	1011.10

8.18% Secured Tax Free Redeemable Non-Convertible Bonds. Series 1a	325.08	November 16,2013	Secured Tax Free Bonds Coupon rate : 8.18% per annum Maturity and Redemption: 10 years from Deemed Date of Allotment	325.08
8.54% Secured Tax Free Redeemable Non-Convertible Bonds. Series 2a	932.70	November 16,2013	Secured Tax Free Bonds Coupon rate : 8.54% per annum Maturity and Redemption: 15 years from Deemed Date of Allotment	932.70
8.67% Secured Tax Free Redeemable Non-Convertible Bonds. Series 3a	1,067.38	November 16,2013	Secured Tax Free Bonds Coupon rate : 8.67% per annum Maturity and Redemtion: 20 years from Deemed Date of Allotment	1,067.38
8.43% Secured Tax Free Redeemable Non-Convertible Bonds. Series 1b	335.47	November 16,2013	Secured Tax Free Bonds Coupon rate : 8.43% per annum Maturity and Redemption: 10 years from Deemed Date of Allotment	335.47
8.79% Secured Tax Free Redeemable Non-Convertible Bonds. Series 2B	353.32	November 16,2013	Secured Tax Free Bonds Coupon rate : 8.79% per annum Maturity and Redemption: 15 years from Deemed Date of Allotment	353.32
8.92% Secured Tax Free Redeemable Non-Convertible Bonds. Series 1b	861.96	November 16,2013	Secured Tax Free Bonds Coupon rate : 8.92% per annum Maturity and Redemption: 20 years from Deemed Date of Allotment	861.96
Debenture Series 136	300.00	Jul 17, 2015	Secured Tax Free Bonds Coupon Rate: 7.16% per annum Maturity and Redemption At the end of 10 years from the deemed date of allotment	300.00
7.11% Tax Free Bond Series 1A	75.10	Oct 17, 2015	Secured Tax Free Bonds Coupon rate : 7.11% per annum Maturity and Redemption: 10 years from Deemed Date of Allotment	75.10
7.36% Tax Free Bond Series 1B	79.35	Oct 17, 2015	Secured Tax Free Bonds	79.35

			Coupon rate : 7.36% per annum Maturity and Redemption: 15 years from Deemed Date of Allotment	
7.27% Tax Free Bond Series 2A	131.33	Oct 17, 2015	Secured Tax Free Bonds Coupon rate : 7.27% per annum Maturity and Redemption: 10 years from Deemed Date of Allotment	131.33
7.52% Tax Free Bond Series 2B	45.18	Oct 17, 2015	Secured Tax Free Bonds Coupon rate : 7.52% per annum Maturity and Redemption: 15 years from Deemed Date of Allotment	45.18
7.35% Tax Free Bond Series 3A	213.57	Oct 17, 2015	Secured Tax Free Bonds Coupon rate : 7.35% per annum Maturity and Redemption: 10 years from Deemed Date of Allotment	213.57
7.60% Tax Free Bond Series 3B	155.48	Oct 17, 2015	Secured Tax Free Bonds Coupon rate : 7.60% per annum Maturity and Redemption: 15 years from Deemed Date of Allotment	155.48

7) Capital Gain Bonds as on 31.12.2019

Details of bonds	Amount Raised (₹ in Crore)	Deemed date of allotment	Coupon rate and maturity and redemption	Amount outstanding (₹ in Crore)
Capital gain Bonds Series I	18.25	July 31, 2017	Coupon Rate: 5.25% per annum Maturity and Redemption At the end of 3 years from the deemed date of allotment	18.25
Capital gain Bonds Series I	13.89	August 31, 2017	Coupon Rate: 5.25% per annum Maturity and Redemption At the end of 3 years from the deemed date of allotment	13.89
Capital gain Bonds Series I	20.51	September 30, 2017	Coupon Rate: 5.25% per annum Maturity and Redemption At the end of 3 years from the deemed date of allotment	20.51

Capital gain Bonds Series I	20.50	October 31, 2017	Coupon Rate: 5.25% per annum Maturity and Redemption At the end of 3 years from the deemed date of allotment	20.50
Capital gain Bonds Series I	33.55	November 30, 2017	Coupon Rate: 5.25% per annum Maturity and Redemption At the end of 3 years from the deemed date of allotment	33.55
Capital gain Bonds Series I	33.76	December 31, 2017	Coupon Rate: 5.25% per annum Maturity and Redemption At the end of 3 years from the deemed date of allotment	33.76
Capital gain Bonds Series I	25.93	January 31, 2018	Coupon Rate: 5.25% per annum Maturity and Redemption At the end of 3 years from the deemed date of allotment	25.93
Capital gain Bonds Series I	37.95	February 28, 2018	Coupon Rate: 5.25% per annum Maturity and Redemption At the end of 3 years from the deemed date of allotment	37.95
Capital gain Bonds Series I	87.79	March 31, 2018	Coupon Rate: 5.25% per annum Maturity and Redemption At the end of 3 years from the deemed date of allotment	87.79
Capital Gain Bonds Series II	6.54	April 30, 2018	Coupon Rate: 5.75% per annum Maturity and Redemption At the end of 5 years from the deemed date of allotment	6.54
Capital Gain Bonds Series II	7.04	May 31, 2018	Coupon Rate: 5.75% per annum Maturity and Redemption At the end of 5 years from the deemed date of allotment	7.04
Capital Gain Bonds Series II	10.11	June 30, 2018	Coupon Rate: 5.75% per annum Maturity and Redemption At the end of 5 years from the deemed date of allotment	10.11

Capital Gain Bonds Series II	14.31	July 31, 2018	Coupon Rate: 5.75% per annum Maturity and Redemption At the end of 5 years from the deemed date of allotment	14.31
Capital Gain Bonds Series II	15.95	August 31, 2018	Coupon Rate: 5.75% per annum Maturity and Redemption At the end of 5 years from the deemed date of allotment	15.95
Capital Gain Bonds Series II	26.03	September 30, 2018	Coupon Rate: 5.75% per annum Maturity and Redemption At the end of 5 years from the deemed date of allotment	26.03
Capital Gain Bonds Series II	32.95	October 31, 2018	Coupon Rate: 5.75% per annum Maturity and Redemption At the end of 5 years from the deemed date of allotment	32.95
Capital Gain Bonds Series II	41.13	November 30, 2018	Coupon Rate: 5.75% per annum Maturity and Redemption At the end of 5 years from the deemed date of allotment	41.13
Capital Gain Bonds Series II	55.14	December 31, 2018	Coupon Rate: 5.75% per annum Maturity and Redemption At the end of 5 years from the deemed date of allotment	55.14
Capital Gain Bonds Series II	70.63	January 31, 2019	Coupon Rate: 5.75% per annum Maturity and Redemption At the end of 5 years from the deemed date of allotment	70.63
Capital Gain Bonds Series II	66.75	February 28, 2019	Coupon Rate: 5.75% per annum Maturity and Redemption At the end of 5 years from the deemed date of allotment	66.75
Capital Gain Bonds Series II	145.37	March 31, 2019	Coupon Rate: 5.75% per annum Maturity and Redemption At the end of 5 years from the deemed date of allotment	145.37

Capital Gain Bonds Series III	48.91	April 30, 2019	Coupon Rate: 5.75% per annum Maturity and Redemption At the end of 5 years from the deemed date of allotment	48.91
Capital Gain Bonds Series III	72.72	May 31, 2019	Coupon Rate: 5.75% per annum Maturity and Redemption At the end of 5 years from the deemed date of allotment	72.72
Capital Gain Bonds Series III	81.73	Jun 30, 2019	Coupon Rate: 5.75% per annum Maturity and Redemption At the end of 5 years from the deemed date of allotment	81.73
Capital Gain Bonds Series III	117.29	Jul 31, 2019	Coupon Rate: 5.75% per annum Maturity and Redemption At the end of 5 years from the deemed date of allotment	117.29
Capital Gain Bonds Series III	105.73	Aug 31, 2019	Coupon Rate: 5.75% per annum Maturity and Redemption At the end of 5 years from the deemed date of allotment	105.73
Capital Gain Bonds Series III	102.03	Sep 30, 2019	Coupon Rate: 5.75% per annum Maturity and Redemption At the end of 5 years from the deemed date of allotment	102.03
Capital Gain Bonds Series III	92.09	Oct 31, 2019	Coupon Rate: 5.75% per annum Maturity and Redemption At the end of 5 years from the deemed date of allotment	92.09
Capital Gain Bonds Series III	89.96	Nov 30, 2019	Coupon Rate: 5.75% per annum Maturity and Redemption At the end of 5 years from the deemed date of allotment	89.96

Capital Gain Bonds Series III	93.08	Dec 31, 2019	Coupon Rate: 5.75% per annum Maturity and Redemption At the end of 5 years from the deemed date of allotment	93.08

8) GoI Fully Serviced Bonds as on 31.12.2019

Details of bonds	Amount Raised (₹ in Crore)	Deemed date of allotment	Coupon rate and maturity and redemption	Amount outstanding (₹ in Crore)
Bond Series 156	200.00	January 11, 2017	Coupon Rate: 7.10% per annum Maturity and Redemption At the end of 10 years from the deemed date of allotment	200.00
Bond Series 158	1,335.00	January 20, 2017	Coupon Rate: 7.18% per annum Maturity and Redemption At the end of 10 years from the deemed date of allotment	1,335.00
Bond Series 160	1,465.00	February 20, 2017	Coupon Rate: 7.60% per annum Maturity and Redemption At the end of 10 years from the deemed date of allotment	1,465.00
Bond Series 164	2,000.00	March 22, 2017	Coupon Rate: 7.75% per annum Maturity and Redemption At the end of 10 years from the deemed date of allotment	2,000.00

9) Details of Commercial Paper

The total Face value of commercial paper outstanding as on 31.12.2019 is as under

Series	Maturity Date	Face Value (₹ in crs)
CP-108	06-Mar-2020	3,000.00

10) **Details of any outstanding borrowings taken/ debt securities issued where taken / issued (i) for consideration other than cash, whether in whole or part, (ii) at a premium or discount, or (iii) in pursuance of an option**

Nil

11) Highest Ten Holders of Debentures (As on 31.12.2019)

S No.	Name of the Debenture Holders	(₹ in crore)
1	LIFE INSURANCE CORPORATION OF INDIA	43,424.70
2	CBT EPF	20,316.80
3	ADITYA BIRLA SUN LIFE TRUSTEE PVT LTD - MF	8183.20
4	HDFC TRUSTEE CO. LTD - MF	7395.80
5	NPS TRUST	6,654.60
6	SBI –MF	6111.00
7	ICICI PRUDENTIAL BOND FUND	5,910.90
8	IDFC MUTUAL FUND	5,549.20
9	COAL MINES PROVIDENT FUND ORGANISATION	4,379.60
10	STATE BANK OF INDIA	3,955.00

P. Details of default, if any, including therein the amount involved, duration of default and present status, in repayment of/ statutory dues/ debentures and interest thereon/deposits and interest thereon, loan from any bank or financial institution and interest thereon and other financial indebtedness including corporate guarantee issued by the company, in the past 5 years .

The Issuer has not defaulted on payment of any kind of dues as stated above.

Q. The amount of corporate guarantee issued by the issuer along with name of the counterparty (like name of the subsidiary JV entity, group company etc.) on behalf of whom it has been issued is as follows (as on 31.03.2019):-

The company has not issued any corporate guarantee on behalf of any subsidiaries / JVs. However, the following guarantees have been issued as a part of business operation:-

Entity Name	Amount of Guarantee issued by PFC
Shree Maheshwar Hydro Power Corp. Ltd.	₹ 117.39 crore

R. Any material event/ development or change having implications on the financials/credit quality (e.g. any material regulatory proceedings against the issuer/promoters, tax litigation resulting in material liabilities, corporate restructuring, event etc.) at the time of issue which may affect the issue or the investor's decision to invest / continue to invest in the debt securities.

Nil

Enclosures

(A) Rating Letter from ICRA dated March 28, 2020.

(B) Rating Letter from CARE dated March 23, 2020.

(C) Rating Letter from CRISIL dated March 29, 2020.

(D) Central Board of Direct Taxes, Department of Revenue, Ministry of Finance, Government of India notification no. 47/2017. F. No. 370142/18/2017-TPL dated June 8, 2017.

(E) Central Board of Direct Taxes, Department of Revenue, Ministry of Finance, Government of India notification no. 27/2018/F. No. 275/27/2017-IT(B) dated June 18, 2018.

(F) Consent of Beacon Trusteeship Ltd. dated March 23, 2020.

ICRA

ICRA Limited

D/RAT/2019-20/P-3/29

March 28, 2020

Mrs. Parminder Chopra
General Manager (RM-International)
Power Finance Corporation Ltd.
1, Urjanidhi, Barakhamba Lane
Connaught Place, New Delhi- 110001

Dear Madam,

Re: ICRA Credit Rating for the Rs. 70,000 crore Long Term Borrowing Programme of Power Finance Corporation Ltd. for the financial year 2020-21

Please refer the Rating Agreement dated March 05, 2020 between ICRA Limited ("ICRA") and your company for carrying out the rating of the aforesaid Long-Term Borrowing Programme. The Rating Committee of ICRA, after due consideration, has assigned a **[ICRA]AAA** (pronounced as ICRA triple A) rating to the captioned Long Term Borrowing Programme. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. The Outlook on the long-term rating is **'Stable'**.

In any of your publicity material or other document wherever you are using our above rating, it should be stated as **[ICRA]AAA (Stable).** We would request if you can sign the acknowledgement and send it to us latest by April 01, 2020 as acceptance on the assigned rating. In case you do not communicate your acceptance/non-acceptance of the assigned credit rating, or do not appeal against the assigned credit rating by the aforesaid date, the credit rating will be treated by us as non-accepted and shall be disclosed on ICRA's website accordingly. This is in accordance with requirements prescribed in the circular dated June 30, 2017 on ***'Monitoring and Review of Ratings by Credit Rating Agencies(CRAs)'*** issued by the Securities and Exchange Board of India.

Any intimation by you about the above rating to any Banker/Lending Agency/Government Authorities/Stock Exchange would constitute use of this rating by you and shall be deemed acceptance of the rating.

This rating is specific to the terms and conditions of the proposed issue as was indicated to us by you and any change in the terms or size of the issue would require the rating to be reviewed by us. If there is any change in the terms and conditions or size of the instrument rated, as above, the same must be brought to our notice before the issue of the instrument. If there is any such change after the rating is assigned by us and accepted by you, it would be subject to our review and may result in change in the rating assigned. ICRA reserves the right to review and/or, revise the above at any time on the basis of new information or unavailability of information or such other circumstances, which ICRA believes, may have an impact on the rating assigned to you.

The rating, as aforesaid, however, should not be treated as a recommendation to buy, sell or hold the bonds, debentures and/ or other instruments of like nature to be issued by you.

As mentioned above and in accordance with the aforesaid circular issued by SEBI, you are requested to furnish a monthly *'No Default Statement (NDS)'* (in the format enclosed) on the first working day of every month, confirming the timeliness of payment of all obligations against the rated debt programme.

You are also requested to forthwith inform us about any default or delay in repayment of interest or principal amount of the instrument rated, as above, or any other debt instruments/ borrowing and keep us informed of any other developments which may have a direct or indirect impact on the debt servicing capability of the company including any proposal for re-schedulement or postponement of the repayment programmes of the dues/ debts of the company with any lender(s) / investor(s). Further, you are requested to inform us immediately as and when the borrowing limit for the instrument rated, as above, or as prescribed by the regulatory authority(ies) is exceeded.

We thank you for your kind cooperation extended during the course of the rating exercise. Should you require any clarification, please do not hesitate to get in touch with us.

We look forward to your communication and assure you of our best services.

With kind regards,

For ICRA Limited

Srinivasan Rangaswamy
Vice President
r.srinivasan@icraindia.com

Encl:-

1) Acknowledgement Format
2) No-Default Statement Format

D/RAT/2019-20/P-3/33

March 28, 2020

Mrs. Parminder Chopra
General Manager (RM-International)
Power Finance Corporation Ltd.
1, Urjanidhi, Barakhamba Lane
Connaught Place, New Delhi- 110001

Dear Madam,

Re: ICRA Credit Rating for the Rs. 20,000 crore Short Term Borrowing Programme (including commercial paper of Rs. 15,000 crore) of Power Finance Corporation Ltd. for the financial year 2020-21

Please refer the Rating Agreement dated March 05, 2020 between ICRA Limited ("ICRA") and your company for carrying out the rating of the Short-term Borrowing Programme of Rs. 20,000 crore (including commercial paper of Rs. 15,000 crore) of your company.

The Rating Committee of ICRA, after due consideration, has assigned the rating of **[ICRA]A1+** (pronounced as ICRA A one plus) to the captioned programme. Instruments with this rating are considered to have very strong degree of safety regarding timely payment of financial obligations. Such instruments carry lowest credit risk. Within this category rating modifier {"+" (plus)} can be used with the rating symbols. The modifier reflects the comparative standing within the category.

In any of your publicity material or other document wherever you are using the above rating, it should be stated as **[ICRA]A1+.** We would appreciate if you can sign the acknowledgement and send it to us latest by April 01, 2020 as acceptance on the assigned rating. In case you do not communicate your acceptance/non-acceptance of the assigned credit rating, or do not appeal against the assigned credit rating by the aforesaid date, the credit rating will be treated by us as non-accepted and shall be disclosed on ICRA's website as non-accepted credit rating. This is in accordance with requirements prescribed in the circular dated June 30, 2017 on ***'Monitoring and Review of Ratings by Credit Rating Agencies(CRAs)'*** issued by the Securities and Exchange Board of India.

Any intimation by you about the above rating to, inter alia, any Banker/Lending Agency/Government Authorities/Stock Exchange would constitute use of this rating by you and shall be deemed acceptance of the rating.

Additionally, we wish to highlight the following with respect to the rating:

(a) If the instrument rated, as above, is not issued by you within a period of 3 months from the date of this letter, the rating would need to be revalidated before issuance;

(b) Subject to Clause (c) below, our rating is valid from the date of this letter till June 26, 2021 ("Validity Period"). The maturity date of the Short-Term borrowing shall not be after the end of the Validity Period. The Short-Term borrowing will have a maximum maturity of twelve months.

(c) ICRA reserves the right to review and/or, revise the above rating at any time on the basis of new information or unavailability of information or such circumstances, which ICRA believes, may have an impact on the aforesaid rating assigned to you.

The rating, as aforesaid, however, should not be treated as a recommendation to buy, sell or hold the short-term borrowing programme issued by you. The rating is restricted to your Short-term borrowing programme size of Rs. 20,000 crore (including Commercial Paper of Rs. 15,000 crore) only. The maximum amount raised through Commercial Paper at any point in time, including any amount already outstanding, should not exceed Rs 15,000 crore. Further, the total utilisation of the captioned rated Short-Term borrowing programme (including Commercial Paper & Short-term bank borrowings) and Long-Term Borrowings programme (including Bonds, Long Term Bank Borrowings and Bank guarantees) should not exceed Rs. 90,000 crore for financial year 2020-21.

In case, you propose to enhance the size of the short-term borrowing programme, the same would require to be rated afresh. ICRA does not assume any responsibility on its part, for any liability, that may arise consequent to your not complying with any eligibility criteria, applicable from time to time, for issuance of short-term borrowing programme.

As mentioned above and in accordance with the aforesaid circular issued by SEBI, you are requested to furnish a monthly *'No Default Statement (NDS)'* (in the format enclosed) on the first working day of every month, confirming the timeliness of payment of all obligations against the rated debt programme.

You are also requested to forthwith inform us about any default or delay in repayment of interest or principal amount of the instrument rated, as above, or any other debt instruments/ borrowing and keep us informed of any other developments which may have a direct or indirect impact on the debt servicing capability of the company including any proposal for re-schedulement or postponement of the repayment programmes of the dues/ debts of the company with any lender(s) / investor(s). Further, you are requested to inform us immediately as and when the borrowing limit for the instrument rated, as above, or as prescribed by the regulatory authority(ies) is exceeded.

We thank you for your kind co-operation extended during the course of the rating exercise. Should you require any clarification, please do not hesitate to get in touch with us.

We look forward to your communication and assure you of our best services.

Yours sincerely,

For ICRA Limited

Srinivasan Rangaswamy
Vice President
r.srinivasan@icraindia.com

Encl:-

1) Acknowledgement Format
2) No-Default Statement Format

No. CARE/DRO/RL/2019-20/3811

Ms. Parminder Chopra
Executive Director (Finance)
Power Finance Corporation Limited
Urjanidhi, 1, Barakhamba Lane,
Connaught Place, New Delhi – 110001

March 23, 2020

Confidential

Dear Madam,

Credit rating for proposed Commercial Paper (CP) issue of Rs.15,000 crore

Please refer to your request for rating of proposed CP issue of your company, for a limit of Rs.15,000 crore with a maturity not exceeding one year.

2. The following rating(s) has been assigned by our Rating Committee:

Instrument	**Amount (Rs. crore)**	**Rating[1]**	**Rating Action**
Proposed Commercial Paper (CP) issue	15,000 (Rs. Fifteen Thousand crore only)	**CARE A1+ (A One Plus)**	**Assigned**

3. Please arrange to get the rating revalidated in case the proposed CP issue is not made within **two months** from the date of our initial communication of rating to you i.e. by May 22, 2020. Once the CP is placed, the rating is valid for the tenure of such instrument till redemption.

4. In case there is any change in the size or terms of the proposed issue, please get the rating revalidated.

5. Please inform us the below-mentioned details of issue immediately, but not later than 7 days from the date of placing the instrument:

Instrument type	**ISIN**	**Issue Size (Rs cr.)**	**Coupon Rate**	**Coupon Payment Dates**	**Terms of Redemption**	**Redemption date**	**Name and contact details of Trustee/IPA**	**Details of top 10 investors**

[2]*Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.*

6. The rationale for the rating will be communicated to you separately. A write-up (press release) on the above rating is proposed to be issued to the press by the end of the day, a draft of which is enclosed for your perusal as **Annexure**. We request you to peruse the annexed document and offer your comments if any. We are doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in. Kindly revert as early as possible. In any case, if we do not hear from you by the end of the day, we will proceed on the basis that you have no any comments to offer.

7. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.

8. CARE reserves the right to revise/reaffirm/withdraw the rating assigned as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE so as to enable it to carry out continuous monitoring of the rating of the debt instruments, CARE shall carry out the review on the basis of best available information throughout the life time of such instruments. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.

9. Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

10. Users of this rating may kindly refer our website www.careratings.com for latest update on the outstanding rating.

11. CARE ratings are **not** recommendations to buy, sell, or hold any securities.

If you need any clarification, you are welcome to approach us in this regard. We are indeed, grateful to you for entrusting this assignment to CARE.

Thanking you,

Yours faithfully,

Vidushi Gupta
Analyst
vidushi.gupta@careratings.com

Gaurav Dixit
Deputy General Manager
gaurav.dixit@careratings.com

Encl.: As above

Disclaimer

CARE's ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE's ratings do not convey suitability or price for the investor. CARE's ratings do not constitute an audit on the rated entity. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE or its subsidiaries/associates may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is, inter-alia, based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CARE is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating.

Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

CARE Ratings
Professional Risk Opinion

No. CARE/DRO/RL/2019-20/3812

Ms. Parminder Chopra
Executive Director (Finance)
Power Finance Corporation Limited
Urjanidhi, 1, Barakhamba Lane,
Connaught Place, New Delhi – 110001

March 23, 2020

Confidential

Dear Madam,

Credit rating for proposed Market Borrowing Programme for FY21

Please refer to your request for rating of proposed long term and short-term market borrowing programme for FY21 aggregating to Rs.75,000 crore of your company.

The following ratings have been assigned by our Rating Committee:

Instrument	Amount (Rs. crore)	Rating[1]	Rating Action
Long term instruments – Market Borrowing Programme (FY21)	70,000	**CARE AAA/Stable [Triple A; Outlook: Stable]**	**Assigned**
Short term instruments – Market Borrowing Programme (FY21)	5,000	**CARE A1+ [A One Plus]**	**Assigned**
Total	**75,000 [Rupees Seventy Five Thousand Crore only]**		

3. Please arrange to get the rating revalidated, in case the proposed issue is not made within a period of **six months** from the date of our initial communication of rating to you (that is March 23, 2020).

4. In case there is any change in the size or terms of the proposed issue, please get the rating revalidated.

[1]*Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.*

5. Please inform us the below-mentioned details of issue immediately, but not later than 7 days from the date of placing the instrument:

Instrument type	ISIN	Issue Size (Rs cr)	Coupon Rate	Coupon Payment Dates	Terms of Redemption	Redemption date	Name and contact details of Debenture Trustee	Details of top 10 investors

6. Kindly arrange to submit to us a copy of each of the documents pertaining to the NCD issue, including the offer document and the trust deed.

7. The rationale for the rating will be communicated to you separately. A write-up (press release) on the above rating is proposed to be issued to the press shortly, a draft of which is enclosed for your perusal as Annexure. We request you to peruse the annexed document and offer your comments if any. We are doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in. Kindly revert as early as possible. In any case, if we do not hear from you by March 24, 2020, we will proceed on the basis that you have no any comments to offer.

8. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.

9. CARE reserves the right to revise/reaffirm/withdraw the rating assigned as also revise the outlook, as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE so as to enable it to carry out continuous monitoring of the rating of the debt instrument, CARE shall carry out the review on the basis of best available information throughout the life time of such instrument. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.

10. Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

11. Users of this rating may kindly refer our website www.careratings.com for latest update on the outstanding rating.

12. CARE ratings are **not** recommendations to buy, sell or hold any securities.

If you need any clarification, you are welcome to approach us in this regard. We are indeed, grateful to you for entrusting this assignment to CARE.

Thanking you,

Yours faithfully,

vidushi

Vidushi Gupta
Analyst
vidushi.gupta@careratings.com

Gaurav Dixit

Gaurav Dixit
Deputy General Manager
gaurav.dixit@careratings.com

Encl.: As above

Disclaimer

CARE's ratings are opinions on the likelihood of timely payment of the obligations under the rated instrument and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE's ratings do not convey suitability or price for the investor. CARE's ratings do not constitute an audit on the rated entity. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments. CARE or its subsidiaries/associates may also have other commercial transactions with the entity. In case of partnership/proprietary concerns, the rating /outlook assigned by CARE is, inter-alia, based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors. CARE is not responsible for any errors and states that it has no financial liability whatsoever to the users of CARE's rating.

Our ratings do not factor in any rating related trigger clauses as per the terms of the facility/instrument, which may involve acceleration of payments in case of rating downgrades. However, if any such clauses are introduced and if triggered, the ratings may see volatility and sharp downgrades.

CONFIDENTIAL

PFCLMTD/244881/LTB/300320202
March 29, 2020

Mrs. Parminder Chopra
Executive Director
Power Finance Corporation Limited
1, Urjanidhi, Barakhamba Lane,
Connaught Place, New Delhi - 110 001
Phone : 011-23456831
Fax: 011-2345 6284

Dear Mrs. Parminder Chopra,

Re: CRISIL Rating on the Rs. 70000 Crore Long-Term Borrowing Programme@ of Power Finance Corporation Limited

We refer to your request for a rating for the captioned Long-Term Borrowing Programme.

CRISIL has, after due consideration, assigned its "**CRISIL AAA/Stable**" (pronounced as CRISIL triple A rating with Stable outlook) rating to the captioned debt instrument. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.

For the purpose of issuance of the captioned debt instrument, this letter is valid for 180 calendar days from the date of the letter. In the event of your company not placing the above instrument within this period, or in the event of any change in the size/structure of your proposed issue, the rating shall have to be reviewed and a letter of revalidation shall have to be issued to you. Once the instrument is issued, the above rating is valid throughout the life of the captioned debt instrument.

As per our Rating Agreement, CRISIL would disseminate the rating along with outlook through its publications and other media, and keep the rating along with outlook under surveillance for the life of the instrument. CRISIL reserves the right to withdraw or revise the ratings assigned to the captioned instrument at any time, on the basis of new information, or unavailability of information or other circumstances, which CRISIL believes, may have an impact on the rating.

As per the latest SEBI circular (reference number: CIR/IMD/DF/17/2013; dated October 22, 2013) on centralized database for corporate bonds/debentures, you are required to provide international securities identification number (ISIN; along with the reference number and the date of the rating letter) of all bond/debenture issuances made against this rating letter to us. The circular also requires you to share this information with us within 2 days after the allotment of the ISIN. We request you to mail us all the necessary and relevant information at debtissue@crisil.com. This will enable CRISIL to verify and confirm to the depositories, including NSDL and CDSL, the ISIN details of debt rated by us, as required by SEBI. Feel free to contact us for any clarifications you may have at debtissue@crisil.com

Should you require any clarifications, please feel free to get in touch with us.

With warm regards,
Yours sincerely,

Subha Sri Narayanan
Director - CRISIL Ratings

Nivedita Shibu
Associate Director - CRISIL Ratings

@ Borrowing programme for fiscal 2021 (refers to financial year, April 1 to March 31). The overall limit for the long-term borrowing programme and the short-term borrowing programme is Rs.90,000 crore. The long-term borrowing programme includes tax-free bonds under Section 10 of the Income Tax Act. Total incremental long-term bank borrowing and short-term borrowings not to exceed Rs.70000 crore and Rs 20,000 crore, respectively, at any point in time during fiscal 2021.

Ratings

CRISIL
An S&P Global Company

CONFIDENTIAL

PFCLMTD/244881/STB/300320201
March 29, 2020

Mrs. Parminder Chopra
Executive Director
Power Finance Corporation Limited
1, Urjanidhi, Barakhamba Lane,
Connaught Place, New Delhi - 110 001
Phone : 011-23456831
Fax: 011-2345 6284

Dear Mrs. Parminder Chopra,

Re: CRISIL Rating on the Rs. 20000 Crore Short-Term Borrowing Programme@ of Power Finance Corporation Limited

We refer to your request for a rating for the captioned Short Term Borrowing programme.

CRISIL has, after due consideration, assigned its "**CRISIL A1+**" (pronounced as CRISIL A one plus rating) rating to the captioned debt instrument. Instruments with this rating are considered to have very strong degree of safety regarding timely payment of financial obligations. Such instruments carry lowest credit risk.

For the purpose of issuance of captioned short-term borrowing programme, this letter is valid for 60 calendar days from the date of the letter. In the event of your company not placing the above programme within this period, or in the event of any change in the size/structure of your proposed issue, the rating shall have to be reviewed and a letter of revalidation shall have to be issued to you. Once the instrument is issued, the above rating is valid throughout the life of the captioned short-term borrowing programme with a contracted maturity of one year or less.

As per our Rating Agreement, CRISIL would disseminate the rating along with outlook through its publications and other media, and keep the rating along with outlook under surveillance for the life of the instrument. CRISIL reserves the right to withdraw, or revise the rating / outlook assigned to the captioned programme at any time, on the basis of new information, or unavailability of information, or other circumstances which CRISIL believes may have an impact on the rating.

As per the latest SEBI circular (reference number: CIR/IMD/DF/17/2013; dated October 22, 2013) on centralized database for corporate bonds/debentures, you are required to provide international securities identification number (ISIN; along with the reference number and the date of the rating letter) of all bond/debenture issuances made against this rating letter to us. The circular also requires you to share this information with us within 2 days after the allotment of the ISIN. We request you to mail us all the necessary and relevant information at debtissue@crisil.com. This will enable CRISIL to verify and confirm to the depositories, including NSDL and CDSL, the ISIN details of debt rated by us, as required by SEBI. Feel free to contact us for any clarifications you may have at debtissue@crisil.com

Should you require any clarifications, please feel free to get in touch with us.

With warm regards,
Yours sincerely,

Subha Sri Narayanan	Nivedita Shibu
Director - CRISIL Ratings	Associate Director - CRISIL Ratings

@ Borrowing programme for fiscal 2021 (refers to financial year, April 1 to March 31). The overall limit for the long-term borrowing programme and the short-term borrowing programme is Rs.90,000 crore. The long-term borrowing programme includes tax-free bonds under Section 10 of the Income Tax Act. Total incremental long-term bank borrowing and short-term borrowings not to exceed Rs.70000 crore and Rs 20,000 crore, respectively, at any point in time during fiscal 2021.

A CRISIL rating reflects CRISIL's current opinion on the likelihood of timely payment of the obligations under the rated instrument and does not constitute an audit of the rated entity by CRISIL. CRISIL ratings are based on information provided by the issuer or obtained by CRISIL from sources it considers reliable. CRISIL does not guarantee the completeness or accuracy of the information on which the rating is based. A CRISIL rating is not a recommendation to buy, sell, or hold the rated instrument; it does not comment on the market price or suitability for a particular investor. All CRISIL ratings are under surveillance. CRISIL or its associates may have other commercial transactions with the company/entity. Ratings are revised as and when circumstances so warrant. CRISIL is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of this product. CRISIL Ratings rating criteria are available without charge to the public on the CRISIL web site, www.crisil.com. For the latest rating information on any instrument of any company rated by CRISIL, please contact Customer Service Helpdesk at 1800-267-1301.

रजिस्ट्री सं० डी० एल०-33004/99 REGD. NO. D. L.-33004/99

भारत का राजपत्र
The Gazette of India

असाधारण
EXTRAORDINARY
भाग II—खण्ड 3—उप-खण्ड (ii)
PART II—Section 3—Sub-section (ii)
प्राधिकार से प्रकाशित
PUBLISHED BY AUTHORITY

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No. 1611] NEW DELHI, THURSDAY JUNE 8, 2017/JYAISTHA 18, 1939

वित्त मंत्रालय

(राजस्व विभाग)

(केन्द्रीय प्रत्यक्ष कर बोर्ड)

अधिसूचना

नई दिल्ली, 8 जून, 2017

आय-कर

का.आ. 1818(अ).—केन्द्रीय सरकार, आय-कर अधिनियम, 1961 (1961 का 43) की धारा 54ङग के स्पष्टीकरण के खंड (खग) द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए यह अधिसूचित करती है कि पावर फाइनेंस कॉरपोरेशन लिमिटेड, जो कंपनी अधिनियम, 1956 (1956 का 1) के अधीन बनाई गई तथा रजिस्ट्रीकृत कंपनी है, द्वारा तीन वर्ष के पश्चात् पुनःमोचनीय तथा 15 जून, 2017 को या उसके पश्चात् जारी कोई बंधपत्र उक्त धारा के प्रयोजनों के लिए "दीर्घकालिक विनिर्दिष्ट आस्ति" के रूप में होगी।

[अधिसूचना संख्या 47/2017/फा. सं. 370142/18/2017-टी.पी.एल]

अभिषेक गौतम, अवर सचिव (कर नीति और विधान)

MINISTRY OF FINANCE

(Department of Revenue)

(CENTRAL BOARD OF DIRECT TAXES)

NOTIFICATION

New Delhi, the 8th June, 2017

INCOME-TAX

S.O. 1818(E).—In exercise of the powers conferred by clause (ba) of Explanation to section 54EC of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby notifies that any bond redeemable after three years and issued on or after the 15th day of June, 2017 by the Power Finance Corporation Limited, a company formed and registered under the Companies Act, 1956 (1 of 1956) as 'long-term specified asset' for the purposes of the said section.

[Notification No. 47/2017/ F. No. 370142/18/2017-TPL]

ABHISHEK GAUTAM, Under Secy**.** (Tax Policy and Legislation)

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MINSTRY OF FINANCE

(Department of Revenue)

(CENTRAL BOARD OF DIRECT TAXES)

NOTIFICATION

New Delhi, the 18th June, 2018

No. 27/2018

(INCOME-TAX)

S.O. 2938(E).—In exercise of the powers conferred by clause (iib) of the proviso to section 193 of the Income-tax Act, 1961 (43 of 1961), the Central Government hereby specifies the "Power Finance Corporation Limited 54EC Capital Gains Bond" issued by Power Finance Corporation Limited for the purpose of the said clause.

Provided that the benefit under the said proviso shall be admissible in the case of transfer of such bonds by endorsement or delivery, only if the transferee informs Power Finance Corporation Limited by registered post within a period of sixty days of such transfer.

[Notification No. 27/2018/F. No. 275/27/2017-IT(B)]

SANDEEP SINGH, Under Secy.

BEACON
TRUSTEESHIP

CL/MUM/19-20/BT/356/1
Date: March 23, 2020

Power Finance Corporation Limited
"Urjanidhi", 1,
Barakhamba Lane, Connaught Place,
New Delhi – 110 001

Kind Attn: Mr. Vineet Gaur – Chief Manager (Finance)

Dear Sir,

Consent to act as Debenture Trustee for PFC's Capital Gain Exemption Bond Series IV benefits u/s 54EC of Income Tax Act, 1961.

This is with reference to your letter dated March 23, 2020 and subsequent discussion we had regarding appointment of Beacon Trusteeship Limited as Debenture Trustee for PFC's Capital Gain Exemption Bond Series IV benefits u/s 54EC of Income Tax Act, 1961.

In this regards it would indeed be our pleasure to be associated with your esteemed organization as Debenture Trustee. In this connection, we confirm our acceptance to act as Debenture Trustee for the same.

We are also agreeable for inclusion of our name as trustees in the Company's offer document/disclosure document/ listing application/any other document to be filed with the Stock Exchange(s) or any other authority as required.

Looking forward to a long and fruitful association with your esteemed organization**.**

Yours faithfully,

For Beacon Trusteeship Limited

Ankita

Authorised Signatory

BEACON TRUSTEESHIP LTD.
Registered and Corporate Office : 4C & D , Siddhivinayak Chambers, Gandhi Nagar, Opp MIG Cricket Club, Bandra East (E), Mumbai 400051| CIN: U74999MH2015PLC271288
Phone : 022-26558759 | Email : contact@beacontrustee.co.in | Website : www.beacontrustee.co.in