

Power Finance Corporation (PFC) completed acquisition of majority stake in REC Ltd on 24th July. They transferred Rs 14,500 crore to the government. PFC is hopeful of merger of the two firms in 2019-20.

PFC has financed 70 per cent of the deal from cash inflows and the balance 30 per cent is through debt.

PFC borrowed around Rs 88,000 crore. 50 per cent of Rs 88,000 has been through term loans. The loans availed from banks are mostly based on marginal cost of funds-based lending rate (MCLR).

PFC's loan assets would be around Rs 6 lakh crore. On the basis of 2017-18 financials, the consolidated annual income would be about Rs 50,000 crore and annual profit about Rs 11,000 crore.

PFC would have higher strategic importance in financing of the power sector. PFC, therefore, will be a dominant player not only in the power sector but also in the entire financial market space.

PFC will be the second-largest government-owned financial player in the country. Largest financial player is State Bank of

India (SBI). PFC will be third-highest profit making financial player in India. Highest profit making financial player in India are HDFC respectively.