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

Registered & Corporate Office:
UrjaNidhi Building, 1-Barakhamba Lane, Connaught Place – 110001
Tel: (011) 23456000 **Fax**: (011) 23456285
E-mail:pfc.bonds@gmail.com
Website:www.pfcindia.com
Date of Incorporation: 16th July 1986
CIN:L65910DL1986GOI024862

PRIVATE PLACEMENT OFFER LETTER DATED MARCH 31, 2018

Issued in conformity with Form PAS-4 prescribed under section 42 and rule 14(1) of Companies (Prospectus and Allotment of Securities) Rules, 2014, Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2012 issued vide circular no. LAD-NRO/GN/2012-13/19/5392 dated October 12, 2012, as amended from time to time, Reserve Bank of India circular no. DNBR(PD) CC No. 021 /03.10.001/2014-15 dt Feb 20, 2015 for "Raising Money through Private Placement by NBFCs-Debentures etc.", as amended from time to time.

ISSUE OF UNSECURED, REDEEMABLE, NON-CONVERTIBLE, TAXABLE BONDS IN THE NATURE OF DEBENTURES OF FACE VALUE OF ₹ 10 LACS FOR SERIES FOR CASH AT PAR FOR ₹ 3,855 CRORE + GREEN SHOE OPTION ON PRIVATE PLACEMENT BASIS.

REGISTRAR TO THE ISSUE	TRUSTEE FOR THE BONDHOLDERS
RCMC SHARE REGISTRY PRIVATE LIMITED B-25/1, First Floor, Okhla Industrial Area Phase II, New Delhi 110020. Phone : 011 – 26387320, 26387321, 26387323 Fax : 011 - 26387322 E-mail:-alok.sharma@rcmcdelhi.com	**MILESTONE TRUSTEESHIP SERVICES PVT LTD.** 602, Hallmark Business Plaza, Sant Dnyaneshwar Marg, Opp. Guru Nanak Hospital Bandra (E), Mumbai-400 051. Tel: 022-67167082 Fax 022-67167077

ISSUE SCHEDULE*

Issue Opening Date	**27.03.2018**
Issue Closing Date	**28.03.2018**
Pay-in Dates	**03.04.2018**
Deemed Date of Allotment	**03.04.2018**

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

LISTING
The bond issue is proposed to be listed on National Stock Exchange of India Ltd ("NSE") and / or Bombay Stock Exchange Ltd ("BSE"). The Issuer has obtained the "in-principle" approval from the NSE and BSE for listing of the Bonds offered under this Private Placement Offer Letter. NSE shall be designated stock Exchange.

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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 1986under The Companies Act, 1956 and having its registered office at UrjaNidhi Building, 1-Barakhamba Lane, Connaught Place, New Delhi – 110001and 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. Disclaimer of the Issuer

This Private Placement Offer Letter is neither a Prospectus nor a Statement in Lieu of Prospectus and is prepared in conformity with Form PAS-4 prescribed under section 42 and rule 14(1) of Companies (Prospectus and Allotment of Securities) Rules, 2014, Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2012 issued vide circular no. LAD-NRO/GN/2012-13/19/5392 dated October 12, 2012, as amended from time to time, Reserve Bank of India circular no. DNBR(PD) CC No. 021 /03.10.001/2014-15 dtd 20 Feb 2015 issued for "Raising Money through Private Placement by NBFCs-Debentures etc.", as amended from time to time. This Private Placement Offer Letter does not constitute an offer to the public generally to subscribe for or otherwise acquire the Bonds to be issued by (the "Issuer"/ the "Power Finance Corporation Limited (PFC)"/ ("the Company"). The document is for the exclusive use of the Institutions to whom it is addressed and it should not be circulated or distributed to third party(ies). The Company certifies that the disclosures made in this Private Placement Offer Letter are generally adequate and are in conformity with the Companies Act 2013 &SEBI Regulations. This requirement is to facilitate investors to take an informed decision for making investment in the proposed issue.

The issuer confirms that the information contained in this Private Placement Offer Letter is true and correct in all material respects and is not misleading in any material respect. All information considered adequate and relevant about the issue and the Company has been made available in this Private Placement Offer Letter for the use and perusal of the potential investors and no selective or additional information would be available for a section of investors in any manner whatsoever. The Company accepts no responsibility for statements made otherwise than in this Private Placement Offer Letter or any other material issued by or at the instance of the Company and anyone placing reliance on any anyone placing reliance on any other source of information would be doing so at his / her / their own risk.

In pursuance of sub-section (8) of section 42 of The Companies Act, 2013, the Issuer shall not release any public advertisements and shall not utilize any media, marketing or distribution channels or agents to inform the public at large about such an offer, where the term 'public advertisements' shall include notices, brochures, pamphlets, circulars, show cards, catalogues, hoardings, placards, posters, insertions in newspapers, pictures, films, or any other print medium, radio, television programme through any electronic medium, mass communications or e-mails, internet websites including social networking websites, publicity through telephone or mobile etc.

B. Disclaimer of the Securities & Exchange Board of India

Pursuant to rule 14 (3) of The Companies (Prospectus and Allotment of Securities) Rules, 2014, a copy of this Private Placement Offer Letter shall be filed with the Registrar of Companies, National Capital Territory of Delhi & Haryana along with fee as provided in The Companies (Registration Offices and Fees) Rules, 2014 and since the Company is listed, the same shall also be filed with the Securities and Exchange Board of India("SEBI") along with fee as provided in Securities and Exchange Board of India (Payment of Fees)(Amendment) Regulations, 2014dated May 23, 2014, within a period of thirty days of circulation of this Private Placement Offer Letter. The Bonds have not been recommended or approved by SEBI nor does SEBI guarantee the accuracy or adequacy of this Private Placement Offer Letter. It is to be distinctly understood that this Private Placement Offer Letter should not, in any way, be deemed or construed that the same has been cleared or vetted by SEBI. SEBI does not take any responsibility either for the financial soundness of any scheme or the project for which the Issue is proposed to be made, or for the correctness of the statements made or opinions expressed in this Private Placement Offer Letter. However SEBI reserves the right to take up at any point of time, with the Issuer, any irregularities or lapses in this Private Placement Offer Letter.

C. **Disclaimer of the Stock Exchange**

As required, a copy of this Document will be submitted to NSE and BSE (hereinafter referred to as "**Exchanges**") for hosting the same on its website. It is to be distinctly understood that such submission of the document with NSE& BSE or hosting the same on its website should not in any way be deemed or construed that the document has been cleared or approved by NSE / BSE ; or does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of this document; nor does it warrant that this Issuer's securities will be listed or continue to be listed on the Exchange; nor does it take responsibility for the financial or other soundness of this issuer, its promoters, its management or any scheme or project of PFC. Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchanges whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription / acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

D. Disclaimer of the Reserve Bank of India

The Bonds have not been recommended or approved by the Reserve Bank of India ("RBI") nor does RBI guarantee the accuracy or adequacy of this Private Placement Offer Letter. It is to be distinctly understood that this Private Placement Offer Letter should not, in any way, be deemed or construed that the Bonds have been recommended for investment by the RBI. RBI does not take any responsibility either for the financial soundness of the Issuer, or the Bonds being issued by the Issuer or for the correctness of the statements made or opinions expressed in this Private Placement Offer Letter. The potential investors may make investment decision in respect of the Bonds offered in terms of this Private Placement Offer Letter solely on the basis of their own analysis and RBI does not accept any responsibility about servicing/repayment of such investment.

CHAPTER II
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 'CRISIL AAA/ Stable', '[ICRA] AAA' and 'CARE AAA' for our long term borrowing programme and 'CRISIL A1+', '[ICRA] A1+' and 'CARE A1+' for our short term borrowing programme for Fiscal 2018 from CRISIL, ICRA and CARE respectively. 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/ Positive", (ii) Fitch has granted us long-term issuer default ratings of "BBB-/ Stable" and (iii) Standard & Poor's has granted long-term issuer credit rating "BBB-/ Stable".

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 (including through issuance of Rupee-denominated infrastructure bonds that offer certain tax benefits and tax free bonds to the bondholders), 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 2017, Dun & Bradstreet PSUs Award 2016 in the category of "Financial Services, SCOPE Meritorious Award for Corporate Governance, Governance Now PSU Award 2016, India's Top PSU Award 2015 in the category of Financial Institution, NBFC and Financial Services, Dun & Bradstreet Corporate Award 2015 in the category of Fis/NBFCs/ Financial Services Infrastructure Finance Company, News Ink Legend PSU Shining Awards 2014 in the category of Non-Banking Financing Organization, DSIJ 2015 Award in the category of Navratna PSU of the year-Non Manufacturing, CBIP Award 2015 in the category of Best Power Financing Company, India Pride Award for the year 2014-15 in the category of Best Performing Financial Sector Government NBFC, Governance Now PSU Award 2015' in the three different categories namely; Overall Best Financial Performance, Strategic Performance and Employee Productivity etc.

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 financial products and services from project conceptualization to the post-commissioning stage to our clients in the power sector.

Fund Based
Our fund based financial assistance includes primarily project finance (both Rupee and foreign currency denominated term loans). Our product portfolio also includes equipment lease financing, buyer's line of credit, debt refinancing schemes, short term loans, etc.

Non-Fund Based
We also provide non-fund based assistance including default payment guarantees, letters of comfort and guarantee for credit enhancement etc.

D. PROJECTS WE FUND: We focus mainly on the following projects viz

1. Thermal generation projects.
2. Hydro generation projects.
3. Studies, Consultancy and Training
4. Research & Development
5. Capacitors, Energy Meters, Computerisation, Communication and Load Dispatch
6. Urban Distribution System
7. Transmission
8. R&M of Transmission & Distribution
9. Environmental Upgradation
10. R&M/R&U of Generation
11. Captive & Co-generation Plants
12. Non Conventional Energy Source
13. Infrastructure Projects with forward/backward linkage to Power Projects

E. INSTITUTIONAL DEVELOPMENT ROLE AND GOVERNMENT 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. PFC is involved in various GoI programs for the power sector, including acting as a nodal agency for the UMPP and the R-APDRP/IPDS and as a bid process coordinator for the ITP scheme.

a) Ultra Mega Power Projects (UMPP)

The GoI has introduced the UMPP programme 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 minimum capacity of 4,000 MW. These UMPPs involve economies of scale based on large generation capacities based at a single location, utilize super critical technology to reduce emissions, and potentially have lower tariff costs for electricity generated as a result of these factors and a result of the tariff being based on international competitive bidding processes adopted for the selection of developers.

The CEA is the technical partner for the development of these UMPPs while the MoP is involved as a facilitator. As of March 31, 2017, 16 UMPPs have been identified, located in Andhra Pradesh, Bihar, Chhattisgarh, Gujarat (two), Jharkhand (two), Karnataka, Madhya Pradesh, Maharashtra, Odisha (three) Tamil Nadu (two) and Uttar Pradesh. As of March 31, 2017, PFC incorporated a total of 19 wholly-owned SPVs for the UMPPs. Out of these, 14SPVs were incorporated to undertake preliminary site investigation activities and obtain appropriate regulatory and other approvals (including for water, the environment) necessary to conduct the bidding process for these projects. These SPVs would eventually be transferred to successful bidder(s) selected through a tariff based international competitive bidding process in accordance with the guidelines notified by MoP under Section 63 of Electricity Act, 2003. In addition to the above, five SPVs created for the development of infrastructure facilities were incorporated by the Issuer for the purposes of facilitating the holding of land and coal blocks for domestic coal-based UMPPs in the states of Odisha, Bihar and Jharkhand (namely Deoghar and Tilaiya) and also for holding land in cases of imported coal-based UMPPs in the state of Tamil Nadu (namely Cheyyur). These SPVs would be transferred to the respective procurers of power from these projects and the successful bidders would then be expected to develop and implement these projects. As of the date of this Offer Letter, the Government has decided to close down two of the UMPPs, namely the Chhattisgarh Surguja Power Limited UMPP and the Tatiya Andhra Mega Power Limited UMPP. Furthermore, the bidding process for selection of a developer for the Odisha and Cheyyur UMPPs has been initiated after the revision of the standard bidding documents by the Government, and the Issuer is in the process of conducting site studies and obtaining the applicable regulatory and other clearances with respect to the remaining UMPPs.

b) Independent Transmission Projects (ITP)

ITPs were initiated to develop transmission capacities in India and to bring in potential investors after developing such projects to a stage having preliminary survey work, identification of transmission routes, preparation of survey reports, initiation of the process of land acquisition and forest clearances if required, and also for conducting bidding process etc. In April, 2006, the MoP introduced a tariff based competitive bidding process for ITPs, similar to that followed for UMPPs, for the development of transmission systems through private sector participation.

c) **Restructured Accelerated Power Development and Reform Programs (R-APDRP)**

In July 2008, the MoP launched the R-APDRP. The R-APDRP, among others, aims to reduce the AT&C losses through the strengthening and upgrading of sub transmission and distribution networks and the adoption of IT based energy accounting, audit and customer service. The R-APDRP project areas are towns and cities that, according to the 2001 census, had a population of more than 30,000 in general states or 10,000 in special category states. In rural areas, where the load of the required power supply is more as compared to the capacity of transmission lines to supply such power, "feeder segregation" methods are used to ensure that proper supply loads are channeled through the transmission lines. Projects under the scheme are divided into three parts, being Parts A, B and C. Part A includes the gathering of baseline data and the establishment of IT applications for the purposes of energy accounting or auditing and IT-based consumer service centres; Part B includes regular distribution and strengthening of projects, and covers system improvement, strengthening and augmentation; and Part C aims to improve the capacity of utility personnel and the development of franchises. The programme was started in the Eleventh Plan and will be continued in the Twelfth Plan and Thirteenth Plan (according to the MoP order dated 8 July 2013). However, after the implementation of IPDS, the R-APDRP scheme has been subsumed into it.

d) Integrated Power Development Scheme ("IPDS")

IPDS was launched by the MoP on 3 December 2014 with the objectives of:
(a) strengthening the sub-transmission and distribution network in urban areas;
(b) metering distribution transformers, feeders and consumers in urban areas; and
(c) IT enablement of distribution sector and strengthening such distribution network in accordance with the CCEA approval dated 21 June 2013 for completion of targets laid down under the R-APDRP under the Twelfth Plan and Thirteenth Plan by carrying forward the approved outlay for R-APDRP to IPDS.

The scheme aims to reduce the AT&C losses, establish IT-enabled energy accounting and auditing systems and improve metered consumption based on proper billing of such consumption, and improve efficiency in the collection of revenues.

The estimated cost of the scheme with the components of strengthening the sub-transmission and distribution networks, including metering of consumers in urban areas, is ₹326,120.0 million, which includes a sum of ₹253,540.0 million as budgetary support from the Government over the entire implementation period.

The component of IT enablement of the distribution sector and strengthening of the distribution network, as approved by the CCEA in June 2013 in the form of the R-APDRP for the Twelfth and Thirteenth Plans, will get subsumed in this scheme and the CCEA-approved scheme outlay of ₹440,110.0 million, including budgetary support of ₹227,270.0 million, will be carried over to the IPDS scheme.

F. OUR SUBSIDIARIES

To focus on additional business in the areas of consultancy, renewable energy, consortium lending, equity financing, etc. following wholly owned subsidiaries have been in corporated by your Company, as on 31st March 2017:

a) PFC Consulting Limited (PFCCL)

PFCCL is a wholly owned subsidiary of our Company. PFCCL was incorporated on March 25, 2008 under the Companies Act, 1956 with an authorized share capital of ₹ 5,00,000 divided into 50,000 equity shares of ₹ 10 each. The Corporate Identification Number of PFCCL is U74140DL2008GOI175858. The registered office of PFCCL is located at First Floor, "Urjanidhi", 1, Barakhamba Lane, Connaught Place, New Delhi – 110 001, India. PFCCL has been incorporated to carry on, promote and organize consultancy services related to the power sector. Presently, the consultancy services being undertaken by PFCCL comprise of assignments from state power utilities, licensees/ IPPs, State Government, PSUs and state electricity regulatory commissions. As on 31.3.2016 our Company (including its nominees) holds 100% of the issued and paid up equity capital of PFCCL.

b) PFC Green Energy Limited (PFCGEL)

PFCGEL is a wholly owned subsidiary of our Company. Initially named Power Finance Corporation Green Energy Limited, PFCGEL was incorporated on March 30, 2011 under the Companies Act, 1956 and a fresh certificate of incorporation, consequent upon change of name of Company, was issued on July 21, 2011. The Corporate Identification Number of PFCGEL is U65923DL2011GOI216796. PFCGEL was incorporated with an authorized share capital of ₹12,00,00,00,000 divided into 1,00,00,00,000 equity shares of ₹10 each and 20,00,00,000 fully convertible preference shares of ₹10 each. The subscribed share capital of PFCGEL is ₹ 3,00,00,00,000, divided into 10 crore equity shares of ₹ 10 each and 20 crore preference shares of ₹10 each. The registered office of PFCGEL is located at "Urjanidhi", 1, Barakhamba Lane, Connaught Place, New Delhi-110 001, India. PFCGEL has registered itself as a Non Banking Financial Company (NBFC) with the Reserve Bank of India and is dedicated for renewable energy projects such as wind, solar, bio mass, hydro etc. As on 31.3.2016, our Company (including its nominees) hold 100% of the issued and paid up equity capital of PFCGEL.

PFCGEL has taken steps to increase its business in the Renewable energy sector and it has signed a MoU with Indian Renewable Energy Development Agency Ltd and with PTC Financial Services Limited on May 21, 2014 and September 10, 2014 respectively to jointly finance renewable energy. Projects.

Further, the Board of Directors of our Company at its meeting held on 9th August 2016, has approved merger of PFCGEL with PFC subject to regulatory and other compliances.

c) PFC Capital Advisory Services Limited (PFCCASL)

PFCCAS is a wholly owned subsidiary of our Company. PFCCAS was incorporated on July 18, 2011 under the Companies Act, 1956, to focus on sectoral requirements for financial advisory services, including syndication services. The Corporate Identification Number of PFCCAS is U74140DL2011GOI222484. PFCCAS has an authorized share capital of ₹ 1,00,00,000 and a paid up share capital of ₹ 10,00,000. The registered office of PFCCAS is located at "Urjanidhi", 1, Barakhamba Lane, Connaught Place, New Delhi – 110 001, India. PFCCAS has carried out syndication activities for various projects including with members of the Power Lenders Club, a group of banks and financial institutions that work together to provide financing for large projects in the Indian power sector. The PFCCAS team intends to continue to target debt syndication opportunities in the power sector since the technical expertise, industry experience along with project appraisal capabilities as well as relationship with commercial banks and other financial institutions enable timely financial closure for the projects. PFCCAS has been registered with SEBI to act as a Debenture Trustee and Investment Adviser. As on 31.03.2017, our Company (including its nominees) holds 100% of the issued and paid-up equity capital of PFCCAS.

Further, the Board of Directors of our Company at its meeting held on May 28, 2015, has approved merger of PFCCAS with PFCCL subject to regulatory and other compliances.

d) Power Equity Capital Advisors Private Limited (PECAP)

PECAP was incorporated on March 25, 2008 under the Companies Act, 1956 with an authorized share capital of ₹ 10,00,000 divided into 1,00,000 equity shares of ₹ 10 each. The Corporate Identification Number of PECAP is U65100DL2008PTC175845. The registered office of PECAP is located at First Floor, "Urjanidhi", 1, Barakhamba Lane, Connaught Place, New Delhi 110 001, India. PECAP has been incorporated to provide advisory services pertaining to equity investments in the Indian power sector. Our Company has acquired 70% stake in PECAP on October 11, 2011 in addition to the 30% stake in PECAP already held by our Company. Therefore, as on 31.3.2017, our Company holds 100% of the issued and paid up equity capital of PECAP and PECAP has become wholly owned subsidiary of our Company.

PECAP has not been able to transact any business due to lack of business proposals even after its acquisition by our Company. Our Company has sought an approval from MoP for dissolving and getting the name of our Company struck off from the records of RoC under the provisions of Section 560 of the Companies Act., 1956. Decision of voluntary winding up of PECAP is under consideration of MoP, GoI.

e) Subsidiaries incorporated under the programmes of Government of India

Our Company is designated by Ministry of Power, Government of India as the nodal agency for facilitating development of UMPPs and its wholly owned subsidiary i.e. PFC Consulting Limited is the 'Bid Process Coordinator' for Independent transmission projects. As on 31.03.2017, the following Special Purpose Vehicles (SPVs) have been incorporated by us / our subsidiary as wholly owned subsidiaries:

Subsidiaries of PFC

1. Chhattisgarh Surguja Power Limited (Previously known as Akaltara Power Ltd.)
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 Ltd
13. Bihar Infra Power Ltd
14. Bihar Mega Power Ktd
15. Jharkhand Infrapower Limited

Subsidiaries of PFCCL

1. Tanda Transmission Company Limited
2. Ballabhgarh-GN Transmission Company Limited
3. Mohindergarh-Bhaiwani Transmission Limited
4. South-Central East Delhi Power Transmission Limited
5. Fatehgarh-Bhadla Transmission Limited
6. Bijawar-Vidarbha Transmission Limited
7. Shongtong Karcham-Wangtoo Transmission Limited
8. Goa-Tamnar Transmission Project Limited

G. JOINT VENTURES AND INVESTMENTS

As on 31.03.2017, the following are the details of our joint ventures and investments:

1. JOINT VENTURES

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

a) Energy Efficiency Services Limited

We have 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.

EESL was incorporated as a public limited company on December 10, 2009 under the Companies Act. EESL intends to focus on energy efficiency and climate change initiatives. As on March 31, 2017, we have invested ₹ 146.50 crore in EESL.

b) National Power Exchange Limited (NPEL)

We have entered into a joint venture agreement with NTPC, NHPC and TCS on 3 September 2008, to establish a national level electronic power exchange. NPEL was incorporated as a public limited company on 11 December 2008. As of 31.3.17, we have invested ₹ 0.98 crore in NPEL. However, as NPEL was yet to commence any business operation by an order of the High Court of Delhi dated 26 May 2017, the company was dissolved with effect from 31 March 2017.

2. INVESTMENTS

a) PTC India Limited (formerly known as Power Trading Corporation of India Limited)

We have jointly promoted Power Trading Corporation of India (PTC) with PGCIL, NTPC and NHPC, pursuant to a shareholders agreement dated 8 April 1999, as amended by an agreement dated 29

November 2002. As on 31.03.17, we have invested ₹12 crore in PTC. PTC provides power trading solutions in India in addition to power trading.

b) Power Exchange India Limited (PXIL)

We have made strategic investment in PXIL, which is promoted by the NSE and the National Commodity and Derivatives Exchange Limited (NCDEX). We entered into a share subscription and shareholders agreement with NSE and NCDEX on 24 February 2009. PXIL commenced operations in October 2008 and operates a national power exchange. Our investment in PXIL is ₹ 3.22 crore as of 31 March 2017.

c) 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 31 March 2017, our outstanding investment in this fund is ₹ 6.15 crore.

H. 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.

I. CHANGES IN REGISTERED OFFICE

The registered office is currently situated at “Urjanidhi”, 1 Barakhamba Lane, Connaught Place, New Delhi – 110 001

At the time of incorporation, the registered office of our Company was situated at Room No. 627, Shram Shakti Bhawan, Rafi Marg, New Delhi 110 001, India. On March 25, 1988, the registered office of our Company was shifted to Chandralok, 36, Janpath, New Delhi 110 001, India. Subsequently, on September 23, 2006, the registered office of our Company was shifted to current address for ensuring administrative and operational efficiency.

PRUDENTIAL NORMS, RESTRUCTURING AND NPA NORMS

- ***Prudential Norms***

  Our company with effect from 01.04.2016 is following RBI notified Prudential norms for 'Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies', the latest norms being issued vide RBI Master directions dated 01.09.2016 and as amended from to time to time. These norms are being implemented subject to the following specific RBI directions-

  a) For exposure to central/state government entities, the issuer is exempted from applicability of RBI's credit concentration norms upto 31.03.2022 and accordingly, is following the Ministry of Power (MoP) approved credit concentration norms.

  b) PFC can classify Government sector loans on project wise basis provided cash flows from each project are separately identifiable and applied to the same project.

  c) In case a state utility's account has been downgraded to non-performing asset only because one or more of its project have not commenced commercial operations within the date of commencement of commercial operations (DCCO) envisaged at the time of financial closure (or revised DCCO within the permissible thresholds), loans to the other projects of the same utility which are performing satisfactorily can be classified as standard. This dispensation will cease to be applicable with effect from 01.04.2022

  Restructuring norms – The Company is applying RBI notified norms on 'Restructuring of Advances' by NBFCs on its entire loan portfolio.

- ***NPA norms***

  The assets are being classified as NPA as under:

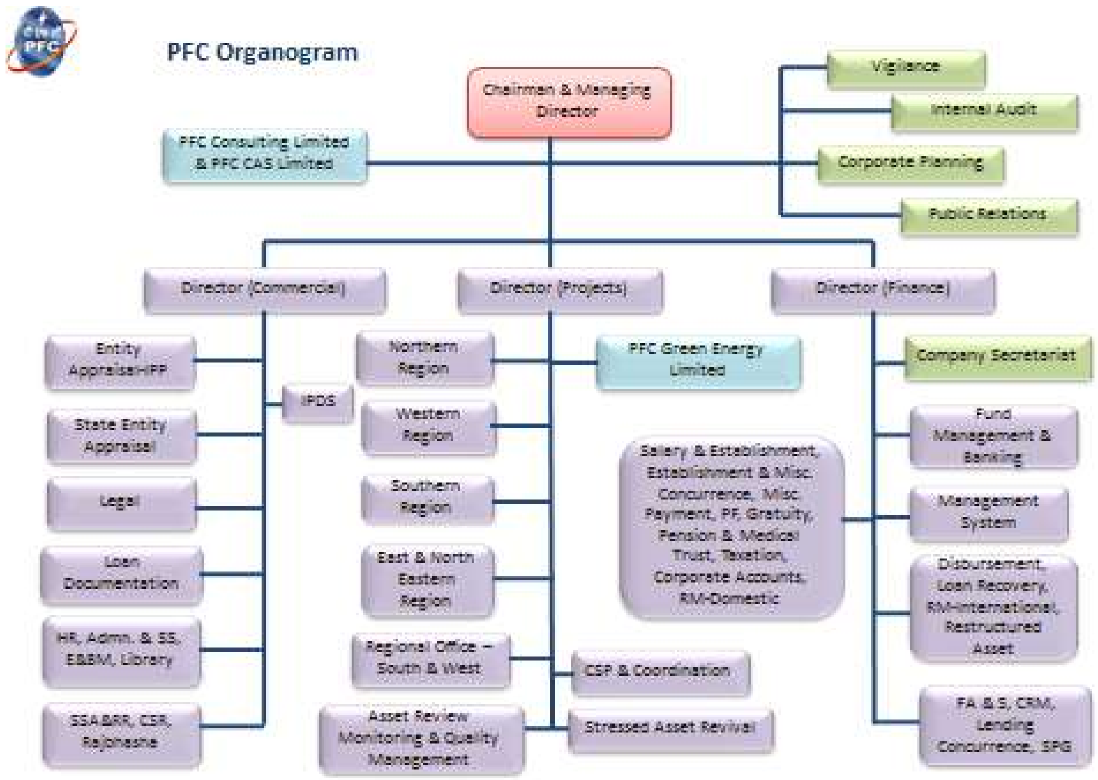
  (i) An asset is considered as NPA and sub-categorized as Sub-standard, Doubtful and Loss Asset, as mentioned below:

As at	**NPA (loan assets excluding lease assets)**	**NPA Sub-Categorization (all loan assets including lease assets)**		
		Sub-Standard	**Doubtful**	**Loss**
31st March 2017	Overdue for 4 months or more	NPA for a period not exceeding 14 months	NPA for a period exceeding 14 months	(a) Asset identified as loss asset by the Company or its internal or external auditor or by RBI during inspection of the Company, to the extent it is not written off by the Company and (b)Asset adversely affected by a potential threat of non-
31st March 2018 and thereafter	Overdue for 3 months or more	NPA for a period not exceeding 12 months	NPA for a period exceeding 12 months	

				recoverability due to either erosion in the value of security or non-availability of security or due to any fraudulent act or omission on the part of the borrower.

(ii) A lease asset, in respect of which installment / rental remains over due for a period of six months or more, has been classified as non-performing asset. However, with effect from 31.03.2018, a lease asset will be classified as NPA if it remains overdue for a period of 3 months or more.

CHAPTER III
ORGANIZATION/CORPORATE STRUCTURE



Abbreviations:

R-APDRP: Restructured-Accelerated Power Development & Reforms Programme; MS: Management System; HR: Human Resources; SSA&RR: State Sector Analysis and Reform & Review; E&BM: Estate and Building Management; CSR & SD: Corporate Social Responsibility & Sustainable Development; RE & CDM: Renewable Energy & Clean Development Mechanism; PFC GE Ltd.: PFC Green Energy Limited; RM-I: Resource Mobilization I; RM-II: Resource Mobilization II; RM-PI: Resource Mobilization- Public Issue; PF: Provident Fund; FA&S: Financial Analysis & Systems; CRM: Corporate Risk Management; FM & B: Fund Management and Banking; Corp. Accts.: Corporate Accounts; PF CAS Ltd.: PFC Capital Advisory Services Ltd.; EA & EC: Establishment Accounts & Establishment Concurrence.

CHAPTER IV
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	57	Q-8, Hauz Khas Enclave, New dElhi	01/10/2016	• PFC Consulting Limited • PFC Green Energy Limited • PFC Capital Advisory Services Limited
2.	Mr. D. Ravi Designation: Director (Commercial) DIN: 00038452 Nationality: Indian	59	314, Nagin Lake Apartments, Outer Ring Road, Peera Garhi, Sunder Vihar, Paschim Vihar, New Delhi-110087	16/11/2015	• Power Equity Capital Advisors Pvt Ltd • Coastal Karnataka Power Ltd • PFC Green Energy Limited • PFC Consulting Limited • Jharkhand Infrapower Limited • PFC Capital Advisory Services Limited • Ghogarpalli Integrated Power Company Limited • Sakhigopal Integrated Power Company Limited
3.	Mr. C. Gangopadhyay Designation: Director (Projects) DIN: 02271398 Nationality: Indian	58	12, Medha Apartments Mayur Vihar Phase-I Extn. Delhi – 110091	01/01/2017	• PFC Consulting Limited • Orissa Integreted Power Limited • Chhattisgarh Surguja Power Limited • Tatiya Andhra Mega Power Limited • Power Equity Capital Advisors Private Limited • PFC Capital Advisory Services • PTC India Ltd • PFC Green Energy Ltd.
4.	Mr. N.B. Gupta Designation: Director (Finance) DIN: 00530741 Nationality: Indian	57	110, Madhur Jeewan Apartment, Plot No 34, Sector -10, Dwarka, New Delhi -110075	18/08/2017	PFC Consulting Limited PFC Green Energy Ltd. Coastal Tamil Nadu Power Ltd Cheyyur Infra Ltd Deoghar Mega Power ltd Bihar Mega Power Ltd Deoghar Infra Ltd Bihar Infrapower Ltd

5.	Dr Arun Kumar Verma Designation: Govt. Nominee DIN: 02190047 Nationality: Indian	58	E 203, DeenDayal Upadhyay Marg, New Delhi-110002	13/10/2015	• Rural Electrification Limited
6.	Mr. Sitaram Pareek Designation: Independent Director DIN: 00165036 Nationality: Indian	65	501, Satyaprasad CHSL, Dixit Cross road No. 1, Vile Parle (East), Mumbai	06/02/2017	• Mumbai Metro One Private Limited • Shree Chakra Properties And Investment Private Limited
7.	Mrs Gouri Chaudhari Designation: Independent Director DIN: 0007970522 Nationality: Indian	75	1/62, Dover Place, Ballygunge, Circus Avenue, Kolkata, West Bengal - 700019	03/11/2017	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
Mr. M. K. Goel Designation: Chairman and Managing Director DIN: 00239813 Nationality: Indian	30 September 2016	22 January 2015	Superannuated
Mr. D. Ravi Designation: Director (Commercial) DIN: 00038452 Nationality: Indian	16 November 2015	Continuing	Appointment
Mr. Yogesh Chand Garg Designation : Independent Director DIN: 01768635 Nationality: Indian	22 August 2016	22 August 2013	Completion of Tenure

Mr. B. N. Sharma Designation: Government Nominee Director DIN: 01221452 Nationality: Indian	12 October 2015	28 August 2012	GoI nomination withdrawn
Mr. J.N. Prasanna Kumar Designation: Independent Director DIN: 00200233 Nationality: Indian	21 December 2015	22 December 2012	Completion of Tenure
Dr Arun Kumar Verma Designation: Govt. Nominee DIN: 02190047 Nationality: Indian	13 October 2015	Continuing	Appointment
Mr. Radhakrishnan Nagarajan Designation: Director (Finance) DIN: 00701892 Nationality: Indian	31 May 2017	31 July 2009	Superannuated
Mr. Vijay Mohan Kaul Designation: Independent Director DIN: 00015245 Nationality: Indian	23 June 2016	24 June 2013	Completion of Tenure
Mr. A. K. Agarwal Designation: Director (Projects) DIN: 01987101 Nationality: Indian	31 December2016	13 July 2012	Superannuated
Mr C. Gangopadhyay Designation: Director (Projects) DIN:02271398 Nationality: Indian	01 January 2017	Continuing	Appointment
Mr. Sitaram Pareek Designation: Independent Director DIN: 00165036 Nationality: Indian	06 February 2017	Continuing	Appointment
Mr. N.B. Gupta Designation: Director (Finance) DIN: 00530741 Nationality: Indian	18 August 2017	Continuing	Appointment
Mrs Gouri Chaudhari Designation: Independent Director DIN: 0007970522 Nationality: Indian	03 November 2017	Continuing	Appointment

CHAPTER V
DETAILS OF AUDITOR OF THE COMPANY

A. Auditors of the company

Year	Name	Address	Auditor Since
2017-18	**M/s M.K. Aggarwal & Co.** **Chartered Accountants** Firm Registration No.: 001411N	30, Nishant kunj, Pitam pura, New Delhi -110034 Tel No.: (011)47517171, 27355151 E-mail: mka@mkac.in	June 30, 2015
	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:-

Name	Financial Year	Date of Appointment	Remarks
M/s N. K. Bhargava& Co. **M/s K.B. Chandna& Co.**	2014-15	Jul 30, 2014 Jul 30, 2014	For FY 2015-16, M/s. N. K. Bhargava & Co. was replaced with M/s M.K. Aggarwal & Co. Chartered Accountants Firm, who was jointly appointed with M/s. K.B. Chandna & Co., Chartered Accountants by office of the CAG through its letter dated June 30, 2015.
M/s M.K. Aggarwal & Co. **M/s K.B. Chandna& Co.**	2015-16	June 30, 2015 July 29, 2013	For FY 2015-16, M/s M.K. Aggarwal & Co. Chartered Accountants Firm, was jointly appointed with M/s. K.B. Chandna & Co., Chartered Accountants by office of the CAG through its letter dated June 30, 2015.
M/s M.K. Aggarwal & Co. **M/s K.B. Chandna& Co.**	2016-17	June 30, 2015 July 29, 2013	No Change
M/s M.K. Aggarwal & Co. **M/s Gandhi Minocha & Co.**	2017-18	June 30, 2015 July 11, 2017	For FY 2017-18, M/s M.K. Aggarwal & Co. Chartered Accountants Firm, was jointly appointed with M/s Gandhi Minocha & Co., Chartered Accountants by office of the CAG through its letter dated July 11, 2017.

CHAPTER VI
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 RELATIG 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 its 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.

In addition, the RBI has developed a corporate debt restructuring (CDR) process to enable the timely and transparent debt restructuring of corporate entities that are beyond the jurisdiction of the Board of Industrial and Financial Reconstruction, the Debt Recovery Tribunal and other legal proceedings. The applicable RBI guidelines contemplate that, in the case of indebtedness aggregating `100.00 million or more, lenders for more than 75.0 per cent. of such indebtedness by value and 60.0 per cent. by number may determine the restructuring of such indebtedness and such determination is binding on the remaining lenders. In circumstances where other lenders account for more than 75.0 per cent. of such indebtedness by value and 60.0 per cent. by number and are entitled to determine the restructuring of the indebtedness of any of our borrowers, we may be required by such other lenders to agree to such debt restructuring irrespective of our preferred mode of settlement of loan to such borrower. Furthermore, with respect to any loans made as part of a syndicate, a majority of the relevant lenders may elect to pursue a course of action that may not be favourable to us.

The CDR process is a voluntary non-statutory system based on debtor-creditor agreement and inter-creditor agreement. If 75 per cent. of creditors by value and 60 per cent. 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 CDR mechanism covers multiple banking accounts and syndication/consortium accounts where all banks and institutions together have an outstanding aggregate exposure of ₹ 10 crore and above. As of the date of this Offer Letter, we are not a member of the CDR process.

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

Our ability to compete effectively is dependent on its 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 its 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 its 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 its 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 its 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 the Issuer. 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 its 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 its 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 its ability to maintain its credit ratings in order to access various cost competitive funding options. We are also dependent on its 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, under the automatic route (without the prior approval of the RBI), ECBs of up to U.S.$750.00 million or its equivalent each fiscal year.

In addition, adverse developments in economic and financial markets or the lack of liquidity in financial markets could make it difficult for the Issuer to access funds at competitive rates. For example, our funding strategy was adversely affected by the global financial crisis in fiscal 2009. Since September 2008, liquidity and credit concerns as well as volatility in the global credit and financial markets increased significantly with the bankruptcy or acquisition of, and government assistance extended to, several major U.S. financial institutions.

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%

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. Furthermore, the Issuer is required to assign a risk weight of 20.0 per cent. to those state government guaranteed loans which are not in default. However, if such loans default and remain in default for a period of more than 90 days, a risk weight of 100.0 per cent. is assigned. 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.

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. **We have received an order from the Registrar of Companies (RoC) in relation to non-compliance of certain provisions of the Companies Act, which, if determined against the Issuer, could adversely impact its business and financial condition.**

On 24 July 2013, the RoC issued an order to the Issuer requiring the Issuer to furnish information on certain issues pertaining to the Issuer 's financial statements for fiscals 2008 to 2012. The RoC observed that the Issuer had prima facie contravened certain provisions of the Companies Act, including, among others, not preparing accounts on an accrual basis, providing incomplete disclosures in the balance sheet and overstating profits from business, classifying doubtful debts under the "good" category and failing to comply with certain instructions of the Institute of Chartered Accountants of India. While the Issuer has duly responded to the RoC's order, if the alleged contraventions are determined against the Issuer, the Issuer and its officers in default may be subjected to fines and penalties, including imprisonment, which may have a material adverse impact on the business and financial condition of the Issuer.

7. **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.

8. **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.

9. **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.

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

India has experienced high levels of inflation since 1980. 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.

11. **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.

12. **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 84 administrative, technological and physical infrastructure, and entails substantial senior level management time and resources. In addition, because of the long gestation period for power sector projects, the Issuer's historical financial statements may not be an accurate indicator of its future financial condition or results of operations.

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 the 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.

13. **The Issuer and its subsidiary PFCGEL are 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 Clause 49 of the Equity Listing Agreement relating to composition of its Board for fiscal 2017. As of the date of this Offer Letter, the Issuer's Board has five Directors, of which three are full-time functional directors, one is a Government nominee director and the other is an independent director.

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. Furthermore, in accordance with the provisions of the Equity Listing Agreement and the Companies Act, the Issuer is yet to appoint a woman director to its Board.

As of the date of this Offer Letter, the Issuer is in receipt of a notice of penalty from each of the NSE and BSE, imposing a penalty of `0.05 million and `0.057 million, respectively, for non-compliance with the requirement to appoint a woman director to its Board. Additionally, the RoC has issued a show cause notice to PFCGEL and its directors for failing to appoint a woman director to its board.

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

14. **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 31.12.2017, the GoI has 65.92% 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.

15. **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.

16. **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.

17. **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.

18. **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.

19. **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.

20. **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				
	2013	2014	2015	2016	2017
Net cash from operating Activities	(25,249.90)	(21,993.00)	(21,448.36)	(13,338.97)	1920.23
Net cash from investing activities	(99.02)	(189.69)	(472.87)	(1,855.85)	(308.91)
Net cash from financing activities	27,947.36	17,670.92	26,881.98	10,203.44	1,475.36
Net increase/(decrease) in cash and cash equivalents	2,598.44	(4,511.77)	4,960.75	(4,991.38)	3,086.68

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

21. **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 IFCbe 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.

22. **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.

23. **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.

24. **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.

25. **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.

26. **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, 2017, ₹ 42,079 crores 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.

27. **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.

28. **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.

29. **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.

30. **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.

31. **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, which classification is subject to certain conditions including (i) a minimum of 75.0 per cent. of the total assets of such NBFC should be deployed in infrastructure loans (as defined under the Non Banking Financial (Non Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2007); (ii) net owned funds of `3,000.00 million or more; (iii) a minimum credit rating of "A" or an equivalent credit rating of CRISIL, FITCH, CARE, ICRA or equivalent rating by any other accrediting rating agencies; (iv) a capital to risk-weighted asset ratio of 15.0 per cent. (with a minimum Tier I capital of 10.0 per cent.); and (v) a restriction which states that the Issuer cannot accept deposits. Tier I capital for such purposes means owned funds as reduced by an investment in the shares of other NBFCs and in shares, debentures, bonds, outstanding loans and advances including hire purchase and lease finance made to and deposits with subsidiaries and companies in the same group exceeding, in aggregate, 10.0

per cent. of the owned funds and perpetual debt instruments issued by a systemically important non-deposit taking NBFC in each year to the extent it does not exceed 15.0 per cent. of the aggregate Tier I capital of such company as of 31 March of the previous accounting year.

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:

Concentration of credit / investment	Loan company	Infrastructure Finance Company
• ***Lending ceilings***		
Lending to any single borrower	15% (+ 5*)	*25%*
Lending to any single group of borrowers	25% (+ 10*)	*40%*
• ***Investing ceilings***		
Investing in shares of a company	15% (+ 5*)	15% (+ 5*)
Investing in shares of a single group of companies	25% (+ 10*)	25% (+ 10*)
• ***Loans and investment taken together***		
Lending and investing to single party	25% (+ 5*)	30%
Lending and investing to single group of parties	40% (+ 10*)	50%

*Additional exposure applicable in case the same is due to an 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
• ***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 2017, the Issuer's CRAR was 19.28 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. For example, according to the RBI, the exposure (for both lending and investment, including off balance sheet exposures) of a bank to a single NBFC should not exceed 10.0 per cent. of the bank's capital funds as per its last audited balance sheet. A bank may, however, assume exposure on a single NBFC of up to 15.0 per cent. of its capital funds provided the exposure in excess of 10.0 per cent. is on account of funds on-lent by the NBFC to the infrastructure sector. Furthermore, exposure of a bank to IFCs should not exceed 15.0 per cent. of its capital funds as per its last audited balance sheet, with a provision to increase the limit to 20.0 per cent. if the same is on account of funds on-lent by the IFCs to the infrastructure sector. Banks may also set internal limits for their aggregate exposure to the power sector taken as a whole. Although the Issuer does not believe such exposure limits have had any adverse effects on its own liquidity, there is a possibility that individual lenders from whom the Issuer currently borrows may not be able to continue to provide funds to the Issuer.

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.

32. **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, 87 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

33. **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, 2017, we had contingent liabilities of ₹ 2,061.21 crores including non-funded contingent exposure of ₹ 190.11 crores in the form of guarantees, ₹ 1,640.56 crores in the form of letters of comfort issued to borrowers' banks in connection with letters of credit, other contingent liabilities of ₹ 205.92 crores and ₹ 24.62 crores towards income and service tax demands. If any or all of these contingent liabilities materialize, our financial condition could be adversely affected.

34. **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 65.92% as on December 31, 2017, 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.

35. **The effects of the planned convergence with IFRS and the adoption of "Indian Accounting standards converged with IFRS" ("IND-AS") are uncertain.**

The Ministry of Corporate Affairs in India has announced a road map for the adoption of, and convergence with, IFRS. The Issuer will be required to prepare its annual and interim financial statements under IFRS, which is proposed to be implemented in a phased manner. As there is a significant lack of clarity on the adoption of and convergence with IFRS and there is not yet a significant body of established practice from which to draw when forming judgments regarding its implementation and application, the Issuer has not determined with any degree of certainty the impact that such adoption will have on its financial reporting. Furthermore, the new accounting standards will change the Issuer 's methodology for estimating allowances for probable loan losses. New accounting standards may require the Issuer to value its non-performing loans by reference to their market value (if a ready market for such loans exists), or to calculate the present value of the expected future cash flows realisable from its loans, including the possible liquidation of collateral (discounted at the loan's effective interest rate) in estimating allowances for probable losses. This may result in the Issuer recognising higher allowances for probable loan losses in the future. Therefore, there can be no assurance that the Issuer 's financial condition, results of operations, cash flows or changes in shareholders' equity will not appear materially worse under IFRS than under Indian GAAP. In the Issuer 's transition to IFRS reporting, the Issuer may encounter difficulties in the ongoing process of implementing and enhancing its management information systems. Moreover, there is increasing competition for the small number of available IFRS-experienced accounting personnel as more Indian companies begin to prepare IFRS financial statements. There can be no assurance that the Issuer 's adoption of IFRS will not adversely affect its reported results of operations or financial condition.

36. **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, 2017, we had foreign currency borrowing outstanding of ₹ 8,444 crores, or 4% of our total borrowing. 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.

37. **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.

38. **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.

39. **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. As of March 31, 2017, we have a total of nineteen wholly-owned subsidiaries as SPVs incorporated 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.

40. **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 such 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.

41. **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.

42. **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.

43. **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.

44. **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.

45. **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 and PFCCAS are 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 or PFCCAS and the Issuer and it is possible this may result in potential conflicts of interest. However, as of the date of this Offer Letter, a merger of PFCCAS with PFCCL is in progress.

46. **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.

47. **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. Our Company's revised pay scales with its unionised employees expire on December 31, 2016. Although our Company considers its relations with its employees to be stable, 27% of ou 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.

48. **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.

49. **We may become liable for the acts or omissions of external consultants engaged by PFCCL.**

Our Company's wholly-owned subsidiary, PFCCL, provides consultancy services and undertakes execution of consultancy assignments in the power sector for its clients. For these purposes, PFCCL 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.

50. **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.

51. **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.

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.

3. **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.

4. 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.

5. 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 imports approximately 75.0 per cent. of 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.

6. **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.

7. **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.

8. 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.

9. 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.

India has from time to time experienced social and civil unrest and hostilities both internally and with neighbouring countries. Present relations between India and Pakistan continue to be fragile on the issues of terrorism, armament and Kashmir. India has also experienced terrorist attacks in some parts of the country, including in July, 2011 in Mumbai, India's financial capital, which resulted in the loss of life, property and business. India has also experienced terrorist attacks in other parts of the country. These hostilities and tensions could lead to political or economic instability in India and possible adverse effects on our Company's business and its future financial performance. Furthermore, India has also experienced social unrest in some parts of the country. If such tensions occur in other parts of the country, leading to overall political and economic instability, it could have an adverse effect on our Company's business and its future financial performance. Events of this nature in the future, as well as social and civil unrest within other countries in Asia, could negatively impact the Indian economy.

10. 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.

11. 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.

12. 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.

13. 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. The Central Government has proposed to reduce corporate income tax from current level of 30% to 25% over a period of 4 years, but may phase out some or all tax exemptions / deductions which the Corporates get under Income Tax Act. Any such 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. There is no guarantee that the Bonds will be listed on NSE / BSE in a timely manner, or at all

In accordance with Indian law and practice, permissions for listing and trading of the Bonds issued pursuant to this Issue will not be granted until after the Bonds have been issued and allotted. Approval for listing and trading will require all relevant documents authorising the issuing of Bonds to be submitted. There could be a failure or delay in listing the Bonds on the Stock Exchange. If permission to deal in and for an official quotation of the Bonds is not granted by the Stock Exchange, we will forthwith repay, without interest, all monies received from the Applicants in accordance with prevailing law in this context, and pursuant to the Private Placement Offer Letter.

2. There has been only a limited trading in the bonds of such nature and the price of the Bonds may be volatile subject to variation.

These Bonds have no established trading market. There can be no assurance that an active public market for the Bonds will develop or be sustained. The liquidity and market prices of the Bonds can be expected to vary with changes in market and economic conditions, our financial condition and other factors that may be beyond our control.

3. 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 passthru 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.

4. **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.

5. **Foreign 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.

6. **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 65.92% of our Company's issued and paid up share capital as on 31.12.2017, 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.

7. **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 (i) the Bonds are legal investments for it, (ii) the Bonds can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of the Bonds.

8. **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.

9. **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 Private Placement Offer Letter.

10. **Any downgrading in credit rating of our other Bonds may affect the rating for these bonds and consequently trading price of the Bonds and our ability to raise funds**.

The Bonds proposed to be issued under this Issue have been rated "AAA/Stable" by CRISIL, "CARE AAA (Triple A)" by CARE and [ICRA]AAA by ICRA. 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 and consequently may lower the value of the Bonds and may also affect our ability to raise further debt on competitive terms.

11. **Payments made on the Bonds will be subordinated to certain tax and other liabilities preferred by law i.e. secured debt.**

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 VII
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. As of March 31, 2017, 91.50% of our outstanding loans to Central and State sector power utilities involve such an escrow mechanism.

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:

(a) 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.

(b) 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.

(c) 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 VIII
ISSUER INFORMATION

Name of the Issuer	**Power Finance Corporation Limited**	
Registered & Corporate Office	UrjaNidhi Building, 1-Barakhamba Lane, Connaught Place, New Delhi – 110001 Tel:011-23456000, Fax:011-23456285 Website: www.pfcindia.com, E-mail: pfc.bonds@pfcindia.com	
CMD of The Company	**Sh. Rajeev Sharma** Chairman and Managing Director UrjaNidhi Building 1-Barakhamba Lane, Connaught Place, New Delhi – 110001 Tel:011-23456000, Fax: 011-23412545	
CFO/Director (Finance) of The Company	**Sh N.B Gupta** Director (Finance) UrjaNidhi Building 1-Barakhamba Lane, Connaught Place, New Delhi – 110001 Tel:011-23456000, Fax: 011-23412545	
Compliance Officer	**Ms Shelly Verma** General Manager(Finance) UrjaNidhi Building 1-Barakhamba Lane, Connaught Place, New Delhi – 110001 Tel: (011) 23456202 Fax: (011) 23456293 e-mail: shelly_verma@pfcindia.com	
Registrar to the Issue	**RCMC Share Registry Pvt Ltd.** B-25/1, First Floor, Okhla Industrial Area Phase II, New Delhi 110020. Phone : 011 – 26387320, 26387321, 26387323 Fax : 011 - 26387322 E-mail:-alok.sharma@rcmcdelhi.com	
Trustee to the Issue	**Milestone Trusteeship Services Pvt Ltd.** 602, Hallmark Business Plaza, Sant Dnyaneshwar Marg, Opp. Guru Nanak Hospital Bandra (E), Mumbai-400 051. Tel: 022-67167082 Fax 022-67167077	
Auditors of the Company	**M/s M.K. Aggarwal & co** Chartered Accountants 30, Nishant Kunj, Pitam Pura, New Delhi-110034 Tel: (+91 11) 47517171, 27355151 Email: mka@mkca.in ICAI Firm Registration no.: 001411N Auditor since: June 30, 2015	**M/s Gandhi Minocha & Co.** Chartered Accountants, B-6, Shakti Nagar Extention, Near Laxmi Bai College, New Delhi – 110052 Tel No.: (011) 27303078 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:022-33423000 Fax:022-33423050 **ICRA Ltd** Regd. Office: 1105, Kailash Building, 11th Floor, 26, K.G. Marg, New Delhi-110001 Tel: (011) 23357940-50 Fax: +91-11-23357014 **Credit Analysis & Research Ltd. (CARE)** 13th Floor, E-1 Block, Videocon Tower, Jhandewalan Extension New Delhi-110055 Tel:-011-45333200, 23716199 Fax:011-45333238
Arranger to the issue	**1.ICICI Bank Ltd.** ICICI Bank Towers, NBCC Place Bhishm Pit amah Marg, Pragati Vihar New Delhi – 110003 **2.HDFC Bank Limited** Investment Banking Trade World 'A' Wing, 1st Floor Kamala Mills, S.B.Marg, Lower Parel(West) Mumbai - 400013 **3. A.K.Capital Services Ltd** 609, 6th Floor, Antriksh Bhawan, 22 K.G. Marg, New Delhi-110001 **4.ICICI Securities Primary Dealership Limited** 3rd Floor, NBCC Place, ICICI Bank Tower, Pragati Vihar, Bhishm Pitamah Marg, New Delhi-110 003 **5.Trust Investment Advisors Pvt. Ltd.,** 109/110, 1st Floor, Balarama, Village Parigkhari, BandraKurla Complex, Bandra (East), Mumbai – 400 051. **6.Kotak Mahindra Bank** Kotak Aero City , Asset Area 9 3rd Floor, IBIS Commercial Block

Hospitality District, IGI Airport
New Delhi - 110 037

7.LKP Securities Ltd.,
Suit no. 38,3rd Floor ,Indra Palace
H Block, Coonaught Place
New Delhi-110001

8.Yes Bank Limited,
48, Nyaya Marg,Chanakyapuri,
New Delhi-110021

9.Edelweiss Financial Services Limited
Edelweiss House,
10th Floor, Off C.S.T. Road,
Kalina, Mumbai 400 098

10.Axis Bank Ltd,
4th Floor ,Tower 1,Room No.22
Axis House Noida, Sector 128, Noida-201304

11. SBI Capital Markets Limited
6th Floor, World Trade Tower,
Barakmba Lane,
New Delhi-110001

12.Tipsons Consultancy Services Pvt. Ltd.
Reg. Office-401, Sheraton House,
Opp. Ketav Petrol Pump,
Polytechnic Road, Ambawadi,
Ahmedabad-380015

CHAPTER IX

SUMMARY TERM SHEET

Security Name	PFC - Bond Series 177
Issuer	Power Finance Corporation Limited
Type of Instrument	PFC Unsecured, Redeemable, Non-Convertible, Taxable Bonds in the nature of Debentures Series 177
Nature of Instrument	Unsecured
Seniority	Senior
Mode of Issue	Private placement basis
Eligible investors	As per applicable RBI Regulations for Government NBFC-ND
Listing (including name of stock exchange where it will be listed & timeline for listing	On the Debt Market segment of NSE and / or wholesale Debt Market segment of BSE Further, in case of investment by FIIs investor, it shall be ensured by the company that the bonds are listed within 15 days of allotment. In case bonds are not listed within 15 days, company shall refund the allotment money to investor
Rating	'AAA/Stable' by CRISIL, 'AAA' by ICRA, &'AAA' by CARE
Issue size	₹ 3,855 crore with right to retain over subscription
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 objects of the Issue.
Tenor	10 years
Coupon Rate	7.85%p.a payable semi-annually
Step up/step down coupon rate	Not applicable
Coupon Payment frequency	Semi Annual every year
Coupon payment dates:- First interest date	03 Oct 2018
Subsequent interest payment date	Thereafter semi annually every year
Coupon type	Fixed

Coupon Reset process (including rates, spread, effective date, interest rate cap & floor etc)	Not applicable
Day count basis	Actual/Actual Interest shall be computed on an "actual/actual basis". In case of leap year, if 29 Feb falls during the tenor of security, then the number of days shall be reckoned as 366 days for a whole one year period in accordance with SEBI circular No CIR/IMD/DF-1/122/2016 dtd November 11, 2016.
Interest on Application money	7.85% p.a.
	The interest on application money shall be paid from the date of receipt of application money in PFC's account till one day prior to the date of allotment on the aggregate face value amount of Bonds. No interest on application money would be paid if the date of receipt of application money and allotment is same.
Interest on Refunded Money against which Allotment is not made	No interest on Application Money will be paid in respect of applications which are invalid and / or rejected by PFC due to any reason.
Date of Redemption	03 April 2028
Redemption amount	At par
Redemption Premium/Discount	Not applicable
Issue Price	At par
Discount at which security is issued & the effective yield as a result of such discount	Not applicable
Put Option Date	Not applicable
Put Option Price	Not applicable
Call Option Date	Not applicable
Call Option Price	Not applicable
Put Notification Time	Not applicable
Call Notification Time	Not applicable
Face Value	Rs. 10,00,000 (Rupees Ten lacs only) per bond

Minimum application size	100 bonds (Rs 10 crore) and then in multiple of 10 bond (Rs 1 crore)
Issue Opening date	27.03.2018
Issue closing date	28.03.2018
Pay-in-date	03.04.2018
Deemed Date of allotment	03.04.2018 (The credit of debt securities into the demat a/c within 2 working days of allotment)
Issuance & trading mode of instrument	In demat Only
Settlement mode of the instrument	By way of RTGS/ Fund Transfer or any other electronic mode offered by the Banks
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	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 following working day in line with SEBI circular No CIR/IMD/DF-1/122/2016 dtd November 11, 2016. 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 preceding 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 issued are unsecured in nature.
Reissuance and consolidation	Our company shall have right to reissue or consolidate the bonds under present series in accordance with applicable law.
Transaction Documents	The Issuer has executed/ shall execute the documents including but not limited to the following in connection with the Issue: 1. Letter appointing Trustees to the Bondholders; 2. Debenture Trusteeship Agreement; 3. Tripartite Agreement between the Issuer; Registrar and NSDL for issue of Bonds in dematerialized form;

	4. Tripartite Agreement between the Issuer, Registrar and CDSL for issue of Bonds in dematerialized form; 5. Letter appointing Registrar and MoU entered into between the Issuer and the Registrar; 6. Application made to NSE and / or BSE for seeking its in-principle approval for listing of Bonds; 7. Listing Agreement with NSE and /or BSE; 8. Letters appointing Arrangers to the Issue.
Conditions precedent to subscription of Bonds	The subscription from investors shall be accepted for allocation and allotment by the Issuer subject to the following: 1. Rating letters from CRISIL, ICRA and CARE not being more than one month old from the issue opening date; 2. Seek a written consent letter from the Trustees conveying their consent to act as Trustees for the Bondholders; Making an application to NSE and BSE for seeking its in-principle approval for listing of Bonds.
Conditions subsequent to subscription of Bonds	The Issuer shall ensure that the following documents are executed/ activities are completed as per time frame mentioned elsewhere in this Private Placement Offer Letter:- 1. Maintaining a complete record of private placement offers in Form PAS-5 and filing such record along with Private Placement Offer Letter in Form PAS-4 with the Registrar of Companies and with Securities and Exchange Board of India("SEBI") within a period of thirty days of circulation of the Private Placement Offer Letter; 2. Filing a return of allotment of Bonds with complete list of all Bondholders in Form PAS-3 under section 42 of the Companies Act, 2013, with the Registrar of Companies, within thirty days of the Deemed Date of Allotment; 3. Credit of demat account(s) of the allottee(s) by number of Bonds allotted within two working days from the Deemed Date of Allotment; 4. Making listing application to NSE/ BSE within 15 days from the Deemed Date of Allotment of Bonds. 5. Execution of trust deed within 3 months of the closure of the issue or offer and sending the same to NSE and BSE within five working days of execution for uploading on their website. Besides, the Issuer shall perform all activities, whether mandatory or otherwise, as mentioned elsewhere in this Private Placement Offer Letter.
Events of Default	Default in payment of interest / principal redemption / delay in listing / delay in execution of trust deed or as may be detailed in respective trust deed / trustee agreement, In case of event of default , penal interest will be paid in accordance with provisions of SEBI (Issue & Listing of Debt Securities) (Amendment) Regulations, 2012.
Additional Covenants	Default in payment: In case of default in payment of interest and/ or principal redemption on the due dates, the Company shall pay additional interest at the rate of 2.00% p.a. over the Coupon Rate for the defaulting period i.e. the period commencing from and including the date on which such amount becomes due and up to but excluding the date on which such amount is actually paid.

<table>
<tr><td></td><td>Listing: In case of delay in listing of the Bonds beyond 20 days from the Deemed Date of Allotment, the Company shall pay penal interest at the rate of 1.00% p.a. over the Coupon Rate from the expiry of 30 days from the Deemed Date of Allotment till the listing of Bonds to the Bondholder(s).</td></tr>
<tr><td>Provisions related to cross default clause</td><td>Not applicable</td></tr>
<tr><td>Registrar & Transfer Agent</td><td>RCMC Share Registry Pvt Ltd.</td></tr>
<tr><td>Mode of Subscription</td><td>Applicants may make remittance of application money through electronic mode only:
<table>
<tr><td colspan="2">Electronic transfer of funds through RTGS/ Funds Transfer mechanism for credit of account as per details given hereunder:</td></tr>
<tr><td>PFC Bond Series 177</td><td></td></tr>
<tr><td>Name of the Banker</td><td>HDFC Bank</td></tr>
<tr><td>Account Name</td><td>PFC Bond Collection Account</td></tr>
<tr><td>Credit into Current A/c No.</td><td>00030350003676</td></tr>
<tr><td>IFSC Code</td><td>HDFC0000060</td></tr>
<tr><td>Address of the Branch</td><td>Address: Fort Mumbai Branch</td></tr>
<tr><td>Narration</td><td>Subscription for PFC Bond Series 177</td></tr>
</table></td></tr>
<tr><td>Trustees</td><td>Milestone Trusteeship Services Pvt Ltd.
602, Hallmark Business Plaza,
Sant Dnyaneshwar Marg, Opp. Guru Nanak Hospital
Bandra (E), Mumbai-400 051.</td></tr>
<tr><td>Role and Responsibilities of Debenture Trustees</td><td>The trustees will be responsible for all action as per SEBI regulation and Companies Act 2013.

The Trustees shall carry out its duties and perform its functions as required to discharge its obligations under the terms of the Companies Act, 2013, SEBI Debt Regulations, the Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993, Debenture Trusteeship Agreement, Private Placement Offer Letter and all other related transaction documents, with due care, diligence and loyalty.</td></tr>
<tr><td>Governing Law and Jurisdiction</td><td>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.</td></tr>
</table>

Note:- 1.Payment of interest on application money & interest will be subject to deduction of tax at source as applicable.

2.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.

CHAPTER X
PARTICULARS OF THE OFFER

1. OFFERING DETAILS

Issue of Unsecured, Redeemable, Non-Convertible, and Taxable Bonds in the nature of Debentures of face value of ₹ 10 Lacs for Series 177 for cash at par aggregating to ₹ 3,855 crore with right to retain oversubscription 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 offer document and Application forms, the relevant statutory guidelines and regulations for allotment and listing of securities issued from time to time by the Govt. of India (GOI), Reserve Bank of India (RBI), SEBI and the Stock Exchanges concerned.

3. NATURE OF BONDS

The Bonds are Unsecured, Redeemable, Non-Convertible, Taxable Bonds in the nature of Debentures. 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 unsecured borrowings (except subordinated debt) of the Corporation.

4. AUTHORITY FOR THE ISSUE AND DATE OF PASSING RESOLUTION

The bonds proposed to be issued is subject to the provisions of the Companies Act, 2013, to the extent notified by the Ministry of Corporate Affairs, Government of India, The Companies Act, 1956, as amended and in force and the Memorandum and Articles of Association of the Company.

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

(a) Special resolution passed by the shareholders of the Company under section 42 of The Companies Act,2013 and sub-rule 2 of rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 on September 20, 2017 and delegation provided there under;
(b) 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
(c) The resolution passed by Board of Directors of the Company at their 372nd meeting held on March 26, 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. MINIMUM SUBSCRIPTION

In terms of the SEBI Debt Regulations, the Issuer may decide the amount of minimum subscription which it seeks to raise by issue of Bonds and disclose the same in the offer document. The Issuer has decided not to stipulate any minimum subscription for the present Issue and therefore the Issuer shall not be liable to refund the issue subscription(s)/ proceed(s) in the event of the total issue collection falling short of issue size or certain percentage of issue size.

7. UNDERWRITING

The present Issue of Bonds is not underwritten.

8. **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. In such an event, the issuer will refund the application money, if any, along with interest payable on such application money, if any.

9. **DEEMED DATE OF ALLOTMENT**

Deemed date of allotment will be as per the terms of the bond issue of each series. All the benefits under the bonds will accrue to the investor from the deemed date of allotment. The actual allotment of Bonds may take place on a date other than the Deemed Date of Allotment. The Issuer reserves the right to keep multiple allotment date(s)/ deemed date(s) of allotment at its sole and absolute discretion without any notice. In case if the issue closing date/ pay in dates is/are changed (pre-poned/ postponed), the Deemed Date of Allotment may also be changed (pre-pond/ postponed) by the Issuer at its sole and absolute discretion.

No fresh offer or invitation of bonds shall be made by the Company unless the allotment with respect to the present Issue has been made or the present Issue has been withdrawn or abandoned by the Company.

10. ALLOTMENT IN CASE OF OVER-SUBSCRIPTION

In case of over-subscription, allotment will be made on such basis as decided by PFC. The decision of PFC in this regard will be final and binding on all the applicants and shall not be called into question, whatsoever.

11. LETTERS OF ALLOTMENT/ BOND CERTIFICATES/ REFUND ORDERS/ ISSUE OF LETTERS OF ALLOTMENT

The beneficiary / demat account of the investors with National Securities Depository Limited (NSDL)/ Central Depository Services (India) Limited (CDSL)/ Depository Participant will be given credit within two working days from the Deemed Date of Allotment. The credit in the account will be akin to the Bond Certificate. However, in case , if all formalities are not completed the same will be akin to letter of allotment , which on completion of the all statutory formalities, such credit will be akin to a Bond Certificate. The Bonds issued in electronic (dematerialized) form, will be governed as per the provisions of The Depository Act, 1996, Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996, rules notified by NSDL/ CDSL/ Depository Participant from time to time and other applicable laws and rules notified in respect thereof. The Bonds shall be allotted in dematerialized form only.

12. **MODE OF TRANSFER OF BONDS**

Bonds shall be transferred subject to and in accordance with the rules / procedures as prescribed by NSDL /CDSL /Depository Participant of the transferor / transferee and any other applicable laws and rules notified in respect thereof. The normal procedure followed for transfer of securities held in dematerialised form shall be followed for transfer of these bonds held in electronic form. The seller should give delivery instructions containing details of the buyer's DP account to his depository participant. The provisions of the Depositories Act, 1996 read with Companies Act shall apply for transfer and transmission of Bonds.

The transferee(s) should ensure that the transfer formalities are completed prior to the Record Date. In the absence of the same, interest will be paid/redemption will be made to the person, whose name appears in the records of the Depository. In such cases, claims, if any, by the transferee(s) would need to be settled with the transferor(S) and not with the issuer.

13. **INTEREST IN CASE OF DELAY ON ALLOTMENT/DESPATCH**

PFC agrees that allotment of securities to the investors shall be made within 60 days from the date of receipt of application money.

If the company is not able to allot the securities within that period, it shall repay the application money to the subscribers within fifteen days from the date of completion of sixty days and if the company fails to repay the application money within the aforesaid period, it shall be liable to repay that money with interest in accordance with provisions of Companies Act from the expiry of the sixtieth day.

14. **BONDS IN DEMATERIALISED FORM/ PROCEDURE FOR APPLYING FOR DEMAT FACILITY**

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.

b. 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.

c. 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 Registrars to the Issue.

d. Applicants may please note that the Bonds shall be allotted and traded on the Stock Exchange only in dematerialized form.

15. **WHO CAN APPLY**

- As per applicable RBI Regulations for Government NBFC-ND

However, out of the aforesaid class of investors eligible to invest, this Private Placement Offer Letter 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 Private Placement Offer Letter from the Company.

16. PAN NUMBER

Every applicant should mention his Permanent Account Number (PAN) allotted under Income Tax Act, 1961 and copy of the same may be submitted along with application.

17. DOCUMENTS TO BE PROVIDED BY INVESTORS

Investors need to submit the certified true copies of the following documents, along-with the Application Form, as applicable:

- Memorandum and Articles of Association/ Constitution/ Bye-laws/ Trust Deed;
- Board Resolution authorizing the investment and containing operating instructions;
- Power of Attorney/ relevant resolution/ authority to make application;
- Specimen signatures of the authorized signatories (ink signed), duly certified by an appropriate authority;
- Government Notification (in case of Primary Co-operative Bank and RRBs);
- Copy of Permanent Account Number Card ("PAN Card") issued by the Income Tax Department;
- Necessary forms for claiming exemption from deduction of tax at source on interest on application money, wherever applicable.
- In case of remittance of application money through electronic mode/ bank transfer, the applicants are required to submit a self- attested copy of their bank account statement reflecting debit for the application money. The bank statement must contain name of applicant, account number, name and branch of the bank.

18. TERMS OF PAYMENT

The full amount of issue price of the bonds applied for is payable as application money. As per Companies Act, 2013 it is mandatory that, subscriber shall ensure subscription to bond is made from the bank account of the subscriber subscribing to the bond issue. The detail of the bank account should be clearly mentioned in the application form.

19. HOW TO APPLY

This being a private placement offer, only the investors who have been addressed through this Private Placement Offer Letter are eligible to apply.

Applications for the Bonds must be in the prescribed form (enclosed) and completed in BLOCK LETTERS in English and as per the instructions contained therein. Applications not completed in the prescribed manner are liable to be rejected. The name of the applicant's bank, type of account and account number, total amount &face value of Bonds applied for must be filled in the Application Form. This is required for the applicant's own safety and these details will be printed on the refund orders and interest/ redemption warrants.

Applications along with details of payment of requisite amount and other necessary documents may be submitted to PFC head office on or before the closure of the issue or to the Arrangers to the Issue. The payment shall be deposited directly with specified Collecting Bank for crediting the amount to 'Power Finance Corporation Bond Collection Account through electronic mode only Please note that remittance of application monies by way of cash, cheques, money orders, postal orders and stock invest shall not be accepted.

For further instructions about how to make an application for applying for the Bonds and procedure for remittance of application money, please refer to the Summary Term Sheet and the Application Form.

20. 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.

21. APPLICATION BY MUTUAL FUNDS

In case of applications by Mutual Funds, a separate application must be made in respect of each scheme of an Indian Mutual Fund registered with SEBI and such applications will not be treated as multiple applications, provided that the application made by the Asset Management Company/ Trustees/ Custodian clearly indicate their intention as to the scheme for which the application has been made.

22. 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 would not be paid any interest on the application money. Application would be liable to be rejected on one or more technical grounds, including but not restricted to:

a. Number of Bonds applied for is less than the minimum application size;
b. Application money received not being from the bank account of the person/ entity subscribing to the Bonds or from the bank account of the person/ entity whose name appears first in the Application Form, in case of joint holders;
c. Bank account details of the Applicants not given;
d. Details for issue of Bonds in dematerialized form not given;
e. PAN number not given;
f. In case of applications under Power of Attorney by limited companies, corporate bodies, trusts, etc. relevant documents not submitted;

In the event, if any Bonds applied for is/ are not allotted in full, the excess application monies of such Bonds will be refunded, as may be permitted.

23. FICTITIOUS APPLICATIONS

In terms of the Section 38 of the Companies Act, 2013 any person who – makes, in a fictitious name, an application to a body corporate for acquiring, or subscribing to, the bonds, or otherwise induced a body corporate to allot, or register any transfer of, bonds therein to them, or any other person in a fictitious name, shall be liable for action under section 447.

24. INTEREST ON APPLICATION MONEY

a. In case of change in deemed date of allotment and in respect of investors who get allotment in the bond issue , interest on application money shall be paid at the coupon rate applicable for bond series (subject to deduction of income tax under the provisions of the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof, as applicable) from the date of receipt of application money in PFC's account till one day prior to the date of allotment on the aggregate face value amount of Bonds The interest on Application Money shall be computed as per "Actual/Actual" day count convention. The payment shall be made only through electronic mode. However, in case of rejection of electronic mode, due to incomplete / in correct detail provided by applicant payment may be made through cheque /demand draft. The cheque /demand draft for interest on application money shall be dispatched by the Issuer within 15 days from the Deemed Date of Allotment by registered post to the sole/ first applicant, at the sole risk of the applicant.

b. No interest on Application Money will be paid in respect of applications which are rejected due to any reason.

25. INTEREST PAYMENT

The face value of the Bonds outstanding shall carry interest at the coupon rate from deemed date of allotment and the coupon rate & frequency of payment (subject to deduction of income tax under the provisions of the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof, as applicable) are mentioned at summary term sheet.

The interest payment shall be made through electronic mode to the bondholders whose names appear on the list of beneficial owners given by the depository participant to R&TA as on the record date fixed by PFC in the bank account which is linked to the demat of the bondholder. However, in absence of complete bank details i.e. correct/updated bank account number, IFSC/RTGS code /NEFT code etc, issuer shall be required to make payment through cheques / DDs on the due date at the sole risk of the bondholders.

Interest or other benefits with respect to the Bonds would be paid to those Bondholders whose names appear on the list of beneficial owners given by the depository participant to R&TA as on the Record Date. In case the beneficial owner is not identified by the depository on the Record Date due to any reason whatsoever, PFC shall keep in abeyance the payment of interest or other benefits, till such time the beneficial owner is identified by the depository and intimated to PFC. PFC shall pay the interest or other benefits to the beneficiaries identified, within a period of 15 days from the date of receiving such intimation. PFC will not pay interest or any amount in whatever name for the intervening period from Record Date to the actual date of payment of interest, in such cases where the Depository does not identify the beneficial owner on the Record Date.

26. DEDUCTION OF TAX AT SOURCE

Tax as applicable under the Income Tax Act, 1961, or any other statutory modification or re-enactment thereof will be deducted at source out of interest payable on Bonds.

Interest payable subsequent to the Deemed Date of Allotment of Bonds will be treated as "Interest on Securities" as per Income Tax Rules. Bondholders desirous of claiming exemption from deduction of income tax at source on the interest payable on Bonds should submit tax exemption certificate/ document, under Income Tax Act, 1961, if any, at least 15 days before the payment of interest becoming due with the Registrars, [RCMC Share Registry Pvt. Ltd.] (Address: [B-25/1, First Floor, Okhla Industrial Area Phase II, New Delhi 110020.Phone : 011 – 26387320, 26387321, 26387323 Fax : 011 - 26387322], E-mail: [alok.sharma@rcmcdelhi.com]), or to such other person(s) at such other address(es) as the Company may specify from time to time through suitable communication. Regarding deduction of tax at source and the requisite declaration forms to be submitted, prospective investors are advised to consult their own tax consultant(s).

27. PAYMENT ON REDEMPTION

The Bond will be redeemed at the Registered Office of PFC on the expiry of the number of years/months as specified in the terms of the bond issue for each series from the Deemed date of Allotment or on such earlier date on exercise of put / call option, if applicable.

The redemption proceeds shall be made through electronic mode to the bondholders whose names appear on the list of beneficial owners given by the depository participant to R&TA as on the record date fixed by PFC in the bank account which is linked to the demat of the bondholder. However, in absence of complete bank details i.e. correct/updated bank account number, IFSC/RTGS code /NEFT code etc, issuer shall be required to make payment through cheques / DDs on the due date at the sole risk of the bondholders.

The redemption proceeds shall be paid to those Bondholders whose names appear on the list of beneficial owners given by the Depository Participant to R&TA as on the record date fixed by PFC for the purpose of redemption. In case the beneficial owner is not identified by the depository on the record date due to any reason whatsoever, PFC shall keep in abeyance the payment of redemption proceeds, till such time the beneficial owner is identified by the depository and intimated to R&TA. PFC shall pay the redemption proceeds to the beneficiaries identified within 15 days of receiving such intimation. PFC will not be liable to pay any interest, income or compensation of any kind in whatever name for the intervening period from record date to the actual date of payment of redemption proceeds, in such cases where the depository participant does not identify the beneficial owner on the record date.

28. EFFECT OF HOLIDAY

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 following working day in line with SEBI circular No CIR/IMD/DF-1/122/2016 dtd November 11, 2016.

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 preceding 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.

Set forth below is an illustration for guidance in respect of the day count convention and effect of holidays on payments. **Investors should note that this example is solely for illustrative purposes.**

Cash Flows	Coupon Date	Payment Date	Day	Day count (Actual /Actual)	No. of days in Coupon Period	Amount (in Rupees) Series 177
1st Coupon	3-Oct-18	3-Oct-18	Wednesday	183/365	183	39,358
2nd Coupon	3-Apr-19	3-Apr-19	Wednesday	182/365	182	39,142
3rd Coupon	3-Oct-19	3-Oct-19	Thursday	183/366	183	39,250
4th Coupon	3-Apr-20	3-Apr-20	Friday	183/366	183	39,250
5th Coupon	3-Oct-20	3-Oct-20	Saturday	183/365	183	39,358
6th Coupon	3-Apr-21	3-Apr-21	Saturday	182/365	182	39,142
7th Coupon	3-Oct-21	4-Oct-21	Monday	183/365	183	39,358
8th Coupon	3-Apr-22	4-Apr-22	Monday	182/365	182	39,142
9th Coupon	3-Oct-22	3-Oct-22	Monday	183/365	183	39,358
10th Coupon	3-Apr-23	3-Apr-23	Monday	182/365	182	39,142
11th Coupon	3-Oct-23	3-Oct-23	Tuesday	183/366	183	39,250
12th Coupon	3-Apr-24	3-Apr-24	Wednesday	183/366	183	39,250
13th Coupon	3-Oct-24	3-Oct-24	Thursday	183/365	183	39,358
14th Coupon	3-Apr-25	3-Apr-25	Thursday	182/365	182	39,142
15th Coupon	3-Oct-25	3-Oct-25	Friday	183/365	183	39,358
16th Coupon	3-Apr-26	3-Apr-26	Friday	182/365	182	39,142
17th Coupon	3-Oct-26	3-Oct-26	Saturday	183/365	183	39,358
18th Coupon	3-Apr-27	3-Apr-27	Saturday	182/365	182	39,142
19th Coupon	3-Oct-27	4-Oct-27	Monday	183/366	183	39,250
20th Coupon	3-Apr-28	3-Apr-28	Monday	183/366	183	39,250
Principal Redemption	3-Apr-28	3-Apr-28	Monday			1,000,000

Assumptions and Notes:

1. For the purposes of the above illustration, as per notification dtd 20 August 2015, only such dates that fall on second and fourth Saturday of every month have been considered as non business day. Further, Sundays, have also been considered as non-Business Days.

2. Since the 7th, 8th and 19th Coupon Payment Date of the Bonds Series 177 is falling on a non-Business day, the same shall be made on the immediately succeeding Business Day.

3. The aggregate coupon payable to each Bondholder shall be rounded off to the nearest rupee as per the Fixed Income Money Market and Derivatives Association handbook on market practices.

4. The actual dates and maturity amount will be in accordance to and in compliance with the provisions of SEBI circular CIR/IMD/DF-1//22/2016 dated November 11, 2016 giving effect to actual holidays and dates of maturity which qualifies the SEBI requirement.

29. RECORD DATE FALLING ON DAY OTHER THAN BUSINESS DAY

The 'Record Date' for the Bonds shall be 15 days prior to actual Interest / exercise of put option date / Principal Payment Date. In case of redemption of Bonds, the trading in the Bonds shall remain suspended between the Record Date and the Redemption Date. Interest payment and principal repayment shall be made to the person whose name appears as beneficiary with the Depositories as on Record Date. In the event of the Issuer not receiving any notice of transfer at least 15 days before the Coupon Payment Date, the transferees for the Bonds shall not have any claim against the Issuer in respect of interest so paid to the registered Bondholders.

30. DEPOSITORY ARRANGEMENT

PFC has entered into depository arrangements with National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL). The securities shall be issued in dematerialized form as per the provisions of Depositories Act, 1996 (as amended from time to time).

PFC has signed two tripartite agreements in this connection viz.

Tripartite Agreement dated 25.09.2001 between PFC, National Securities Depository Limited (NSDL) and R&TA i.e. M/s RCMC Share Registry (Pvt.) Ltd.

Tripartite Agreement dated 04.07.2014 between PFC, Central Depository Services Limited (CDSL) and R&TA i.e. M/s RCMC Share Registry (Pvt.) Ltd.

31. RIGHT TO REPURCHASE, RE-ISSUE AND CANCELLATION

PFC shall have the right to purchase the Bonds at any time during the tenor of the bonds. PFC may at its discretion, re-issue or cancel the repurchased bonds in accordance with the relevant provisions of law.

32. 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.

33. 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.

34. BUY-BACK OF BONDS

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

35. 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.

36. 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 offer document

37. 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.

Material Contracts and Documents

1. Memorandum and Articles of Association of PFC.

2. Resolution of the Board of Directors of PFC passed at 363rd Meeting held on 03 July 2017 and Special Resolution passed by the shareholders of the Company at Meeting held on September 20, 2017 authorising Issue of bonds of ₹ 65,000 crore during the period of one year from the date of current AGM(i.e. September 20, 2017).

3. 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;

4. Resolution of the Board of Directors of PFC passed at 372nd Meeting held on 26 March 2018 approving the borrowing programme of 57,000 crore for the year 2018-19 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.

5. Credit Rating letters from CRISIL, CARE and ICRA.

6. Copies of the audited Balance Sheets and Profit & Loss Accounts for five years ended March 31, 2013, 2014, 2015, 2016 and 2017.

7. Copy of Tripartite Agreement dt.25.09.2001 between PFC, NSDL & RCMC Pvt. Ltd.

8. Copy of Tripartite Agreement dt. 04.07.2014 between PFC, CDSL & RCMC Pvt. Ltd.

38. 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.

39. REISSUANCE AND CONSOLIDATION OF BONDS

Our company shall have right to reissue or consolidate the bonds under present series in accordance with applicable law.

40. CONSENTS

Currently PFC has appointed Milestone Trusteeship Services Pvt. Ltd., to act as debenture trustee for its Bonds. PFC holds consent from Milestone Trusteeship Services Pvt. Ltd.., to act as trustees and the consent has not been withdrawn.

Currently PFC has appointed RCMC Share Registry Private Limited as Registrar & Transfer Agent (R&TA) for our Bonds. PFC holds consent from RCMC Share Registry Private Limited 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.

41. UNDERTAKINGS FROM THE ISSUER:

PFC hereby undertakes that

❖ The complaints in respect of the issue would be attended to expeditiously and satisfactorily.

❖ PFC would take necessary steps for completion of the necessary formalities for listing & commencement of trading at stock exchange.

❖ PFC shall co-operate with the rating agencies in providing true and adequate information.

❖ The funds to be raised through the private placement are to augment long-term resources of PFC and not for a specific project. Hence, no monitoring agency is required to be appointed.

❖ Since it is a private placement of bonds and PFC is a public financial institution under Section 4A of the Companies Act, 1956 (now section2(72) of Companies Act 2013), all monies received out of issue of bonds shall be utilized for the purpose as a stated in this offer letter. However, PFC undertakes to refund the application money in case the allotment is not done within 60 days and / or the application for permission to deal in bonds is not granted by NSE. (Please refer to sub-title 'Listing' and 'Interest in case of delay on allotment/dispatch' of this offer letter).

- PFC shall disclose the complete name and address of the debenture trustee in the Annual Report.

- PFC shall provide a compliance certificate to the debenture trustee in r/o compliance with the terms and conditions of issue of bonds as contained in this offer document.

42. **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.

43. DEBT EQUITY RATIO

Debt: Equity Ratio of the Company as on date is as under:-

Before the issue of debt securities	5.72
After the issue of debt securities	5.81

Servicing Behaviour: The payment of interest & repayment of principal is being done in a timely manner on the respective due dates.

The bonds proposed to be issued are unsecured.

44. **TRUSTEES TO THE BONDHOLDERS**

Currently PFC has appointed Milestone Trusteeship Services Pvt. Ltd., to act as debenture trustee for its Bonds. PFC holds consent from Milestone Trusteeship Services Pvt. Ltd., to act as trustees and the consent has not been withdrawn. Milestone Trusteeship Services Pvt. Ltd., 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 offer document.

45. CREDIT RATING FOR THE BONDS

a) ICRA has assigned a rating of 'AAA' (pronounced ICRA "triple A) to the long term borrowing programme & "A1+" (pronounced ICRA A one plus) to the short term borrowing programme for the Financial Year 2018-19 aggregating to ₹ 57,000.00 crore indicating the highest degree of safety with regard to payment of interest and principal vide letter no D/RAT/2017-18/P3/30 and D/RAT/2017-18/P3/31 dated 30.03.2018.

b) CRISIL has assigned a rating of 'AAA/Stable' (pronounced CRISIL "triple A with stable outlook") to the long term borrowing programme & "A1+" (pronounced CRISIL A one plus) rating to the short term borrowing programme for the Financial Year 2018-19 aggregating to ₹ 57,000.00 crore, indicating the highest degree of safety with regard to payment of interest and principal vide letter no. SN/FSR/PFC/2017-18/196798 dated 28.03.2018.

c) CARE has assigned a rating of 'AAA' (pronounced CARE "triple A") to the long term borrowing programme & "A1+" (pronounced CARE A one plus) rating to the short term borrowing programme for the Financial Year 2018-19 aggregating to ₹ 57,000.00 crore indicating the highest degree of safety with regard to payment of interest and principal vide letter no CARE/DRO/RL/2017-18/3649 dated 31.03.2018.

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 Private Placement Offer Letter.

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.

45. RECOGNISED STOCK EXCHANGE:-

The bond issue is proposed to be listed on the Corporate Debt segment of the National Stock Exchange and / or WDM segment of Bombay Stock Exchange.

CHAPTER XI

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 etcs)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	(Amt ₹ in crores)
2017-18(Provisional)	2.02
2016-17	3.16
2015-16	2.06
2014-15	2.27

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	(Amt ₹ in crores)
2017-18 (Provisional)	0.060
2016-17	0.060
2015-16	0.172
2014-15	0.174

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 31.03.17 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 31.3.2017 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	50,000	100%	0.05
2.-a	PFC Green Energy Limited(Equity Shares) (ii)	29.07.2011 08.12.2011 29.03.2012 21.03.2013 18.06.2013 07.10.2013	50,000 44,50,000 4,90,000 2,10,00,000 1,36,00,000 6,04,10,000	100%	100.00
2- b	PFC Green Energy Limited	21.03.2013	8,40,00,000	100%	200.00

	(Preference Shares) (ii)	18.06.2013 07.10.2013	5,44,00,000 6,16,00,000		
3.	PFC Capital Advisory Services Limited(iii)	01.09.2011	1,00,000	100%	0.10
4.	POWER Equity Capital Advisors (private) Limited (iv)	15.04.2008 11.10.2011	15,000 35,000	100%	0.05
	Sub-Total (A)				**300.20**
B. Subsidiary Companies promoted as SPVs for Ultra Mega Power Projects					
1.	Coastal Maharashtra Mega Power Limited	05.09.2006	50,0000	100%	0.05
2.	Orissa Integrated Power Limited	05.09.2006	50,0000	100%	0.05
3	Coastal Karnataka Power Limited	14.09.2006	50,0000	100%	0.05
4.	Coastal Tamil Nadu Power Limited	31.01.2007	50,0000	100%	0.05
5.	Chhattisgarh Surguja Power Limited	31.03.2008	50,0000	100%	0.05
6.	Sakhigopal Integrated Power Company Limited	27.01.2010	50,0000	100%	0.05
7.	Ghogarpalli Integrated Power Company Limited	27.01.2010	50,0000	100%	0.05
8.	Tatiya Andhra Mega Power Limited	27.01.2010	50,0000	100%	0.05
9.	Deoghar Mega Power Limited	30.07.2012	50,0000	100%	0.05
10.	Cheyyur Infra Limited.	24.03.2014	50,0000	100%	0.05
11.	OdishaInfrapower Limited	27.03.2014	50,0000	100%	0.05
12.	Deoghar Infra Ltd	25.08.2015	50,0000	100%	0.05
13.	Bihar Infrapower Ltd	26.08.2015	50,0000	100%	0.05
14.	Bihar Mega Power Ltd	27.08.2015	50,0000	100%	0.05
15.	Jharkhand Infrapower Ltd	05.02.2016	50,0000	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	6,25,000 2,18,75,000 2,50,00,000 9,90,00,000	31.71%	146.50
	Sub-Total (C)				**146.50**
	TOTAL (A+B+C)				**447.45**

3. The Company's share of assets, liabilities, contingent liabilities and capital commitment as on 31.03.2017 and income and expenses for the period in respect of joint venture entities based on audited accounts are given below:-

Sl no.	Particulars	As at 31.03.2017			As at 31.03.2016			As at 31.03.2015		
	Ownership (%)	**NPEL**	**EESL**	**TOTAL**	**NPEL**	**EESL**	**TOTAL**	**NPEL**	**EESL**	**TOTAL**
		-	31.71		16.66	28.79		16.66	25	
A	Assets									
	-Non-Current Assets	NA	336.90	**336.90**	0.01	180.87	**180.88**	0.02	37.83	**37.85**
	-Current Assets	NA	510.19	**510.19**	1.22	253.66	**254.88**	1.13	41.11	**42.24**
	TOTAL	NA	**847.09**	**847.09**	**1.23**	**434.53**	**435.76**	**1.15**	**78.94**	**80.09**
B.	Liabilities	NA								
	-Non Current Liabilities	NA	263.59	**263.59**	-	65.89	**65.89**	-	22.08	**22.08**
	-Current Liabilities	NA	399.32	**399.32**	0.03	248.82	**248.85**	-	28.13	**28.13**
	TOTAL	NA	**662.91**	**662.91**	**0.03**	**314.71**	**314.74**	**-**	**50.21**	**50.21**
C.	Contingent Liabilities	NA	11.74	**11.74**	-	-	**-**	-	-	**-**
D.	Capital Commitments	NA	103.95	**103.95**	-	84.24	**84.24**	-	-	**-**
		For the period								
E	**Total Income**	**NA**	**410.10**	**410.10**	**0.09**	**205.68**	**205.77**	**0.09**	**17.57**	**17.66**
F	**Total Expenses**	**NA**	**386.08**	**386.08**	**0.00**	**191.40**	**191.40**	**0.07**	**14.37**	**14.44**

Note:-Figures for FY 2014-15 & 2015-16 is taken from balance sheet of respective years & hence have not been regrouped according to FY 2016-17.

4. The details of amount recoverable (including interest thereon) from the respective subsidiaries are given below:

Name of the subsidiary	**Amount as on 31.03.17**	**Amount as on 31.03.16**	**Amount as on 31.03.15**
Coastal Maharashtra Mega Power Limited	11.10	9.99	8.99
Orissa Integrated Power Limited	138.93	89.04	105.21
Coastal Karnataka Power Limited	4.95	4.35	3.81
Coastal Tamil Nadu Power Limited	113.60	96.85	70.10
Chhattisgarh Surguja Power Limited	89.07	82.13	75.23
Sakhigopal Integrated Power Company Limited	7.12	6.41	5.54
Ghogarpalli Integrated Power Company Limited	6.08	5.46	4.79
Tatiya Andhra Mega Power Limited	9.36	9.26	8.37
Deoghar Mega Power Limited	10.69	8.70	6.12

PFC Green Energy Limited	0.11	0.24	0.31
PFC Capital Advisory Services Limited	0.03	0.19	0.13
Cheyyur Infra Limited	0.04	0.02	0.01
Odisha Infra Power Limited	0.20	0.16	0.11
Bihar Infra Power Ltd	0.02	0.01	-
Bihar Megha Power Ltd	4.28	0.95	-
Deoghar Infra Ltd	0.15	0.01	-
Jharkand Infra Power Ltd	0.03	0.00	-
TOTAL	**395.76**	**313.77**	**288.72**

Note:-1. Figures for FY 2014-15 & 2015-16 is taken from balance sheet of respective years & hence have not been regrouped according to FY 2016-17
2.Amount is in the nature of advance, does not include any loan.

5. The details of amounts payable to subsidiaries (including interest) in respect of amounts contributed by power procurers and other amounts payable are given below:-

Name of the subsidiary	Amount as on 31.03.17	Amount as on 31.03.16	Amount as on 31.03.15
PFC Consulting Limited	1.06	2.70	1.88
Coastal Maharashtra Mega Power Limited	65.50	62.81	59.79
Orissa Integrated Power Limited	87.66	83.06	72.57
Coastal Tamil Nadu Power Limited	78.26	73.56	68.72
Chhattisgarh Surguja Power Limited	75.70	71.00	66.17
Sakhigopal Integrated Power Company Limited	26.30	25.05	23.69
Ghogarpalli Integrated Power Company Limited	24.88	23.72	22.44
Tatiya Andhra Mega Power Limited	26.36	25.73	24.92
Bihar Megha Power Ltd	42.64	16.20	
PFC Capital Advisory Services Limited	0.04		
Deoghar Mega Power Limited	14.02		
TOTAL	**442.42**	**383.83**	**340.18**

Note:- Figures for FY 2014-15 & 2015-16 is taken from balance sheet of respective years & hence have not been regrouped according to FY 2016-17

6. (i) Investment in “Small is Beautiful” Fund: -
The Company has outstanding investment of ₹ 6.15 crore as on 31.03.2017 (as on 31.03.2016 ₹6.15 crore & as on 31.03.2015 ₹ 7.68 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.

(ii) Investment in equity (unquoted) in Power Exchange India Limited:-
Power Exchange India Ltd. (PXIL) has been promoted by National Stock Exchange (NSE) and National Commodity and Derivatives Exchange Limited (NCDEX). The authorized share capital is ₹120 crore consisting of 10 crore equity shares of ₹ 10/- each and 2 crore preference shares of ₹ 10/- each as on 31.03.2017. The paid up equity share capital of PXIL is ₹ 48.47 crore, as on 31.03.2017. PFC has subscribed ₹ 3.22 crore as on 31.03.2017 of the paid up capital of PXIL and holds 6.44% of the total issued and paid up share capital of PXIL.

G. **Summary of reservations or qualifications or adverse remarks of auditors during the FY 2012-13 to FY 2016-17 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. Under Section 234 (1) of the Companies Act, 1956, the RoC issued an order on July 24, 2013 to our Company requiring us to furnish information and/or explanation on certain issues pertaining to our financial statements for FY 2007-08 to 2011-12, where the RoC had observed that our Company had prima facie contravened certain provisions of the Companies Act, 1956 read with Accounting Standards which include, inter alia, the accounts of our Company not being prepared on an accrual basis, incomplete disclosures in the balance sheet, overstatement of profit, classification of doubtful debts as good, not reflecting true and fair view, non-compliance with ICAI suggestions on creation of deferred tax liability on special reserve for the period 2001-02 to 2003-04 by charging the profit and loss account and crediting the reserve.

   In addition, the RoC had asked our Company to furnish certain documents and details including details of the issue on infrastructure bonds including the objects of raising such funds, utilization of funds raised through the issue, unutilized amount and where such utilized amounts been invested, among others. Our Company gave a detailed response on August 30, 2013 to the RoC order, explaining with reasons and documents interalia that there were no contraventions of the provisions of Companies Act, 1956 or Accounting Standards, nor are there was any wilful misstatement, the classification of the assets as standard was in accordance with the prudential norms of our Company, non-creation of deferred tax liability on special reserve was in line with the letter dated June 2, 2009 of the Accounting Standard Board of the ICAI. Further, the details of issues of infrastructure bonds were also furnished in our letter dated August 30, 2013. RoC, vide letter dated October 10, 2014 forwarded their comments to MoP on our response and clarification, who in turn had asked for the comments of our Company, vide MoP letter dated October 31, 2014. Our Company had furnished reply to MoP on December 12, 2014. The MoP, vide letter dated April 27, 2015 asked our Company to place the observations of the RoC before the Board of our Company. The Board had considered and ratified our Company's reply dated August 30, 2013 to the RoC order. This was informed to MoP vide our Company's letter dated June 2, 2015. Thereafter, there was no further query or communication from RoC.

   If the alleged contraventions are determined against us, our Company and its officers in default may be subjected to fines and penalties and our officers in default may be subjected to imprisonment, in accordance with the Companies Act, 1956, which may have a material adverse impact on the business and financial condition of our Company.

   While presently no penalties have been levied on us nor any adverse action has been taken by RoC with respect to the alleged contraventions, we cannot assure you that such action will not be taken in the future.

2. All the directors of our Company are appointed by the President of India as per the Articles of our Company. As on March 31, 2015, our Company's Board comprised of 7 Directors which includes 3 whole time functional directors, one part time Government Nominee Director and 3 independent 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. Further, our Company could not yet appoint a woman director on the Board, whereas the equity listing agreement and the Companies Act, 2013 required a woman director to be appointed with effect from April 1, 2015.

   Our Company is in receipt of a notice of penalty from NSE and BSE for non-compliance of the requirement of appointment of woman director on the Board of the Company. Our Company has requested NSE and BSE for reconsideration and withdrawal of levy of fine. The Securities Contracts (Regulation) Act, 1956 prescribes certain penalties for non-compliance with the conditions of the equity listing agreement. Further, SEBI Circular No. CIR/CFD/CMD/1/2015 dated April 8, 2015 prescribes a fine structure for non-compliance with respect to appointment of woman director and accordingly, a fine of ₹ 50,000 can be imposed for non-compliance until June 30, 2015 and an additional sum of ₹1,000 can be levied for each day of non-compliance from July 1, 2015 until September 30, 2015 and an additional sum of ₹5,000 can be levied from October 1, 2015, for each day of non-compliance. In this regard, NSE has levied a fine of ₹50,000 on us on July 1, 2015 and BSE has levied a fine of ₹57,000 on us on July 10, 2015. We have filed our representation to both NSE and BSE, explaining the reasons for such non-compliance and have requested withdrawal of such fines on account of the fact that the GoI appoints directors of our Company, for which their reply is awaited. In addition, the Companies Act, 2013, also prescribes a penalty for non-appointment of women director, ranging from ₹50,000 to ₹5 lakhs respectively, which may be payable by our Company and every officer in default. This non-compliance with regard to appointment of requisite minimum number of independent directors and appointment of woman director 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.

   Further, RoC issued a show cause notice dated June 18, 2015 under Section 172 of the Companies Act, 2013 to PFCGEL (our Subsidiary) and its directors who are also our Company’s functional directors, i.e. Mr. Mukesh Kumar Goel, Ex. CMD, Mr. Radhakrishnan Nagarajan, Ex. Director (Finance) and Mr. Anil Kumar Agarwal, Ex. Director (Projects), for not appointing a woman director on its board of directors, in terms of provisions of section 149 of the Companies Act, 2013 read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules 2014. On July 1, 2015, PFCGEL and its directors filed a reply to RoC. While no further communication has been received from RoC, our Company cannot assure you that no further action, levy of fine or penalty will not be imposed by RoC in this regard.

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 XII
FINANCIAL POSITION OF THE COMPANY

A. The capital structure of the company as on December 31, 2017 is provided below-

Particulars	₹ in Crore
SHARE CAPITAL	
(a) Authorized Share Capital	
1000,00,00,000 Equity Shares of ₹ 10/- each	**10000.00**
(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, 2017-

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, 2017:-

Date of allotment	Increase in share capital (₹)	₹	Particulars
19.02.2007	1173167000	11477667000	Cumulative share capital after IPO allotment
24.05.2011	1721650050	13199317050	Cumulative share capital after FPO ALLOTMENT
08.08.2012	751780	13200068830	Cumulative share capital after ESOP ALLOTMENT
09.11.2012	56310	13200125140	Cumulative share capital after ESOP ALLOTMENT
11.02.2013	24970	13200150110	Cumulative share capital after ESOP ALLOTMENT
15.07.2013	218200	13200368310	Cumulative share capital after ESOP ALLOTMENT
08.11.2013	31410	13200399720	Cumulative share capital after ESOP ALLOTMENT
27.03.2014	7320	13200407040	Cumulative share capital after ESOP ALLOTMENT
01.09.2016	13200407040	26400814080	Bonus Issue

D. Equity Share Capital History of the company as December 31, 2017 for the last five years:-:-

Date of Allotment	No. of Equity Shares	Face Value (₹)	Issue Price (₹)	Consideration (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	01.09.2016	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	**19.08.2016**	**Authorised Share Capital increased from Rs 2,000 crore to Rs 10,000 crore**

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

Nil

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

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

I. 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 31.12.2017:-

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)	1740216107	1740216107	65.92
(c)	Bodies Corporate			
(d)	Financial Institutions / Banks			
(e)	Others			
	Sub-Total A(1) :	1740216107	1740216107	65.92
(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)			
(B)	**PUBLIC SHAREHOLDING**			
(1)	INSTITUTIONS			
(a)	Mutual Funds /UTI	151370052	151370052	5.73
(b)	Financial Institutions /Banks	25508282	25508282	0.97
(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	382048037	382048037	14.47
(h)	Qualified Foreign Investor			
(i)	Others FOREIGN NATIONALS			
	Sub-Total B(1) :	**724569025**	**724569025**	**27.44**
(2)	NON-INSTITUTIONS			
(a)	Body Corporates	40450971	40450971	1.53
(a)	NBFCs registered with RBI	1211733	1211733	0.05
(b)	Individuals			
	Holding nominal share capital uptoRs 2 lakh	100173620	100121353	3.79
	Holding nominal share capital in excess of Rs 2 lakh	18854464	18854464	0.71
(c)	Others			
	NON RESIDENT INDIANS	4344525	4344525	0.16
	CLEARING MEMBERS	3940946	3940946	0.15
	I E P F	23184	23184	0.00
	BENEFICIAL HOLDINGS UNDER MGT-4	5375	5375	0.00
	NRI NON REPATRIATION	2452231	2452231	0.09
	TRUSTS	3839227	3839227	0.15
	Sub-Total B(2) :	**175296276**	**175244009**	**6.64**
	Total B=B(1)+B(2) :	**899865301**	**899813034**	**34.08**
	Total (A+B) :	**2640081408**	**2640029141**	**100.00** **2640029141**
(C)	Shares held by custodians, against which			
	Depository Receipts have been issued			
(1)	Promoter and Promoter Group			
(2)	Public			
	GRAND TOTAL (A+B+C) :			

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, 2017:-

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	1740216107	1740216107	65.92	NIL	N.A

3. List of top 10 holders of equity shares of the company as on December 31, 2017:-

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	1740216107	65.92
2	LIFE INSURANCE CORPORATION OF INDIA	163393959	6.19
3	HDFC TRUSTEE COMPANY LIMITED - HDFC PRUDENCE FUND	44147031	1.67
4	MORGAN STANLEY (FRANCE) S.A.	23133313	0.88
5	UBS PRINCIPAL CAPITAL ASIA LTD	21796482	0.83
6	CPSE ETF	20479695	0.78
7	MORGAN STANLEY MAURITIUS COMPANY LIMITED	17580852	0.67
8	HDFC TRUSTEE COMPANY LTD - A/C HDFC MID - CAPOPPORTUNITIES FUND	17041000	0.65
9	HDFC TRUSTEE COMPANY LIMITED - HDFC TOP 200 FUND	11965486	0.45
10	VANGUARD EMERGING MARKETS STOCK INDEX FUND, ASERIES OF VANGUARD INTERNATIONAL EQUITY INDE X FUND	11639159	0.44
	TOTAL:	**2071393084**	**78.46**

J. Profits of the company for the three financial years immediately preceding the date of circulation of offer letter on standalone basis;

(₹ in Crore)

	Description	Half year ended 30.09.2017	Year ended 31.03.2017	Year ended 31.03.2016	Year ended 31.03.2015
I	**Revenue from operations**				
	Interest	13,676.88	26,270.08	27,079.44	24,585.61
	Other operating Income	45.45	129.81	118.38	131.33
	Other Financial Services	191.47	316.34	275.83	144.38
		13,913.80	**26,716.23**	**27,473.65**	**24,861.32**
II	**Other Income**				
	Other Income	126.67	302.34	90.66	45.48
III	**Total Revenue (I+II)**	**14,040.47**	**27,018.57**	**27,564.31**	**24,906.80**
IV	**Expenses**				
	Finance Cost	8,464.37	16,432.69	16,473.81	15,438.18
	Bond Issue Expenses	12.12	26.58	33.44	31.40
	Employee Benefit Expenses	74.59	114.97	90.37	85.81
	Provision for contingencies	493.69	5,101.08	1,609.32	842.91
	Provision for decline in value of investments	40.98	(7.51)	96.26	1.06
	Depreciation and Amortization expenses	2.58	5.56	6.17	6.09
	CSR and Sustainable Development Expenses	149.21	166.15	145.79	117.49
	Other Expenses	33.86	67.79	50.62	7.79
	Prior Period Items (Net)	0.07	1.47	-2.13	-2.16
	Total Expenses	**9,271.47**	**21,908.78**	**18,503.65**	**16,528.57**
V.	**Profit before exceptional and extraordinary items and tax (III-IV)**	**4,769.00**	**5,109.79**	**9,060.66**	**8,378.23**
VI.	Exceptional Items	0	0	0	
VII.	**Profit before extraordinary items and tax (V-VI)**	**4,769.00**	**5,109.79**	**9,060.66**	**8,378.23**
VIII.	Extraordinary Items	0	0	0	
IX.	**Profit Before Tax (VII-VIII)**	**4,769.00**	**5,109.79**	**9,060.66**	**8,378.23**
X.	**Tax Expenses**				
	(1) Current Tax				
	for current year	1,459.11	3,074.39	2,822.26	2,502.42
	for earlier years	0	(0.09)	12.11	0.46
	(2) Deferred Tax liability(+) / Asset(-)	(5.29)	(90.90)	112.81	-83.98
XI.	**Profit (Loss) for the year from continuing operations (IX-X)**	**3,315.18**	**2,126.39**	**6,113.48**	**5,959.33**

Notes:- Figures for FY 2014-15, FY 2015-16 and FY 2016-2017 are taken from balance sheet of respective years & hence have not been regrouped according to figures for half year ended 30.09.2017.

(2) Profits of the company for the three financial years immediately preceding the date of circulation of offer letter on consolidated basis;

(₹ in Crore)

	Description	Year ended 31.03.2017	Year ended 31.03.2016	Year ended 31.03.2015
I	**Revenue from operations**			
	Interest	26,333.11	27,099.83	24,589.49
	Consultancy /Advisory Services	181.44	262.52	56.78
	Other operating Income	457.21	136.21	159.82
	Other Financial Charges	318.10	281.65	146.79
		27,289.86	**27,780.21**	**24,952.88**
II	**Other Income**			
	Other Income	321.43	105.56	59.00
III	**Total Revenue (I+II)**	**27,611.29**	**27,885.77**	**25,011.88**
IV	**Expenses**			
	Finance Cost	16,767.64	16,645.38	15,450.28
	Bond Issue Expenses	26.58	33.44	31.04
	Employee Benefit Expenses	133.24	106.63	101.47
	Provision for contingencies	5,112.33	1,610.16	843.07
	Provision for decline in value of investments	(7.41)	96.26	1.06
	Depreciation and Amortization expenses	40.82	20.08	7.92
	CSR and Sustainable Development Expenses	167.64	146.81	118.50
	Other Expenses	105.29	61.97	14.45
	Prior Period Items (Net)	1.47	(2.06)	-2.14
	Total Expenses	**22,347.60**	**18,718.67**	**16,566.01**
V.	**Profit before exceptional and extraordinary items and tax (III-IV)**	**5,263.69**	**9,167.10**	**8,446.87**
VI.	Exceptional Items			
VII.	**Profit before extraordinary items and tax (V-VI)**	**5,263.69**	**9,167.10**	**8,445.87**
VIII.	Extraordinary Items			
IX.	**Profit Before Tax (VII-VIII)**	**5,263.69**	**9,167.10**	**8,445.87**
X.	**Tax Expenses**			
	(1) Current Tax			
	for current year	3,121.71	2,857.89	2,525.38
	for earlier years	(0.47)	12.11	-.18
	(2) Deferred Tax liability(+) / Asset(-)	(93.65)	113.10	-83.73
XI.	**Profit (Loss) for the year from continuing operations (IX-X)**	**2,236.10**	**6,184.00**	**6,004.40**

Notes:- Figures for FY 2014-15, FY 2015-16 are taken from balance sheet of respective years & hence have not been regrouped according to figures for year ended 31.03.2017.

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

Particulars	For Half Year ended 30.09.17	FY 2016-17	FY 2015-16	FY 2014-15

		Audited	Audited	Audited
Dividend declared on equity shares (%age)	60% (Interim)	50%	139%	91%
Interest coverage ratio* *	1.56	1.32	1.55	1.55

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

FINANCIAL RATIOS

Particulars	For Half Year ended 30.09.17	FY 2016-17	FY 2015-16	FY 2014-15
Current Ratio	0.83	1.32	1.21	1.01
Gross NPA (%)*	8.33%	12.50%	3.15%	1.09%
Net NPA (%)	6.69%	10.55%	2.55%	0.87%
Tier I Capital Adequacy Ratio (%)	16.90%	16.20%	17.07%	16.95%
Tier II Capital Adequacy ratio (%)	3.00%	3.08%	3.20%	3.39%

*on long term loans only.

L. (1) A summary of the financial position of the company for the three audited balance sheets immediately preceding the date of circulation of offer letter on standalone basis-

(₹ in Crore)

				Description	As on 30.09.2017	As on 31.03.2017	As at 31.03.2016	As at 31.03.2015
I .	A	**EQUITY & LIABILITIES**						
		(1)	**Share Holders' Funds**					
			(i)	Share Capital	26.40.08	2,640.08	1,320.04	1,320.04
			(ii)	Reserves & Surplus	37,214.76	33,830.13	34,445.99	30,899.17
					39,854.84	**36,470.21**	**35,766.03**	**32,219.21**
		(2)	**Non-Current Liabilities**					
			(i)	Long Term Borrowing				
				Secured	20,117.90	20,106.17	19,869.75	20,786.66
				Un-secured	147,850.99	154,735.19	152,679.95	144,186.60
					167,968.89	**174,841.36**	**172,549.70**	**164,973.46**
			(ii)	Deferred Tax Liabilities (Net)	245.22	250.51	302.06	189.25
			(iii)	Other Long Term Liabilities	5,971.02	6,142.58	548.75	333.81
			(iv)	Long Term Provisions	3,876.46	2,544.96	1,229.28	963.61
		(3)	**Current Liabilities**					
			(i)	Current Maturity of Long term Borrowing (secured)	44.64	3.70	1916.91	1,990.00
				Current Maturity of Long term Borrowing (Unsecured)	24,790.06	25,342.19	18,446.26	16,745.28
			(ii)	Short -Term Borrowing				
				Secured	0.00	2,400.79	0.00	1,928.17
				Un-secured	16,181.03	0.00	7,571.57	2,136.24
			(iii)	Other Current Liabilities	8,363.97	8,420.17	7,500.77	6,660.15
			(iv)	Short Term Provisions	976.36	1,927.11	805.44	525.23
					50,356.06	**47,032.01**	**36,240.95**	**29,985.07**
				Total	**2,68,272.49**	**258,343.58**	**246,636.77**	**228,664.41**
II .	B		**ASSETS**					
		(1)	**Non-current Assets**					
				Fixed Assets				
			(i)	Tangible Assets	107.32	106.51	105.13	104.48
				Less: Accumulated Depreciation	44.61	44.63	42.57	40.42
					62.71	**61.88**	**62.56**	**64.06**
			(ii)	Intangible Assets	8.95	8.95	8.77	8.26
				Less: Accumulated Amortization	8.43	8.26	7.42	6.53
					0.52	**0.69**	**1.32**	**1.73**
			(iii)	Intangible Assets under Development	0.01			
			(iv)	Non-Current Investments				
				Trade	465.60	465.60	466.73	12.00
				Others	1800.00	1,800.00	1,800.00	335.28

					2,265.60	**2,265.60**	**2,266.73**	**347.28**
			(vi)	Long Term Loans				
				Secured	1,52,155.03	138,306.30	134,642.08	129,622.68
				Un-Secured	66,386.42	62,026.71	65,394.00	68,220.23
					2,18,541.45	**200,333.01**	**200,036.08**	**197,842.91**
			(vii)	Other Non Current Assets	5,448.02	5,450.62	314.98	224.72
		(2)	**Current Assets**					
			(i)	Current Investments	1,284.30	1,325.53	410.74	504.04
			(ii)	Cash and Bank Balances	9.26	3,573.15	78.45	5,070.80
			(iii)	Short Term Loans				
				Secured	3,171.53	1,490.49	1,092.51	549.88
				Un-Secured	8,279.71	4,468.71	2,711.45	2,337.34
			(iv)	Other Current Assets				
			a)	Current Maturity of Long Term Loans				
				Secured	17,605.38	28,635.13	12,191.12	10,723.51
				Un-Secured	5,919.74	5,241.68	21,431.03	5,588.58
			b)	Other Assets	5,684.26	5,497.09	6,039.61	5,409.56
					41,954.18	**50,231.78**	**43,954.91**	**30,183.71**
				Total	**2,68,272.49**	**258,343.58**	**246,636.77**	**228,664.41**

Notes:- Figures for FY 2014-15, FY 2015-16 and FY 2016-17 are taken from balance sheet of respective years & hence have not been regrouped according to figures for half year ended 30.09.2017.

(2) A summary of the financial position of the company for the three financial years immediately preceding the date of circulation of offer letter on consolidated basis-

(₹ in Crore)

		Description			As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
I .	**A**	**EQUITY & LIABILITIES**					
		(1)	**Share Holders' Funds**				
			(i)	Share Capital	2,640.08	1,320.04	1,320.04
			(ii)	Reserves & Surplus	34,204.82	34,708.27	31,091.31
					36,844.91	**36,028.31**	**32,411.35**
		(2)	**Non-Current Liabilities**				
			(i)	Long Term Borrowing			
				Secured	20,106.17	19,869.75	20,786.66
				Un-secured	154,997.19	152,744.82	144,208.75
					175,103.36	**172,614.57**	**164,995.41**
			(ii)	Deferred Tax Liabilities (Net)	247.55	301.96	188.27
			(iii)	Other Long Term Liabilities	6,143.07	548.85	333.81
			(iv)	Long Term Provisions	2,549.29	1,230.59	963.97
		(3)	**Current Liabilities**				
			(i)	Current Maturity of Long term Borrowing (Secured)	3.70	1,916.91	1,990
				Current Maturity of Long term Borrowing (Unsecured)	25,342.20	18,557.09	16,745.28
			(ii)	Short -Term Borrowing			
				Secured	2,543.48		1,928.17
				Un-secured	0.00	7,571.57	2,136.24
			(iii)	Trade Payables	120.55	69.65	17.04
			(iv)	Other Current Liabilities	8,592.95	7,564.86	6,672.68
			(v)	Short Term Provisions	1,928.55	815.39	529.43
					38,531.43	**36,495.47**	**30,018.84**
				Total	**259,419.61**	**247,219.75**	**228,911.65**
II .	**B**		**ASSETS**				
		(1)	**Non-current Assets**				
				Fixed Assets			
			(i)	Tangible Assets	393.03	256.20	142.65
				Less: Accumulated Depreciation	97.87	59.18	42.94
					295.16	**197.02**	**99.71**
			(ii)	Intangible Assets	9.62	8.90	8.34
				Less: Accumulated Amortization	8.40	7.44	6.55
					1.22	**1.46**	**1.79**
			(iii)	Capital Works in Progress	105.44	46.63	2.42
			(iv)	Non-Current Investments			
				Trade	19.64	19.23	12.00
				Others	1,800.00	1,800.00	11.80
					1,819.64	**1,819.23**	**23.60**
			(vi)	Long Term Loans			

				Secured	138,911.54	134,986.71	129,710.11
				Un-Secured	62,026.71	65,394.00	68,220.23
					200,938.25	**200,380.71**	**197,930.34**
			(vii)	Other Non Current Assets			
				Fixed Deposit with schedule Bank	145.18	57.37	93.27
				Other	5,457.19	318.14	225.64
		(2)	**Current Assets**			3,573.15	
			(i)	Current Investments	1,325.53	410.74	504.04
			(ii)	Trade Receivables			
				More than 6 months	166.03	49.16	9.57
				Others	113.53	62.05	19.02
			(iii)	Cash and Bank Balances	3,799.82	301.55	5,367.36
			(iv)	Current Maturity of Long Term Loans			
				Secured	1,490.49	12,203.39	10,725.25
				Un-Secured	4,412.41	21,431.03	5,588.58
			(v)	Short Term Loans			
				Secured	28,659.49	1,080.93	549.88
				Un-Secured	5,045.28	2,711.45	2,337.34
			(vi)	Other Assets	5,644.95	6,148.89	5,433.64
					50,657.53	**44,399.19**	**30,534.68**
				Total	**259,419.61**	**247,219.75**	**228,911.65**

Notes:-Figures for FY 2014-15, FY 2015-16 are taken from balance sheet of respective years & hence have not been regrouped according to figures for year ended 31.03.2017.

M. **(1) Audited cash flow statement for the three years immediately preceding the date of circulation of offer letter on standalone basis:-** (₹in crore)

	PARTICULARS	Year ended 31.03.2017	Year ended 31.03.2016	Year ended 31.03.2015
I.	**Cash Flow from Operating Activities :-**			
	Net Profit before Tax and Extraordinary items	**5,109.79**	**9,060.66**	**8,378.23**
	ADD: Adjustments for			
	Loss on Sale of Fixed Assets (net)	0.16	0.14	(0.04)
	Profit on sale of investment	(0.50)	(0.49)	
	Depreciation / Amortization	5.78	6.17	6.09
	Amortization of Zero Coupon Bonds & Commercial Papers	99.49	(11.55)	47.50
	Foreign Exchange Translation Loss	221.48	306.16	222.64
	Net Change in Fair Value of Derivatives	(178.15)		
	Diminution in value of investments	(7.51)	96.26	1.06
	Provision for Contingencies	5,101.08	1,609.32	842.91
	Dividend / Interest on investment	(290.41)	(70.66)	(31.46)
	Provision for CSR Expenditure & Sustainable Expenditure	166.15	145.79	117.49
	Interest Subsidy Fund	2.22	(3.88)	
	Provision for interest under IT Act	0.69	0.00	4.32
	Excess Liability written back	(0.12)	(0.30)	
	Provision for Retirement Benefits / Other Welfare Expenses / Wage revision	18.59	20.84	21.94
	Operating profit before working Capital Changes:	**10,278.74**	**11,158.46**	**9,610.68**
	Increase/Decrease :			
	Loans Assets (Net)	(6,939.35)	(21,220.77)	(28,504.61)
	Other Current Assets	(4,572.82)	(774.44)	(791.79)
	Foreign Currency Monetary Item Translation Difference A/c	92.18	(359.18)	328.65
	Liabilities and provisions	6,324.91	878.88	356.40
	Cash flow before extraordinary items	**5,153.66**	**(10,317.05)**	**(19,000.67)**
	Extraordinary items	-	-	-
	Cash Inflow/Outflow from operations before Tax	**5,153.66**	**(10,317.05)**	**(19,000.67)**
	Income Tax paid	(3,302.04)	(3,059.54)	(2,453.36)
	Income Tax Refund	68.61	37.62	5.67
	Net Cash flow from Operating Activities	**1,920.23**	**(13,338.97)**	**(21,448.36)**
II.	**Cash Flow From Investing Activities :**			
	Sale / adjustment of Fixed Assets	0.09	0.14	0.18
	Purchase of Fixed Assets	(4.51)	(4.57)	(4.30)
	Increase / decrease in intangible assets under development	(0.02)	(0.16)	0.00
	Investments in Subsidiaries	0.00	(0.20)	0.00
	Dividend on investment	260.08	70.66	31.46

	Other Investments	(564.55)	(1,921.72)	(500.21)
	Net Cash Used in Investing Activities	**(308.91)**	**(1,855.85)**	**(472.87)**
III.	**Cash Flow From Financial Activities :**			
	Issue of Equity Shares			0.00
	Issue of Bonds (including premium) (Net)	18,570.20	11,711.11	32,857.60
	Redemption of Bonds			
	Raising of Long Term Loans	(9,000.00)	(3,585.00)	(7,885.00)
	Repayment of Long Term Loans			
	Foreign Currency Loans (Net)	(2,559.98)	732.75	566.33
	Commercial paper (Net)	(5,350.00)	3,195.00	805.00
	Loan Against Fixed Deposits/Working Capital Demand Loan/OD/CC/Line of Credit (Net)	115.59	357.03	1928.17
	Interest Subsidy Fund			(12.52)
	Unclaimed Bonds (Net)	(3.32)	(0.13)	(0.57)
	Unclaimed Dividend (Net)	(0.29)	0.40	
	Payment of Final Dividend of Previous year	(79.20)	(79.20)	(30.89)
	Payment of Interim Dividend of Current year		(1,755.66)	(1346.14)
	Payment of Corporate Dividend Tax	(217.64)	(372.86)	
	Net Cash in-flow from Financing Activities	**1,475.36**	**10,203.44**	**26,881.98**
	Net Increase/Decrease in Cash & Cash Equivalents	**3,086.68**	**(4,991.38)**	**4,960.75**
	Add : Cash & Cash Equivalents at beginning of the period	28.06	5,019.44	58.69
	Cash & Cash Equivalents at the end of the period	**3,114.74**	**28.06**	**5,019.44**
	Details of Cash & Cash Equivalents at the end of the period:			
	Balance in current A/c with:			
	Reserve Bank of India	0.02	0.05	0.05
	Schedule Banks	42.84	28.01	127.16
	Cheques in hand,Imprest with Postal authority & Balances with Banks	0.00	0.00	0.01
	Fixed Deposits with Scheduled Banks	3,071.88	0.00	4892.22
		3,114.74	**28.06**	**5,019.44**

Notes:-Figures for FY 2014-15, FY 2015-16 are taken from balance sheet of respective years & hence have not been regrouped according to figures for year ended 31.03.2017.

(2) Audited cash flow statement for the three years immediately preceding the date of circulation of offer letter on consolidated basis:-

(₹ in crore)

	PARTICULARS	Year ended 31.03.2017	Year ended 31.03.2016	Year ended 31.03.2015
I.	**Cash Flow from Operating Activities :-**			
	Net Profit before Tax and Extraordinary items	**5,263.69**	**9,167.10**	**8,445.88**
	ADD: Adjustments for			
	Loss on Sale of Fixed Assets (net)	0.16	0.14	(0.03)
	Profit on sale of investments	(0.50)	(0.49)	
	Depreciation / Amortisation	41.04	20.08	7.93
	Amortisation of Zero Coupon Bonds	99.49	(11.55)	47.50
	Foreign Exchange Loss/Gain	221.48	306.16	222.64
	Net Change in Fair Value of Derivatives	(178.15)		
	Dimunition in value of investments	(7.41)	96.26	1.06
	Provision for Contingencies	5,112.33	1610.17	843.07
	Dividend / Interest and profit on sale of investment	(287.02)	(70.66)	(31.46)
	Provision for CSR Expenditure & Sustainable Expenditure	166.15	145.79	117.49
	Interest subsidy fund	2.22	(3.88)	
	Provision for interest under IT Act	0.69	0.00	4.32
	Excess Liability written bank	(0.12)	(0.30)	
	Provision for Retirement Benefits/Other Welfare Expenses/Wage revision	19.03	20.97	21.99
	Interest Received	(22.54)	(15.43)	(14.26)
	Interest Paid	15.79	3.58	0.12
	Deferred Rent Expense	0.23	0.05	
	Operating profit before working Capital Changes:	**10,446.56**	**11,267.99**	**9,668.25**
	Increase/Decrease :			
	Loans Disbursed (Net)	(7,377.60)	(21508.66)	(28,568.92)
	Other Current Assets	(4,689.47)	(615.07)	(772.62)
	Foreign Currency Monetary Item Translation Difference A/c	84.46	(359.18)	328.65
	Liabilities and provisions	6,473.59	972.04	374.57
	Cash flow before extraordinary items	**4,937.54**	**(10242.88)**	**(18,972.07)**
	Extraordinary items	0.00	0.00	0.00
	Cash Inflow/Outflow from operations before Tax	**4,937.54**	**(10242.88)**	**(18,972.07)**
	Other Current Assets			(772.62)

	PARTICULARS	Year ended 31.03.2017	Year ended 31.03.2016	Year ended 31.03.2015
	Income Tax paid	(3,370.01)	(3092.64)	(2,475.24)
	Income Tax Refund	68.61	37.82	5.74
	Net Cash flow from Operating Activities	**1,636.14**	**(13297.70)**	**(21,441.57)**
II.	**Cash Flow From Investing Activities :**			
	Sale / decrease of Fixed Assets	0.10	0.15	0.19
	Purchase of Fixed Assets	(124.36)	(111.46)	(40.90)
	Increase/decrease in Capital Works in Progress	(57.01)	(44.23)	(1.60)
	Investments in Subsidiaries	(0.64)	(0.33)	(0.20)
	Interest Received	22.28	15.38	14.25
	Dividend / Interest and profit on sale of investment	256.69	70.66	31.46
	Other Investments	(597.67)	(1900.34)	(495.11)
	Capital Advances	(0.17)	(3.13)	
	Net Cash Used in Investing Activities	**(500.78)**	**(1973.30)**	**(491.91)**
III.	**Cash Flow From Financial Activities :**			
	Issue of Equity Shares	31.39	21.59	0.00
	Issue of Bonds (including premium) (Net)	18,570.20	11,711.11	32,857.60
	Commercial paper (Net)	(5,350.00)	3195	805.00
	Loan Against Fixed Deposits (Net) - Including WCL	356.70	368.62	1,928.17
	Raising of Long Term Loans (Net)	(8,781.10)	(3434.58)	(7863.06)
	Repayment of Long Term Loans			
	Redemption of Bonds			
	Raising of Foreign Currency Loans (Net)	(2,559.98)	732.75	566.33
	Interest Paid	(15.73)	(3.58)	(0.12)
	Interest Subsidy Fund			(12.52)
	Unclaimed Bonds (Net)	(3.32)	(0.13)	(0.57)
	Unclaimed Dividend (Net)	(0.29)	0.40	
	Payment of Final Dividend of Previous year	(79.20)	(79.20)	(30.89)
	Payment of Interim Dividend of Current year	0.00	(1755.60)	(1,346.14)
	Payment of Corporate Dividend Tax	(218.35)	(372.86)	
	Net Cash in-flow from Financing Activities	**1,950.52**	**10,383.46**	**(26,903.80)**

PARTICULARS		Year ended 31.03.2017	Year ended 31.03.2016	Year ended 31.03.2015
	Net Increase/Decrease in Cash & Cash Equivalents	**3,085.68**	**(4887.54)**	**4,970.32**
	Add : Cash & Cash Equivalents at beginning of the period	145.65	5033.20	62.88
	Cash & Cash Equivalents at the end of the period	**3,231.33**	**145.65**	**5,033.20**
	Details of Cash & Cash Equivalents at the end of the period:			
	Balance in current Account with			
	Reserve Bank of India	0.02	0.05	0.05
	Schedule Banks	151.18	141.87	138.25
	Cheques in hand,Imprest with Postal authority & Balances with Banks		0.00	0.01
	Fixed Deposits with Scheduled Banks	3,080.13	3.73	4,894.89
		3,231.33	**145.65**	**5,033.20**

Notes:- Figures for FY 2014-15, FY 2015-16 are taken from balance sheet of respective years & hence have not been regrouped according to figures for year ended 31.03.2017.

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] (
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
2014-15	For new project loans to generating companies restructured w.e.f. 1.04.2015, the provision requirement would be 5% and for stock of such outstanding loans as on 31.03.2015 to all generating companies, the provision shall commence with a provision of 2.75% w.e.f. 31.03.2015 and reaching 5% by 31.03.2018.	(564.44)

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

1) Details of Unsecured Loan Facilities Outstanding as on 31.12.2017:-

Lender's Name	Type of Facility	Amount Sanctioned (₹ in crs)	Principal Amount Outstanding (₹ in Crs)	Repayment Date/ Schedule	Fixed /Floating
Canara Bank	Rupee Term Loan	2,000.00	651.23	30-Dec-2019	1m MCLR Rate
Punjab and Sind Bank	Rupee Term Loan	475.00	200.00	30-Mar-2019	1m MCLR Rate

2) **Details of Foreign Currency Loans Outstanding as on 31.12.2017**

Lender's Name	Type of Facility	Amount Sanctioned (₹ in crs)	Principal Amount Outstanding (₹ in Crs)	Repayment Date/ Schedule
Kreditanstalt Fur Wiederaufbau (KF W-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 6.75 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.
Asian Development Bank	Foreign Currency Loan	USD 150.00 million	USD 13.40 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
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 8.10 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.
State Bank of India acting as facility agent through its branch in Hong Kong on behalf of various lenders	Foreign Currency Loan-syndicated loan-XVI	USD 250.00 million	USD 250.00 million	Repayment after 5 years from drawdown (i.e. on 04.12.2019)
State Bank of India acting as facility agent through its branch in Hong Kong on behalf of various lenders	Foreign Currency Loan-syndicated loan-XVII	USD 450.00 million	USD 450.00 million	Repayment in three equal instalments at the end of 66, 72 and 78 months from drawdown (i.e. on 28-Sep-2020, 26-Mar-2021 and 24-Sep-2021)
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 43668 million	JPY 43668 million	Repayment in three equal installments on 6.11.2020, 8.11.2021 and 4.11.2022
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)
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)
ICICI Bank	FCNR (B) loan	USD 100.00 million	USD 100.00 million	Repayment after 16 months of drawl (i.e. on 26.04.19)

3) Unsecured taxable bonds issued by our Company as on 31.12.2017:

Details of bonds	Amount Raised (₹ in crs)	Deemed date of allotment	Coupon rate and maturity and redemption	Amount Outstanding (₹in crs)
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	461.34
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
Debentures Series XLVII-C	780.70	June 9, 2008	Coupon Rate: 9.68% per annum Maturity and Redemption: At par at the end of 10 years from the deemed date of allotment	780.70
Debenture Series XLVIII-C	259.70	July 15, 2008	Coupon Rate: 10.55% per annum Maturity and Redemption: At par at the end of 10 years from the deemed date of allotment	259.70
Debenture Series XLIX-B	428.60	August 11, 2008	Coupon Rate: 10.85% per annum Maturity and Redemption: At par at the end of 10 years from the deemed date of allotment	428.60
Debenture Series LI-C	3024.40	September 15, 2008	Coupon Rate: 11.00% per annum	3024.40

Details of bonds	Amount Raised (₹ in crs)	Deemed date of allotment	Coupon rate and maturity and redemption	Amount Outstanding (₹in crs)
			Maturity and Redemption: At par at the end of 10 years from the deemed date of allotment	
Debenture Series LII-C	1950.60	November 28, 2008	Coupon Rate: 11.25% per annum Maturity and Redemption: At par at the end of 10 years from the deemed date of allotment	1950.60
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	1733.00
Debenture Series LIX-B	1216.60	October 15, 2009	Coupon Rate: 8.80% per annum Maturity and Redemption: At par at the end of 10 years from the deemed date of allotment	1216.60
Debenture Series LX-B	925.00	November 20, 2009	Coupon Rate: 1 year Indian Constant Maturity Treasury Benchmark Rate plus 179 basis points Maturity and Redemption: At par at the end of 10 years from the deemed date of allotment	925.00

Details of bonds	Amount Raised (₹ in crs)	Deemed date of allotment	Coupon rate and maturity and redemption	Amount Outstanding (₹in crs)
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	702.00
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 Maturity and Redemption: At par at the end of 15 years from the deemed date of allotment	1172.60
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	1477.00	March 30, 2010	Coupon Rate: 8.95% per	984.00

Details of bonds	Amount Raised (₹ in crs)	Deemed date of allotment	Coupon rate and maturity and redemption	Amount Outstanding (₹in crs)
Series LXIV			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	
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 redeemable at par at the end of the 5th, 10th, 15th year respectively from the deemed date of allotment	2,675.00
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	633.00

Details of bonds	Amount Raised (₹ in crs)	Deemed date of allotment	Coupon rate and maturity and redemption	Amount Outstanding (₹in crs)
			Maturity and Redemption: At par at the end of 20 years from the deemed date of allotment	
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 from the deemed date of allotment	1549.00
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-A	144.00	January 14, 2011	Coupon Rate: 8.97% per annum Maturity and Redemption: At par at the end of 07 years from the deemed date of allotment	144.00
Debenture Series LXXII-B	1219.00	January 14, 2011	Coupon Rate: 8.99% per annum Maturity and	1219.00

Details of bonds	Amount Raised (₹ in crs)	Deemed date of allotment	Coupon rate and maturity and redemption	Amount Outstanding (₹in crs)
			Redemption: At par at the end of 10 years from the deemed date of allotment	
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 78-B	1180.00	September 23,2011	Coupon Rate: 9.44% per annum Maturity and Redemption: At the end of 10 years from the date	1180.00

Details of bonds	Amount Raised (₹ in crs)	Deemed date of allotment	Coupon rate and maturity and redemption	Amount Outstanding (₹in crs)
			of allotment with put and call option after end of 7th year	
Debenture Series 82-C	2060.00	December 15,2011	Coupon Rate: 9.70% per annum Maturity and Redemption: At the end of 7 years from the date of allotment	2060.00
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 Maturity and Redemption At the end of 8 years from the deemed date of allotment	650.80
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 91-B	2695.20	June 29,2012	Coupon Rate: 9.39% per annum Maturity and Redemption At the end of 10 years with put & call option on completion of 7 years from the deemed date of allotment	2695.20
Debenture Series 92-C	640.00	August 21,2012	Coupon Rate: 9.29% per annum Maturity and Redemption At the end of 10 years	640.00

Details of bonds	Amount Raised (₹ in crs)	Deemed date of allotment	Coupon rate and maturity and redemption	Amount Outstanding (₹in crs)
			with put & call option on completion of 8 years from the deemed date of allotment	
Debenture Series 98-B	324.00	February 08,2013	Coupon Rate: 8.72% per annum Maturity and Redemption At the end of 5 years from the deemed date of allotment	324.00
Debenture Series 98-C	324.00	February 08,2013	Coupon Rate: 8.72% per annum Maturity and Redemption At the end of 6 years from the deemed date of allotment	324.00
Debenture Series 99-A	2.00	February 20,2013	Coupon Rate: 8.77% per annum Maturity and Redemption At the end of 5 years from the deemed date of allotment	2.00
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-A	3201.00	March 11,2013	Coupon Rate: 8.95% per annum Maturity and Redemption At the end of 5 years from the deemed date of allotment	3201.00
Debenture	1370.00	March 11,2013	Coupon Rate: 9.00% per	1370.00

Details of bonds	Amount Raised (₹ in crs)	Deemed date of allotment	Coupon rate and maturity and redemption	Amount Outstanding (₹in crs)
Series 101-B			annum Maturity and Redemption At the end of 15 years from the deemed date of allotment	
Debenture Series 102-A(I)	403.00	March 18,2013	Coupon Rate: 8.90% per annum Maturity and Redemption At the end of 5 years from the deemed date of allotment	403.00
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	1000.00

Details of bonds	Amount Raised (₹ in crs)	Deemed date of allotment	Coupon rate and maturity and redemption	Amount Outstanding (₹in crs)
			from the deemed date of allotment	
Debenture Series 114 (subordinated Tier II bonds)	2000.00	June 14,2013	Coupon Rate: 9.70% per annum Maturity and Redemption At the end of 10 years from the deemed date of allotment	2000.00
Debenture Series 115 -II	100.00	July 07,2014	Coupon Rate: 9.15% per annum Maturity and Redemption At the end of 5 years from the deemed date of allotment	100.00
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(I)	460.00	August 27,2014	Coupon Rate: 9.39% per annum Maturity and Redemption At the end of 5 years from the deemed date of allotment	460.00
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

Details of bonds	Amount Raised (₹ in crs)	Deemed date of allotment	Coupon rate and maturity and redemption	Amount Outstanding (₹in crs)
Debenture Series 119-B	1591.00	September 17,2014	Coupon Rate: 9.32% per annum Maturity and Redemption At the end of 5 years from the deemed date of allotment	1591.00
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	Maturity and Redemption At the end of 10 years with put option after 2 years from the deemed date of allotment with first interest on annual compounding basis after 2 years and thereafter annually:8.98% per annum	950.00
Debenture Series 121-B	1100.00	October 21, 2014	Coupon Rate: 8.96% per annum Maturity and Redemption At the end of 5 years from the deemed date of allotment	1100.00
Debenture Series 122	1000.00	November 7, 2014	Coupon Rate: 8.76% per annum Maturity and Redemption At the end of 5 years from the deemed date of allotment	1000.00
Debenture Series 123-B	836.00	November 28, 2014	Coupon Rate: 8.65% per annum Maturity and Redemption At the end of 5 years from the deemed date of allotment	836.00
Debenture Series 123-B	200.00	November 28, 2014	Coupon Rate: 8.66% per annum Maturity and Redemption At the end of 5 years	200.00

Details of bonds	Amount Raised (₹ in crs)	Deemed date of allotment	Coupon rate and maturity and redemption	Amount Outstanding (₹in crs)
			from the deemed date of allotment	
Debenture Series 124-A	1220.00	December 9, 2014	Coupon Rate: 8.52% per annum Maturity and Redemption At the end of 5 years from the deemed date of allotment	1220.00
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

Details of bonds	Amount Raised (₹ in crs)	Deemed date of allotment	Coupon rate and maturity and redemption	Amount Outstanding (₹in crs)
Debenture Series 129-A	980.00	March 13, 2015	Coupon Rate: 8.29% per annum on annual compounding basis Maturity and Redemption At the end of 3 years 3 months from the deemed date of allotment	980.00
Debenture Series 129-B	100.00	March 13, 2015	Coupon Rate: 8.29% per annum Maturity and Redemption At the end of 3 years 3 months from the deemed date of allotment	100.00
Debenture Series 130-A	1175.00	March 19, 2015	Coupon Rate: 8.40% per annum Maturity and Redemption At the end of 3 years 3 months from the deemed date of allotment	1175.00
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-A	100.00	March 27, 2015	Coupon Rate: 8.34% per annum Maturity and Redemption At the end of 3 years 1 months from the deemed date of allotment	100.00
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	5000.00

Details of bonds	Amount Raised (₹ in crs)	Deemed date of allotment	Coupon rate and maturity and redemption	Amount Outstanding (₹in crs)
			from the deemed date of allotment	
Debenture Series 132-A	272.00	April 16, 2015	Coupon Rate: 8.03% per annum Maturity and Redemption At the end of 2 years 11 months and 24 days from the deemed date of allotment	272.00
Debenture Series 132-B	200.00	April 16, 2015	Coupon Rate: 8.09% per annum Maturity and Redemption At the end of 3 years 1 month from the deemed date of allotment	200.00
Debenture Series 134-B	1,500.00	May 28, 2015	Coupon Rate: 8.39% per annum Maturity and Redemption At the end of 3 years from the deemed date of allotment	1,500.00
Debenture Series 135-A	1,210.00	June 29, 2015	Coupon Rate: 8.40% per annum Maturity and Redemption At the end of 3 years from the deemed date of allotment	1,210.00
Debenture Series 135-B	1,500.00	June 29, 2015	Coupon Rate: 8.50% per annum Maturity and Redemption At the end of 4 years from the deemed date of allotment	1,500.00
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 Maturity and Redemption At the end of 5 years from the deemed date of allotment	1,000

Details of bonds	Amount Raised (₹ in crs)	Deemed date of allotment	Coupon rate and maturity and redemption	Amount Outstanding (₹in crs)
Debenture Series 139-C	800	Aug 19, 2015	Coupon Rate: 8.17% per annum Maturity and Redemption At the end of 3 years from the deemed date of allotment	800.00
Debenture Series 140-A	1,930	Sep 04, 2015	Coupon Rate: 8.28% per annum Maturity and Redemption At the end of 3 years from the deemed date of allotment	1,930.00
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 142-B	1,000	Oct 21, 2015	Coupon Rate: 8.00% per annum Maturity and Redemption At the end of 3 years 1day from the deemed date of allotment	1,000
Debenture Series 143	700	Jan 28, 2016	Coupon Rate: 8.12% per annum Maturity and Redemption At the end of 3 years 1 month from the deemed date of allotment	700.00
Debenture Series 145	2928	April 13, 2016	Coupon Rate: 7.85% per annum Maturity and Redemption At the end of 3 year 2 days from the deemed	2,928.00

Details of bonds	Amount Raised (₹ in crs)	Deemed date of allotment	Coupon rate and maturity and redemption	Amount Outstanding (₹in crs)
			date of allotment	
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 148	1915	May 13, 2016	Coupon Rate: 7.95% per annum Maturity and Redemption At the end of 3 years from the deemed date of allotment	1,915.00
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 Maturity and Redemption At the end of 5 years from the deemed date of allotment	2660.00
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

Details of bonds	Amount Raised (₹ in crs)	Deemed date of allotment	Coupon rate and maturity and redemption	Amount Outstanding (₹in crs)
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 Maturity and Redemption At the end of 10 years from the deemed date of allotment	2635.00
Debenture Series 157	2000	January 17, 2017	Coupon Rate: 7.83% 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 161	1850	March 6, 2017	Coupon Rate: 7.90% per annum Maturity and Redemption At the end of 1 year 4	1850.00

Details of bonds	Amount Raised (₹ in crs)	Deemed date of allotment	Coupon rate and maturity and redemption	Amount Outstanding (₹in crs)
			months and 10 days from the deemed date of allotment	
Debenture Series 162	1060	March 7, 2017	Coupon Rate: 7.90% per annum Maturity and Redemption At the end of 1 year 4 months and 9 days from the deemed date of allotment	1060.00
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 from the deemed date of allotment	1,560.00
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

Details of bonds	Amount Raised (₹ in crs)	Deemed date of allotment	Coupon rate and maturity and redemption	Amount Outstanding (₹in crs)
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 Maturity and Redemption At the end of 10 years from the deemed date of allotment	5,000.00

4) Secured taxable bonds issued by our Company as on 31.12.2017:-

Details of bonds	Amount Raised (₹ in Crs)	Deemed date of allotment	Coupon rate and maturity and redemption	Amount Outstanding (₹ in crs)
Debenture Series 109	4500.00	October 07,2013	Coupon Rate: 9.81% per annum Maturity and Redemption At the end of 5 years from the deemed date of allotment	4,500.00

Details of bonds	Amount Raised (₹ in Crs)	Deemed date of allotment	Coupon rate and maturity and redemption	Amount Outstanding (₹ in crs)
Debenture Series 112-A	270.00	January 31,2014	Coupon Rate: 9.70% per annum Maturity and Redemption At the end of 5 years from the deemed date of allotment	270.00
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
Debenture Series 113	2240.00	March 03,2014	Coupon Rate: 9.69% per annum Maturity and Redemption At the end of 5 years from the deemed date of allotment	2,240.00

5) Secured taxable Infrastructure bonds as 31.12.2017

Details of bonds	Amount Raised (₹ in crs)	Deemed date of allotment	Coupon rate and maturity and redemption	Amount Outstanding (₹ in crs)
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	109.40
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 years from the deemed date of allotment	6.13
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	22.75
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
8.30% 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

Details of bonds	Amount Raised (₹ in crs)	Deemed date of allotment	Coupon rate and maturity and redemption	Amount Outstanding (₹ in crs)
8.50% 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	3.23
8.50% 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	8.83
8.43% Long Term Infrastructure Bonds Series-86-A	9.04	30.03.2012	Coupon Rate: 8.43% per annum(c.a.) 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	15.48
8.72% Long Term Infrastructure Bonds Series-86-C	0.95	30.03.2012	Coupon Rate: 8.72% per annum(c.a.) Maturity and Redemption: On date, being the date falling fifteen years from the deemed date of allotment	0.95
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	2.75

6) **Secured tax free bonds as on 31.12.2017**:-

Details of bonds	Amount Raised (₹ in Crs)	Deemed date of allotment	Coupon rate and maturity and redemption	Amount outstanding (₹ in Crs)
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	217.69	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	217.69
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	2802.01	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	1231.12	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	255.00

Details of bonds	Amount Raised (₹ in Crs)	Deemed date of allotment	Coupon rate and maturity and redemption	Amount outstanding (₹ in Crs)
			from the date of allotment	
Debenture Series 94-B	25.00	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	25.00
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-	96.16	March 28,2013	Secured Tax Free Bonds Coupon Rate: 6.88% per annum for non-retail	96.16

Details of bonds	Amount Raised (₹ in Crs)	Deemed date of allotment	Coupon rate and maturity and redemption	Amount outstanding (₹ in Crs)
II Series I			investors 7.38% for retail investors Maturity and Redemption: At the end of 10 years from the date of allotment	
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 Redemtion: 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 Redemtion: 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

Details of bonds	Amount Raised (₹ in Crs)	Deemed date of allotment	Coupon rate and maturity and redemption	Amount outstanding (₹ in Crs)
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 Redemtion: 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 Redemtion: 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 : 8.43% per annum Maturity and Redemtion: 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 Coupon rate : 7.36% per annum Maturity and Redemption: 15 years from Deemed Date of Allotment	79.35
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	45.18

Details of bonds	Amount Raised (₹ in Crs)	Deemed date of allotment	Coupon rate and maturity and redemption	Amount outstanding (₹ in Crs)
			from Deemed Date of Allotment	
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 31.12.2017

Details of bonds	Amount Raised (₹ in Crs)	Deemed date of allotment	Coupon rate and maturity and redemption	Amount outstanding (₹ in Crs)
Capital gain Bonds	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	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	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	20.50	October 31, 2017	Coupon Rate: 5.25% per annum Maturity and Redemption At the end of 3 years from	20.50

Details of bonds	Amount Raised (₹ in Crs)	Deemed date of allotment	Coupon rate and maturity and redemption	Amount outstanding (₹ in Crs)
			the deemed date of allotment	
Capital gain Bonds	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	33.76	December 30, 2017	Coupon Rate: 5.25% per annum Maturity and Redemption At the end of 3 years from the deemed date of allotment	33.76

8) GoI Fully Serviced Bonds as on 31.12.2017:-

Details of bonds	Amount Raised (₹ in Crs)	Deemed date of allotment	Coupon rate and maturity and redemption	Amount outstanding (₹ in Crs)
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	2,000.00

Details of bonds	Amount Raised (₹ in Crs)	Deemed date of allotment	Coupon rate and maturity and redemption	Amount outstanding (₹ in Crs)
			At the end of 10 years from the deemed date of allotment	

1) Details of commercial paper:-

The total Face value of commercial paper outstanding as on 31.12.2017 is as under:-

Series	Maturity Date	Face Value (₹ in crs)
CP series 85	15-May-18	1,105.00
CP series 90	10-Aug-18	1,925.00
CP series 91	15-Jan-18	2,000.00

2) **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

3) Highest Ten Holders of each class or kind of securities (As on 31.12.2017)

a) Term Loan:-

S No.	Name of the Bank	(₹ in Crore)
1	Canara Bank	651.23
2	Punjab & Sind Bank	200.00

b) Bonds:-

S No.	Name of the Bondholders	(₹ in Crore)
1	LIFE INSURANCE CORPORATION OF INDIA	31456.70
2	CBT EPF	20615.73
3	RELIANCE CAPITAL TRUSTEE CO LTD	6815.40
4	HDFC TRUSTEE COMPANY LTD	6516.50
5	NPS TRUST	5738.40
6	STATE BANK OF INDIA	5707.10
7	ADITYA BIRLA SUN LIFE TRUSTEE PRIVATE LIMITED	5241.10
8	ICICI PRUDENTIAL INCOME OPPORTUNITIES FUND	4502.60
9	COAL MINES PROVIDENT FUND ORGANISATION	3745.60
10	SBI CORPORATE BOND FUND	3341.10

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 31.03.2017):-

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.	₹ 190.11 crores

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 etcs)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

CORPORATE SOCIAL RESPONSILBILITY (CSR)

CSR is a cornerstone of our operations and we discharge our social responsibility obligations as a part of our growth philosophy. We 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 skill development, environment protection through promotion of renewable energy and the development of underprivileged sections of the society through hygiene and sanitation programmes.

In order to give meaningful direction to the above initiatives, we have in place a CSR committee of Directors headed by an independent director.

With the aim of addressing the socio-economic issues that occur at a national level, we have aligned our CSR & SD policy in line with the guidelines issued by the DPE.

In conformity with the provisions of the Companies Act, 2013 and the rules framed thereunder, for the FY 2016-17, our Board had approved a CSR budget of ₹ 166.15 crores based on 2% of the average stand-alone profit before tax earned during the three immediately financial years complying with Section 135 of the Companies Act, 2013 in line with Rule 2(f) (ii) of Companies (Corporate Social Responsibility Policy) Rules 2014.

The funds were mainly disbursed to implement many social initiatives in the field of renewable energy, environment sustainability, sanitation and job oriented skill development programmes for underprivileged sections of the society. As part of its CSR initiative, we also works towards providing relief and rehabilitation to the victims of natural calamities and supports projects that provide various equipment to people with disabilities.

We adopts a pan-India approach to implement its various CSR initiatives and therefore supports development in remote areas of India including but not limited to the North East, Jammu and Kashmir, Jharkhand and the areas affected by left-wing extremism. We maintains a special focus on the use of renewable energy that would help to reduce its carbon footprint and create greater awareness about sustainable energy practices.

Furthermore, we have a robust mechanism for selecting CSR proposals, which are first screened by an interdisciplinary committee consisting of various senior officials (at the general manager level) of the Issuer. Once the proposals are screened, they are appraised according to our CSR policy and put forward for the approval of the CSR and SD committees. Once the committee approves them, the proposals are then put forward to the Board for its approval.

After approval from the Board, a memorandum of understanding with the terms and conditions, along with the applicable implementation timeline of various deliverables, is signed with the project executing agency and, thereafter, milestone linked disbursements are made to the executing agency after ensuring compliance with the memorandum of understanding. As of the date of this Offer Letter, the Issuer is continuing its effort to lead the way in innovative approaches to CSR activities.

DECLARATION

The Company undertakes that this Private Placement Offer Letter contains full disclosures in accordance with Form PAS-4 prescribed under Section 42 and Rule 14(1) of Companies (Prospectus and Allotment of Securities) Rules, 2014 and other provisions of the Companies Act, 2013, Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 issued vide circular no. LAD-NRO/GN/2008/13/127878 dated June 06, 2008, as amended, Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2012 issued vide circular no. LAD-NRO/GN/2012-13/19/5392 dated October 12, 2012, as amended and Securities and Exchange Board of India (Issue and Listing of Debt Securities) (Amendment) Regulations, 2014 issued vide circular no. LAD-NRO/GN/2013-14/43/207 dated January 31, 2014, as amended.

The Company has complied with the provisions of the Companies Act, 2013 and the rules made there under. It is to be distinctly understood that compliance with the Companies Act, 2013 and the rules does not imply that payment of dividend or interest or repayment of redemption amount, is guaranteed by the Government of India.

The Company undertakes that the monies received under the Issue shall be utilized only for the purposes and 'Objects of the Issue' indicated in the Private Placement Offer letter. The Issuer accepts no responsibility for the statements made otherwise than in the Private Placement Offer Letter or in any other material issued by or at the instance of the Issuer and that any one relying on such information from any other source would be doing so at his own risk.

The undersigned has been authorized by the Board of Directors of the Company vide resolution dated March 26, 2018 to sign this Private Placement Offer Letter and declare that all the requirements of the Companies Act, 2013, Securities and Exchange Board Of India (Issue And Listing Of Debt Securities), Regulation ,2012 rules, regulations, guidelines and circulars issued there under in respect of the subject matter of this form and matters incidental thereto have been complied with.

Whatever is stated in this Private Placement Offer Letter and in the attachments thereto is true correct and complete and no information material to the subject matter of this form has been suppressed or concealed and is as per the original records maintained by the Promoter subscribing to the Memorandum of Association and Articles of Association of the Company.

It is further declared and verified that all the required attachments have been completely, correctly and legibly attached to this Private Placement Offer Letter.

For Power Finance Corporation Limited,

Shelly

Shelly Verma
General Manager (Finance)
Place: New Delhi
Date : March 31, 2018

Enclosures:

1. Copy of special resolution passed by the shareholders of the Company at the Meeting held on September 20, 2017 authorizing Issue of Bonds;
2. Copy of resolution passed the Board of Directors of the Company at their meeting held on 26 March 2018
3. Copy of letters from CRISIL dtd 28.03.2018, ICRA dtd 30.03.2018 and CARE dtd 31.03.2018.

✓ RM - (DOMESTIC)
RM - (INTERNATIONAL)

Extract from the Minutes of the 31st Annual General Meeting of the Power Finance Corporation Ltd. held during 11.00 A.M. to 12.00 Noon on Wednesday, the 20th September, 2017 at Talkatora Indoor Stadium, Talkatora Garden, New Delhi – 110004.

Business Item No.9

To raise funds upto ₹65,000 crore through issue of Bonds/Debentures/notes/debt securities on Private Placement basis in India and/or outside India.

"**RESOLVED THAT** pursuant to provisions of Section 42 of Companies Act 2013, read with Rule 14(2) of Companies (Prospectus and Allotment of Securities), Rule 2014 approval is hereby accorded for raising of funds by way of private placement of secured /unsecured, redeemable, non-convertible, taxable /tax free, senior / subordinated bonds / debentures /notes/ debt securities in India and / or outside India to the extent of ₹65,000 crore during the period of one year from the date of current AGM."

"**RESOLVED FURTHER THAT** the Board of Directors of the Company (including any Committee duly constituted by the Board of Directors or any authority as approved by the Board of Directors) be and is hereby authorized, to make offer(s) or invitation(s) to subscribe to private placement of secured /unsecured, redeemable, non-convertible, taxable /tax free, senior / subordinated bonds / debentures /notes/debt securities ("bonds") in India and / or outside India to the extent of ₹65,000 crore during the period of one year from the date of current AGM and to do all such acts, deeds and things as may be deemed necessary in respect of issue of bonds including but not limited to the face value, issue price, issue size, timing, amount, security, coupon / interest rate, yield, listing, allotment and other terms and conditions of issue bonds as they may, in their absolute discretion deem necessary."

"**RESOLVED FURTHER THAT** the Board of Directors of the Company (including any Committee duly constituted by the Board of Directors or any authority as approved by the Board of Directors) be and is hereby authorized to do and execute all such acts, deeds and things as may be necessary for giving effect to the above resolutions."

Meghagupta
(MEGHA GUPTA)
MANAGER (CS)

पावर फाइनेंस कॉर्पोरेशन लिमिटेड
POWER FINANCE CORPORATION LTD.
(भारत सरकार का उपक्रम) (A Govt. of India Undertaking)
(आई.एस.ओ. 9001:2008 प्रमाणित) (ISO 9001:2008 Certified)

No: 1:05:138:II:CS
Date: 26th March, 2018

National Stock Exchange of India Limited, Listing Department, Exchange Plaza, Bandra – Kurla Complex, Bandra (E) **MUMBAI – 400 051.** **नेशनल स्टॉक एक्सचेंज ऑफ इंडिया लिमिटेड** **लिस्टिंग विभाग, एक्सचेंज प्लाजा,** **बांद्रा-कुर्ला कॉम्प्लेक्स, बांद्रा (पू), मुंबई-400 051**	**Bombay Stock Exchange Limited,** Department of Corporate Services, Floor – 25, PJ Towers, Dalal Street, **MUMBAI – 400 001.** **बंबई स्टॉक एक्सचेंज लिमिटेड,** **कॉर्पोरेट सेवाएं विभाग, मंजिल-25,** **पी. जे. टावर्स, दलाल स्ट्रीट, मुंबई-400 001**
Kind Attn.: Ms. Rehana Dsouza, **Asstt. Vice President**	**Kind Attn.: Mr. Iyer Gopalkrishnan,** **GM, Corporate Services.**

SUB: Outcome of Board Meeting- Intimation pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Sir/Madam,

In continuation of our earlier letter dated 21.03.2018, we would like to inform you that, the Board of Directors of Power Finance Corporation Ltd. (PFC) in its meeting held today i.e. on March 26, 2018 have inter-alia approved the proposal for raising of resources i.e. Market Borrowing program under different debt segments in one or more tranches / series for the Financial Year 2018-19 as follows:

Sl. No.	Source	Amount (Rs. In Crores)
1	**Long Term borrowing (Rupee):** Term Loan and Public / Private Placement of Long Term Taxable / Tax Free bond, Perpetual / Redeemable, Secured / unsecured, Cumulative / Non- cumulative, Non- convertible Infrastructure Bonds / Zero Coupon Bonds / Subordinated bond / Inflation indexed bonds / Capital Gain Bond u/s 54EC / other bonds in physical and / or demat form for a tenure upto 30 years with / without put option and which may be listed on NSE and / or BSE- Long term funds raised and prepaid during the year to be excluded from this limit.	20,750
2	**Long Term Foreign Currency Borrowings** by way of Loan/Bonds/Notes/FCNR(B) loan or any other instrument including rupee denominated bonds / notes issued overseas (USD 2.5 Billion @ 1 USD= Rs 65)	16,250
3	**Short Term borrowing:** Short Term Loans/Commercial Paper/ICD/FCNR(B) - outstanding at any point of time during FY 2018-19. Short term funds raised and repaid during the year to be excluded from this limit.	20,000
	Total	**57,000**

a. Chairman and Managing Director, PFC on the recommendation of all functional Directors has been authorised to approve interchangeability of the amount amongst different sources as detailed above, within the overall limit of Rs 57,000 crore.

b. The funds under the above Market Borrowing program will actually be raised from time to time during the Financial Year 2018-19, with the approval of competent authority as per powers delegated in this regard, by the Board of Directors in the said meeting.

The Board Meeting commenced at 2.30 P.M. and concluded at 4.15 P.M.

This is submitted for your information and record.

Thanking you,

Yours faithfully,
For Power Finance Corporation Ltd.

(Manohar Balwani)
Company Secretary
mb@pfcindia.com

CRISIL
An S&P Global Company

CONFIDENTIAL

SN/FSR/PFC/2017-18/196798

March 28, 2018

Mrs. Parminder Chopra
General Manager (RM-International)
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 for the Rs.37000 crore Long-Term Borrowing Programme~ of Power Finance Corporation Limited.

We refer to your request for a rating for the captioned Debt instrument.

CRISIL has, after due consideration, assigned a "**CRISIL AAA/Stable**" (pronounced as CRISIL triple A rating with Stable outlook) rating on 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.

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.

Further, in view of your decision to accept the CRISIL Rating, we request you to apprise us of the instrument details (in the enclosed format) as soon as it has been placed. In the event of your company not making the issue within a period of 180 days from the above date, or in the event of any change in the size or structure of your proposed issue, a fresh letter of revalidation from CRISIL will be necessary.

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,

Rama Patel

Rama Patel
Director - CRISIL Ratings

Nivedita Shibu
Associate Director - CRISIL Ratings

** Borrowing programme for fiscal 2018 (refers to financial year, April 1 to March 31). Total incremental long-term bank borrowing and borrowings under the rated long-term bonds programme not to exceed Rs.37000 crore at any point in time during fiscal 2018. The long-term borrowing programme includes tax-free bonds under Section 10 of the Income Tax Act 196.*

ICRA

ICRA Limited

D/RAT/2017-18/P3/30

March 30, 2018

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

Dear Madam,

Re: ICRA Credit Rating for the Rs. 37,000 crore Long Term Borrowing Programme of Power Finance Corporation Limited for the Financial Year 2018-19

Please refer to the Rating Agreement dated March 27, 2018 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 06, 2018 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. The rating is restricted to your Long Term Borrowing programme size of Rs. 37,000 crore only. Further the total utilisation of the captioned rated Long Term Borrowings programme (including Bonds, Long Term Bank Borrowings and Bank guarantees) and Short Term borrowing (including Commercial Paper & Short term bank borrowings) programme should not exceed Rs. 57,000 crore for financial year 2018-19.

Building No. 8, 2nd Floor, Tower A
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ICRA

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.

Enclosed herewith is a copy of the rationale of the assigned rating for your reference. Please respond with your comments if any within the aforesaid timeline of April 06, 2018.

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

Anil Gupta
Vice President
anilg@icraindia.com

Rohit Gupta
Analyst
rohit.gupta@icraindia.com

ICRA

Acknowledgement

(To be signed and returned to ICRA Limited)

I, *<Name of the person>*, *<Designation>* on behalf of the *<Company/ Client name>* hereby accept and acknowledge the above assigned credit rating.

***For** <Company/ Client Name>*

____

Name:

Date:

***Note:** Please return a copy of the above communication along with the acknowledgement to ICRA Limited at <address> or <email>*

CARE/DRO/RL/2017-18/3649

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

March 31, 2018

Confidential

Dear Madam,

Credit rating for proposed Market Borrowing Programme for FY19

Please refer to your request for rating of proposed long term and short-term market borrowing programme for FY19 aggregating to Rs.57,000 crore of your company.

The following ratings have been assigned by our Rating Committee:

Instrument	Amount (Rs. crore)	Rating[1]	Remarks
Long term instruments – Market Borrowing Programme (FY19)	37,000	**CARE AAA/Stable [Triple A; Outlook: Stable]**	**Assigned**
Short term instruments – Market Borrowing Programme (FY19)	20,000	**CARE A1+ [A One Plus]**	**Assigned**
Total	**57,000 [Rupees Fifty Seven Thousand Crore]**		

3. Please arrange to get the rating revalidated, in case the proposed issue is not made within a period of **six months** for long term rating and **two months** for short term rating from the date of our initial communication of rating to you (that is March 31, 2018).

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:

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

CARE Ratings Limited
(Formerly known as Credit Analysis & Research Limited)

CORPORATE OFFICE: 4th Floor, Godrej Coliseum, Somaiya Hospital Road, Off Eastern Express Highway, Sion (E), Mumbai - 400 022.
Tel.: +91-22-6754 3436 • Fax: +91-22-6754 3457
Email: care@careratings.com • www.careratings.com

13th Floor, E-1 Block, Videocon Tower
Jhandewalan Extension, New Delhi - 110 055.
Tel: +91-11-4533 3200 • Fax: +91-11-4533 3238

CIN-L67190MH1993PLC071691

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 April 02, 2018, we will proceed on the basis that you have no 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. 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.

CARE Ratings Limited
(Formerly known as Credit Analysis & Research Limited)
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Thanking you,

Jyoti

Jyoti Rautela
[Analyst]
jyoti.rautela@careratings.com
Encl.: As above

Yours faithfully,

Gaurav Dixit

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

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. 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.

In case of partnership/proprietary concerns, the rating/outlook assigned by CARE is 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.

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