



पावर फाइनेंस कॉर्पोरेशन लिमिटेड POWER FINANCE CORPORATION LTD.

(भारत सरकार का उपक्रम)

(A Govt. of India Undertaking)

(आई.एस.ओ. 9001:2015 प्रमाणित)

(ISO 9001:2015 Certified)

No:1:05:138:I:CS

Date: 11th August, 2017

National Stock Exchange of India Limited, Listing Department, Exchange Plaza, Bandra – Kurla Complex, Bandra (E), <u>MUMBAI – 400 051.</u>	Bombay Stock Exchange Limited, Department of Corporate Services, Floor – 25, PJ Towers, Dalal Street, <u>MUMBAI – 400 001.</u>
नेशनल स्टॉक एक्सचेंज ऑफ इंडिया लिमिटेड लिस्टिंग विभाग, एक्सचेंज प्लाजा, बांद्रा-कुर्ला कॉम्प्लेक्स, वांद्रे (पू), मुंबई-400 051	बंबई स्टॉक एक्सचेंज लिमिटेड, कॉर्पोरेट सेवाएं विभाग, मंजिल-25, पी. जे. टावर्स, दलाल स्ट्रीट, मुंबई-400 001
Scrp Code:- PFC	Scrp Code:- 532810

Sub: Clarification on news item appearing in the "Media/Publication".

Dear Sir(s),

This has reference to your Letter dated August 10, 2017 seeking clarification on a news item captioned "CAG: Lack of due diligence by REC, PFC in credit appraisal on loans; REC, PFC didn't follow RBI norms on loans to Private Power Cos." which has appeared on BTVi on August 10, 2017.

At the outset, we would like to inform that the above news appearing in the media is purely speculative in nature.

Power Finance Corporation Limited (PFC) is a Navratna CPSE under the aegis of Ministry of Power, Government of India and Comptroller & Auditor General of India (C&AG) also conducts the audit of the company. We would like to inform you that during the course of thematic Audit by officials of C&AG with respect to loans to Independent Power Producers (IPP) by REC and PFC, certain clarifications and points were raised regarding credit appraisal system in PFC, which were suitably replied by the Company. Further, PFC has robust credit appraisal system and a well-established procedure and guidelines for the due-diligence of any loan proposal.

As regards the comment that PFC did not follow RBI Guidelines on Loans to Private Sector, it is hereby informed that PFC has been regularly applying all the RBI norms but for restructuring norms, for which the Company was in discussion with RBI. For restructuring norms till 31.03.2016, PFC was applying RBI norms on new generation loans sanctioned w.e.f. 01.04.2015 (Before 01.04.2015, Ministry of Power, Government of India approved Restructuring Norms `were followed). After receipt of RBI letter dated 11.04.2017, company has adopted RBI restructuring norms. In generation loans sanctioned before 31.03.2015 and where restructuring has been done w.e.f. 01.04.2015, the asset classification has been given effect on 31.03.2017 as per RBI norms with consequent provisioning.

The policy followed by PFC is being duly disclosed in the financial statements of the company. We would also like to inform you that Statutory Auditors and C&AG of India have not made any comments on these issues in the Annual Accounts for the financial year 2014-15, 2015-16 and 2016-17.

पंजीकृत कार्यालय : "ऊर्जानिधि", 1, बाराखंबा लेन, कनॉट प्लेस, नई दिल्ली - 110001 दूरभाष : 23456000 फ़ैक्स : 011-23412545

Regd. Office : "Urjanidhi", 1, Barakhamba Lane, Connaught Place, New Delhi-110001 Phones : 23456000 Fax : 011-23412545

वैबसाईट / Website : www.pfcindia.com ● CIN : L65910DL1986GOI024862

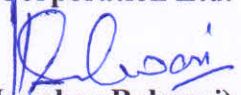
Further, on August 10, 2017, the Stock markets generally witnessed a downward movement with NIFTY 50 falling 87 points to close at 9,820.25 and BSE Sensex falling 266 points to close at 31,531.33. Accordingly, the decline in share price of PFC can also be attributed to the weaker sentiment of Indian Stock Markets.

It is pertinent to mention that PFC strictly adheres to the compliance of Regulation 30 and other regulations of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 without any failure/ delay/ deviation. Further, there is no price-sensitive information available with the Company, which has not been announced on the Stock Exchanges and which could possibly explain the decline in the market price of PFC shares.

We request you to take our clarification on record. Kindly let us know in case any further clarification is required in this regard.

Thanking you,

Yours faithfully,
For Power Finance Corporation Ltd.


(Manohar Balwani)
Company Secretary
mb@pfcindia.com