



Power Finance Corporation Ltd.

FAQ's on Recent Developments

With this FAQ, we have tried to share PFC's view on some of the recent developments relating to our Company.

FAQ(s)

1) Is PFC planning to come out with a Follow on Public Offer (FPO)?

There have been rumours circulating in the market on launch of FPO by PFC. In this regard, it is clarified that PFC is not planning to launch any such FPO in the near future.

Also, it is highlighted that as on 30th June 2020, PFC's Capital Adequacy Ratio is at 17.32% with Tier I capital of 13.11%. Thus, we have sufficient cushion available over the regulatory limit of 15%. Also, lending by PFC under Discom Liquidity package, will give us the benefit of lower risk weight on account of state government guarantee. This will help in leveraging our capital more efficiently. Given the current capitalization profile, we believe that PFC's capital levels are adequate to take care of our asset side risks and future growth. Therefore, PFC is not envisaging any requirement for capital augmentation at the moment.

2) Is PFC considering buy back of its Infrastructure Bonds?

There has been some information circulating in the market regarding launch of buy back/exit option by PFC on the Infrastructure Bond already issued by it. It is to mention that as of now, PFC has not introduced any new buy back/exit option nor has it appointed any agency to offer such buyback/exit option on its bond issuance including Infrastructure Bonds. Therefore, the buyback/exit option as per the existing terms & conditions of bonds issue will continue to be available to the investor. Further, there will be no impact on principal & interest servicing of these bonds.

As per our understanding, the secondary market purchase has been initiated by Lotus Securities. Therefore, investors are advised to exercise due caution while dealing with such type of communication.

3) How PFC will manage the enhanced funding for covering dues of SEB's till 30th June 2020?

In September 2020, the Government has allowed enhanced funding to Discoms for clearance of their outstanding dues as on 30th June 2020. The lending for the enhanced portion will be co-funded by PFC & its subsidiary REC equally.

We expect that in near future additional fund requirement would be around Rs.30,000 cr. to Rs.35,000 cr.



PFC is adequately placed on the liquidity front in this financial year as well, raising almost Rs.58,000 Crs from the domestic markets at competitive rates, including Rs.11,000 Crs for the liquidity injection package. Also, more than 70% debt obligation requirement has already been met for the financial year. Considering PFC's high creditworthiness and availability of diversified funding avenues like bond ETF, foreign markets etc., we believe that PFC would be able to comfortably mobilise these resource from the market.

Further, being a critical partner to the Govt., GOI has always extended the required support to PFC for implementing power sector schemes. We are confident that Govt. will continue to provide its support for this scheme also.
