



मनोहर बलवानी
कम्पनी सचिव
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Company Secretary

पावर फाइनेंस कार्पोरेशन लिमिटेड
POWER FINANCE CORPORATION LTD.
(भारत सरकार का उपक्रम) (A Govt. of India Undertaking)

No: 1:05:138:I:CS
Dated : 31st January 2020

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
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Sub: Clarification on news item of PTI and Others titled “PFC, REC merger hits roadblock”

Madam/Sir,

The above subject article(s) have some factual inaccuracies and the following clarifications are submitted by PFC:

1. Clarification on RBI norms

As regards, RBI Norms applicable to PFC w.r.t credit concentration norms (i.e. lending exposure norms) it is clarified that-

- In case of lending to private sector, PFC & REC separately can lend upto 25% of their network to a single borrower / project and 40% to a group borrower. Considering PFC's present network there is enough cushion to lend to private sector.

Even in case of Merger, considering the consolidated network of the merged entity, there is enough cushion to lend to private sector and hence the case for reduction of exposure doesn't arise.

- In case of lending to Govt. borrowers, PFC & REC presently have a relaxation from RBI on credit concentration norms for Govt. Borrowers.

In view of the above, it is clarified that there is no compliance issue on part of PFC w.r.t its lending exposure to borrowers / projects and similarly even in case of merger we do not see any compliance issue with RBI norms w.r.t lending operations of the merged entity.

It is also clarified w.r.t borrowings of PFC, the lenders like Banks and others have to adhere to Regulatory Norms while lending to PFC and REC. Therefore w.r.t borrowings there is no Regulatory compliance issue for PFC or REC as such. In this regard, it is stated that even lenders like Banks & others have not approached us indicating that they are in violation of any Regulatory Norms.

In view of the above, we do not expect compliance issues w.r.t borrowings as well and even in case of merger.

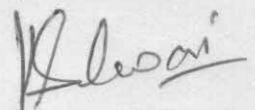
2. Interest rate of borrowings

The article indicates the borrowing costs of PFC as 7.25% for acquisition purpose and as 4.25% for normal borrowing, which are factually incorrect.

This is submitted for your information and record.

Thanking You.

**Yours faithfully,
For Power Finance Corporation Limited**



**(Manohar Balwani)
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