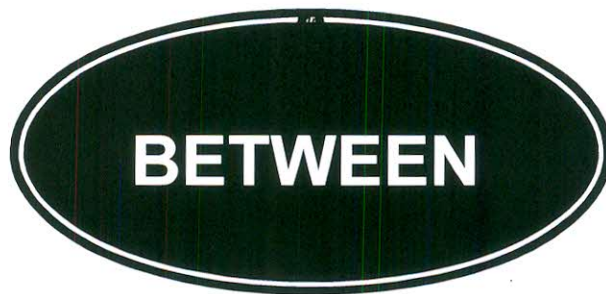


**MEMORANDUM
OF
UNDERSTANDING**

2020-21



MINISTRY OF POWER, GOVERNMENT OF INDIA

AND

POWER FINANCE CORPORATION LIMITED

POWER FINANCE CORPORATION LIMITED

1	Name of the CPSE	Power Finance Corporation Limited
2	Status	Navratna
3	Schedule of the CPSE (Please Tick)	A
4	Purpose for which CPSE has been setup and the main business now	<p>PFC was incorporated on July 16, 1986, as a part of Government of India's initiative to enhance funding to power projects in India, with an objective to provide financial resources and encourage flow of investments to the power and associated sectors. It was declared a Public Financial Institution (PFI), under Section-4A of Companies Act, in 1990.</p> <p>PFC is a leading Power Sector Public Financial Institution and a Non-Banking Financial Company, providing fund and non-fund based support for the development of Indian Power Sector.</p> <p>PFC provides a comprehensive range of financial products and other services from project conceptualization to the post-commissioning stage for 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. Products offering includes rupee term loans, foreign currency loan, bridge loans, short term loans, Corporate Loan, Debt Refinancing, Reforms linked transitional loans, Buyers' Line of Credit Scheme</p>
5	Any Capital Restructuring during 2016-17, i.e. buy back of Shares, issue of Bonus Shares, issue of fresh Shares, splitting of Shares and percentage of PAT given as dividend	<ul style="list-style-type: none"> • During FY 2016-17, PFC has issued bonus shares in 1:1 ratio thereby increasing the equity share capital of the company from Rs 1320.04 Cr to Rs 2640.08 Cr. • For the year, 2017-18, PFC's dividend payout is 35.17% of PAT of Rs 5855.22 Cr which translates to Rs 2059.26 Cr. No dividend was paid for 2018-19.
6	Whether shares are listed (if yes, name of stock exchange and price of the share as on date)	PFC Shares are Listed in NSE and BSE. The closing market price of shares of PFC on 21/11/2019 at BSE and NSE was 115.05 and Rs 114.90 respectively.
7	Any change in capacity during the year or next year (MoU Year)	Not Applicable
8	Any business unit hived off or to be hived off or added or to be added during the year or next year (MoU year)	Not Applicable
9	Brief about the sector in which the CPSE is operating and national and international environment, regulatory environment	PFC is a NBFC regulated by RBI rules and regulations. PFC's business is focused on providing finance in Power and allied sectors. Indian power sector is undergoing a significant change that has redefined the industry outlook. Sustained economic growth continues to drive electricity demand in India. The Government of India's focus on attaining 'Power for All' has accelerated capacity addition in the country. At the same time, the competitive intensity is increasing at both the market and supply sides (fuel, logistics, finances, and manpower). Due to present situation in financial sector and state of power sector in the country, PFC faces several challenges. Due to increased competition from Banks, PFC is facing tremendous pressure from various borrowers to price its loans at lower rates of interest.
10	Details of revival plan approved earlier	NA
11	Any adverse comment by statutory auditors and its impact on Revenue/Profit/Loss/Assets/Liabilities	No
12	Whether C&AG supplemented the comments of Statutory Auditors. If not, give details alongwith impact.	No
13	Number and Name of Subsidiary Companies alongwith amount invested and share in its profit during last five years	Appendix A
14	Number and Name of Joint Venture Companies alongwith amount invested and share in its profit during last five years	Appendix B

