

INVESTOR FAQ'S PFC

A. Corporate Overview

1. How the corporate journey of Power Finance Corporation Ltd (PFC) from its incorporation has evolved?

Power Finance Corporation (PFC) was incorporated in 1986 as a government-owned financial institution with the primary objective of providing financial assistance to the power sector in India.

PFC is a Public Sector Undertaking (PSU) under the administrative control of Ministry of Power and is also registered as Systematically Important Non-Banking Financial Company (SI-NBFC) with Reserve Bank of India (RBI).

Further, PFC through its strategic partnership with the Govt. of India, has contributed significantly in implementation of various reform schemes and measures. Some of the current major reform schemes where PFC is designated as the nodal agency includes Revamped Distribution Sector Scheme (RDSS) and Late Payment Surcharge (LPS).

When PFC was incorporated, India was an energy-deficit nation. In the last thirty-nine years, PFC played a crucial role in India achieving energy sufficiency and is now supporting the nation's transition to a greener future.

Over the years, PFC has grown by leaps and bounds and now stands as the pillar of support for power sector:

PFC Group is the leading financial institution in India in the power sector-

- Largest consolidated balance sheet size among all Central Public Sector Enterprises (CPSEs)
- PFC delivered the highest ever net profit of Rs. 14,367 crores in FY 2023-24. With this, PFC is now the highest profit making NBFC in India
- PFC is the first government NBFC to establish a foreign subsidiary as a Finance Company in IFSC GIFT City
- PFC is ranked 37th in Fortune 500 India 2023.

Now, PFC has also forayed into financing of logistic and infrastructure sector. This will complement the existing role of PFC and enable us to be part of the India growth story. So far, we have ventured into ports, road & highways, metros, biofuel, ethanol, irrigation, oil refinery etc.

2. What is PFC's area of operation?

PFC provides financial assistance to entire power sector value chain across India. This includes financing to state and private utilities in generation, transmission, distribution space including financing the associated forward and backward linkages.

PFC is the preferred financier & key catalyst for facilitating development of the sector:

- More than Rs. 10 lakh crore of cumulative disbursements made since inception
- Supported almost 50% of India's total installed capacity till date and 25% of India's non-fossil based installed capacity

- Largest funding agency for renewable in India. More than Rs. 1 lakh crore cumulatively disbursed in renewable book.

PFC has expanded its business beyond the power sector and can provide financing to logistics and other infrastructure sectors of the economy as well.

PFC through its subsidiary, PFC Consulting Ltd. also provides advisory and consulting services to the power sector, and has played a key role in implementation of various Government initiatives such as the PRAAPTI Portal, SHAKTI Scheme, Independent Transmission Projects, etc.

PRAAPTI portal (Payment Ratification And Analysis in Power procurement for bringing Transparency in Invoicing of generators) is a web portal developed to maintain data of current dues and over dues amount of DISCOMs.

SHAKTI (Scheme for Harnessing and Allocating Koyala (Coal) Transparently in India) is a transparent way of allocating coal to the power plants including stressed power plants.

Independent Transmission Projects (ITPs) is a tariff Based Competitive Bidding Process for development and strengthening of Transmission system through private sector participation.

3. Where is PFC located?

The corporate office of PFC is located at 'Urjanidhi', 1, Barakhamba Lane, Connaught Place, New Delhi, India – 110001.

We also have two liaison offices-

- Mumbai- Ground Floor, Moonlight Building, 158 Maharishi Karve Road, Churchgate, Mumbai- 400020
- Chennai- Module No. 38&40, 3rd Floor, Block I, Electronic Complex, Thiru Vi Ka Industrial Estate, Guindy, Chennai- 600032

4. What is the credit rating of PFC?

PFC has the highest domestic credit rating of AAA from India's top 3 rating agencies - CRISIL, ICRA and CARE, which represents the highest degree of safety rating. Further, PFC has investment grade international rating of BBB (minus) & Baa3 from FITCH & Moody's respectively, which are at par with sovereign rating.

5. Who are the members on PFC's board of directors?

The Board of Directors consists of highly qualified and committed team with strong expertise and extensive experience in power and allied sectors. The Board comprises of eight members which includes Chairman & Managing Director, Whole Time functional directors, Part Time Government, Nominee Director and Independent Directors including one Independent Women Director. The composition of Board of Director is as under: -

- Smt. Parminder Chopra, Chairman & Managing Director
- Shri Rajiv Ranjan Jha, Director (Projects)
- Shri Manoj Sharma, Director (Commercial)
- Shri Sandeep Kumar, Director (Finance)

- Shri Shashank Misra, Government Nominee Director¹
- Shri Bhaskar Bhattacharya, Independent Director
- Smt. Usha Sanjeev Nair, Independent Director
- Shri Prasanna Tantri, Independent Director

6. Who regulates PFC?

PFC was incorporated on 16th July, 1986 as a Public sector company under the administrative control of Ministry of Power and is subject to provisions of Companies Act, 2013. Also, being a Systematically Important Non-Deposit taking Non-Banking Financial Company classified as Infrastructure Finance Company (SI-ND-NBFC-IFC), PFC is regulated by Reserve Bank of India (RBI). Further, PFC is listed on National Stock Exchange & Bombay Stock Exchange and hence is also regulated by Securities and Exchange Board of India (SEBI).

7. In which stock exchanges are PFC's shares listed and what are PFC stock symbols?

PFC shares are listed both on BSE and NSE with stock symbol "PFC".

8. Does PFC accept deposits from public?

PFC is classified as non-deposit taking Systematically Important-Non-Banking Financial Company (SI-NBFC) and as per Reserve Bank of India regulations, these NBFC can't accept public deposits. Therefore, currently, PFC doesn't accept deposits from public.

9. When is PFC's Annual General Meeting?

PFC holds an Annual General Meeting (AGM) each year, usually in the 2nd Quarter. Go to the "Annual Reports" page (<https://www.pfcindia.com/ensite/Home/V5/72>) to check if the date of the next AGM has been formally announced and to see notices from previous meetings and information about previous AGMs.

10. When does PFC report its financial results? Does PFC follow silent/quiet period?

The accounting period starts from 1st April and up to 31st March of the following year.

As per the SEBI Listing Regulations, the listed entity shall submit quarterly financial results within 45 days of the end of the quarter for first three quarters and within 60 days from the end of the financial year for the last quarter. In compliance of these regulations, the quarterly results for Q1 (Apr-June) are usually announced by mid-August, for Q2 (Jul- Sep) by mid-November, for Q3 (Oct-Dec) by mid-February and for Q4/annual results are usually announced at the end of May.

Yes, PFC follows silent periods prior to its earnings release every quarter. During the quiet period, the company or any of its officials will not discuss on company's performance with any external parties. The silent period is observed 10 days prior to announcement of PFC and its subsidiary REC's quarterly/annually results.

¹ w.e.f. 25th June, 2024

11. What is the group structure of PFC?

The details of PFC's subsidiaries and associates as on 31.03.2024 are as follows-

➤ Subsidiaries-

- **PFC Consulting Limited** (100% shareholding)
 - PFCCL offers consultancy services, including transaction advisory and project development, specifically tailored to meet the needs of India's power sector.
- **REC Limited** (52.63% shareholding)
 - REC is an NBFC with infrastructure loan status, financing power sector projects throughout India.
- **PFC Projects** (100% shareholding)
 - Equal joint venture between PFC and REC Ltd, established to manage and revive stressed or non-performing assets within the power sector.
- **PFC Infra Finance IFSC** (100% shareholding)
 - PFC recently has incorporated its wholly owned subsidiary in IFSC GIFT City, Gujarat. With this, PFC is the first government NBFC to establish a finance company in IFSC. This is a landmark development as it will open avenues in international lending space for PFC.

➤ Associates-

- Ultra Mega Power Projects
 - UMPP is a Government of India initiative aimed at establishing large-scale power projects.

12. What has PFC done so far on ESG front?

ESG has emerged as a new thrust area for PFC. For a focused approach on ESG, PFC established a dedicated ESG unit in July 2023.

Recently, in July'24, PFC released its first ever ESG report on the occasion of PFC's Foundation Day and with this, PFC has taken a step forward in the realm of ESG. The report was released by the Hon'ble Cabinet Minister of Power and Housing & Urban Affairs, Shri Manohar Lal. The report highlights our ESG practices and our commitment in advancing India's clean energy goals and creating a more greener & sustainable future.

B. General Financial Information

1. What is the 5-year profit CAGR of PFC?

The 5 year CAGR of PFC (FY 2019-20 to FY 2023-24) is at 26.25%. PFC is a consistently profit-making company and delivered the highest net profit of Rs. 14,367 crores in FY 2023-24.

2. What is the size of PFC loan asset book as per latest announced results?

PFC loan asset book stood at Rs. 4,81,462 crores as on 31.03.2024. The loan asset book has increased at a 5-year CAGR of 8.70% from FY 2019-20 to FY 2023-24.

The loan asset mix constitutes of 81% loans to government sector and 19% to private sector. The discipline wise constitution of loan assets is as follows-

Category	%
Discipline-wise	
Generation	48%
- Conventional Energy	36%
- Renewable Energy	12%
- <i>Renewable Energy –Others (Solar/Wind/Other RE projects)</i>	9%
- <i>Renewable Energy - Large Hydro (>25 MW)</i>	3%
Transmission	7%
Distribution	41%
Others	4%
Total	100%

3. What is the Net NPA ratio of PFC?

The net NPA ratio of PFC for FY 23-24 was 0.85%. This was the lowest Net NPA ratio in the last 6 years, which reflects our continuous efforts towards resolution of stressed asset.

4. What is the net worth of PFC as per latest announced results?

The net worth of the company was Rs. 79,203 crores as on 31st March,2024.

5. What is the capital adequacy ratio of PFC?

PFC maintains capital adequacy ratio in accordance with RBI regulations. The Capital adequacy ratio was 25.41% in FY 2023-24 i.e. well above the minimum statutory level prescribed by RBI.

C. Dividend

1. What is the permissible dividend limit that can be paid?

As per the extant guidelines issued by Department of Investment and Public Asset Management (DIPAM), every CPSE would pay a minimum annual dividend of 30% of PAT or 5% of the Net worth, whichever is higher subject to maximum dividend permissible under the extant legal provisions.

However, an exception clause has also been provided where CPSEs are permitted to propose lower dividend with special approval of the ministry.

Also, as per RBI guidelines regarding distribution of dividend by NBFCs, there is a ceiling of dividend payout ratio (i.e. ratio between amount of dividend payable in a year and the net profit as per audited financial statements) of 50%, subject to conditions.

2. What is the dividend pay-out history at PFC?

PFC has been consistently paying dividends and is committed to deliver sustainable value to all stakeholders.

The dividend payout in last 10 years is shown below in the table:

Fiscal Year	Dividend per share (₹)
2013-2014	9
2014-2015	9.10
2015-2016	13.90
2016-2017*	5
2017-2018	7.80
2018-2019**	0
2019-2020	9.50
2020-2021	10
2021-2022	12
2022-2023	13.25
2023-2024 [#]	13.50

*During FY 2016-17, bonus equity shares issued to existing shareholders in ratio of 1:1

** Special approval taken for paying nil dividend on account of REC acquisition

[#] During FY 2023-24, bonus equity shares issued to existing shareholders in ratio of 1:4

3. What is the record date for dividend?

The record date is the cut-off date announced by a company in order to ascertain the name of shareholders who are eligible to receive the dividend. To illustrate, final dividend of Rs 1.25 per equity share declared for FY 2021-22 had record date of 10th June, 2022 i.e., dividend will be paid to the shareholders whose names appear on the PFC's register of members on 10th June, 2022.

4. What is the payment date for dividend?

PFC generally pays interim and final dividend in a financial year.

For interim dividend, the dividend is required to be paid to shareholders within 30 days from the date of declaration by Board.

The final dividend for a financial year announced in Board meeting is subject to shareholders approval in the ensuing Annual General Meeting. As per the statutory regulations, dividend is required to be paid to shareholders within 30 days from the date of approval at AGM. Continuing with the last answer illustration, AGM for FY 2021-22 was held on 21st September, 2022 implying dividend need to be paid on or before 20th October, 2022.

5. Whom should a shareholder contact in case of non-receipt of dividend or any other dividend related query?

For any such queries, a shareholder can contact the PFC's registrar and transfer agent, the details are available at - <https://pfcindia.com/ensite/Home/VS/74>.

Also, the query can be mailed to us at investorsgrievance@pfcindia.com.

D. 54EC Bonds

1. What are 54EC Bonds?

Capital gain bonds or 54EC bonds are the fixed income debt instruments that provide capital gains tax exemption under section 54EC of Income tax Act, 1961 to the investors. In other words, the tax liability on long-term capital gains from sale of immovable property can be reduced by investing in 54EC Capital Gains Bonds, subject to conditions mentioned in Section 54EC.

2. Does PFC issue 54EC Capital Gains tax exemption Bonds?

Yes, PFC issues 54EC bonds in pursuance of approval received on 8th June, 2017 from Central Board of Direct Taxes, Ministry of Finance.

Since then PFC has mobilized more than Rs. 9,000 crores through 54EC bonds.

3. What is the interest rate on 54EC Bonds?

PFC's capital gain bonds offer an interest rate of 5.25%² per annum, payable annually on July 31st each year, until the date of redemption. Further, no tax is deductible at source on interest to Resident Indians.

4. Where can I find details regarding PFC 54EC Bonds such as application form, information memorandum etc.?

All the details regarding 54EC bonds can be accessed at- <https://pfcindia.com/ensite/Home/VS/10183>

5. Why should an investor prefer PFC's 54EC Bonds?

- PFC provides unparalleled service and seamless investment process to an investor interested in investing in 54EC bonds
- Two dedicated help-desk
 - one for handling query from application till allotment stage – 54ECAllotment@pfcindia.com
 - Another for post allotment query – 54ECinvestorcell@pfcindia.com
- Quick response time to queries – within 24 hours
- Personalised SMS update on investment from time to time

6. Is there any lock-in period for such type of Bonds?

Yes, the bonds come with a lock-in period of 5 years from the date of allotment and are non-transferable. Further, premature redemption is not permitted and also the bonds can't be offered as security for any loan or advance.

² Increased w.e.f. FY 2023-24

7. Whom should an investor contact in case of any query related to 54EC bonds?

For any query, an investor can contact the PFC's registrar and transfer agent, the details are available at <https://pfcindia.com/ensite/Home/Vs/10183>. Also, queries related to application & allotment stage can be directed to 54ECAllotment@pfcindia.com. For post allotment related queries, a mail can be sent to 54ECinvestorcell@pfcindia.com.

E. Investor Repository

1. Where can I find information regarding the financial results of the company?

The quarterly and annual financial results of PFC can be accessed through the below link:
<https://pfcindia.com/ensite/Home/VS/73>

2. Where can I find PFC's investor relation presentation?

The PFC's investor relations presentation is available at:
<https://pfcindia.com/ensite/Home/VS/110>

3. Where can I find a detailed update on the financial performance of the company?

A quarterly detailed update on PFC's financial performance is being shared on PFC's website post the release of quarterly results. The same can be accessed at
<https://pfcindia.com/ensite/Home/VS/10201>

4. Where can I find details on earning calls scheduled & transcript released by the company?

The details on earning call schedule is updated on the stock exchanges and also on PFC's website at <https://pfcindia.com/ensite/Home/VS/10171>

The transcript of investor call can be accessed via below link-
<https://pfcindia.com/ensite/Home/VS/109>

5. Where can I find the annual report of the company?

The annual report of PFC can be accessed via below link-
<https://pfcindia.com/ensite/Home/VS/72>

6. Whom should I contact in case of any equity shares related query?

For any share related queries such as change of name, non-receipt of annual report; dividend payment etc., a shareholder can contact the PFC's registrar and transfer agent, the details are available at - <https://pfcindia.com/ensite/Home/VS/74>

Also, the query can be mailed to us at investorgrievance@pfcindia.com.

7. Whom should I contact in case of any Bond related query?

For any bond related queries such as non-receipt of interest, updation of bank details etc., the bondholder can contact the PFC's registrar and transfer agent, the details are available at - <https://pfcindia.com/ensite/Home/VS/10174>

Also, the query can be mailed to us at Bondsinvestorcell@pfcindia.com and at 54ECinvestorcell@pfcindia.com in case of 54EC bonds.

8. Whom should I contact for update on financial performance of the company?

PFC has a dedicated Investor Relations Cell to provide information to investors on PFC's performance. For any queries related to PFC's performance or for scheduling a meeting, mail can be directed to investorrelations@pfcindia.com

9. Where can I find the ESG report of the company?

The ESG report of PFC can be accessed via below link-
<https://pfcindia.com/ensite/Home/VS/10201>
