



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

Dated: 05.12.2018

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

Sub: Intimation pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015

Sir/Madam,

Pursuant to Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we would like to inform the following:

A. Credit Rating

1. Rating Re-Affirmation for enhanced borrowing plan of PFC for FY 2018-19 from Domestic Credit Rating Agency – ICRA (Copy enclosed at Annexure I)
2. Rating Re-Affirmation for enhanced borrowing plan of PFC for FY 2018-19 from Domestic Credit Rating Agency – CRISIL (Copy enclosed at Annexure II)
3. Rating Re-Affirmation for enhanced borrowing plan of PFC for FY 2018-19 from Domestic Credit Rating Agency – CARE (Copy enclosed at Annexure III)
4. The latest research update for PFC from International Credit Rating Agency Standard & Poor (Copy enclosed at Annexure IV).

B. Issue of US\$ 500,000,000, 6.15% Notes Due 2028 (Notes) Issued Pursuant to US\$ 3000,000,000 Global Medium Term Note Programme by PFC (The Issuer)

We wish to inform you that the Issuer has launched an issue of U.S.\$ 500,000,000 6.15 per cent. priced on November 28, 2018. The Notes carry a coupon of 6.15 % per annum payable semi-annually, in arrears. Unless previously redeemed pursuant to the terms and conditions of the Notes, the Notes will mature on December 6, 2028 and all INR principal and interest payments will be made in U.S. Dollars.

The Notes represent direct, unconditional and unsecured obligations of the Issuer and will rank pari passu among themselves and all other unsecured obligations of the Issuer. The Notes will be listed on the Singapore Exchange Securities Trading Limited, India International Exchange (IFSC) Limited (India- INX) and NSE-IFSC Limited (NSE-IFSC).

The net proceeds from each issue of Notes will be applied by the Company to finance power projects and for general corporate purposes in accordance with the ECB Guidelines.

This is for the information of your members and all concerned and in compliance with the applicable provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Thanking you,

**Yours faithfully,
For Power Finance Corporation Ltd.**



**(Manohar Balwani)
Company Secretary
mb@pfcindia.com**

MG/AS



ICRA

ICRA Limited

D/RAT/2018-19/P3/16

December 03, 2018

Mrs. Parminder Chopra
 General Manager (RM-International)
 Power Finance Corporation Limited
 1, Urjanidhi, Barakhamba Lane
 Connaught Place, New Delhi- 110001

Dear Madam,

Re: ICRA Credit Rating for the Rs. 62,000 crore (revised from Rs. 43,000 crore) Long Term Borrowing Programme of Power Finance Corporation Limited for the Financial Year 2018-19

This is with reference to the outstanding rating of "[ICRA]AAA" (pronounced ICRA triple A) assigned to Rs. 43,000 crore Long Term Borrowing Programme of your company and last communicated vide our letter dated October 29, 2018. Please refer to the rating agreement dated November 30, 2018 seeking enhancement in the Long-Term Borrowing Programme to Rs. 62,000 crore (from Rs. 43,000 crore). The Rating Committee of ICRA, after due consideration, has assigned the rating of "[ICRA]AAA" for an enhanced amount of Rs. 62,000 crore Long Term Borrowings. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk. The outlook on the long-term rating is "Stable".

In any of your publicity material or other document wherever you are using our above rating, it should be stated as [ICRA]AAA (Stable).

We would request if you can sign the acknowledgement and send it to us latest by **December 10, 2018** as acceptance on the assigned rating. In case you do not communicate your acceptance/non-acceptance of the assigned credit rating, or do not appeal against the assigned credit rating by the aforesaid date, the credit rating will be treated by us as non-accepted and shall be disclosed on ICRA's website accordingly. This is in accordance with requirements prescribed in the circular dated June 30, 2017 on '*Monitoring and Review of Ratings by Credit Rating Agencies (CRAs)*' issued by the Securities and Exchange Board of India. Any intimation by you about the above rating to any Banker/Lending Agency/Government Authorities/Stock Exchange would constitute use of this rating by you and shall be deemed acceptance of the rating.

This rating is specific to the terms and conditions of the proposed issue as was indicated to us by you and any change in the terms or size of the issue would require the rating to be reviewed by us. The rating is restricted to your Long-Term Borrowing programme size of Rs. 62,000 crore only. Further the total utilisation of the captioned rated Long-Term Borrowings programme (including Bonds, Long Term Bank Borrowings and Bank guarantees) and Short-Term borrowing (including Commercial Paper & Short-term bank borrowings) programme should not exceed Rs. 82,000 crore for financial year 2018-19.

Building No. 8, 2nd Floor, Tower A
 DLF Cyber City, Phase II
 Gurugram 122002, Haryana

Tel. : +91.124.4545300
 CIN : L74999DL1991PLC042749

Website : www.icra.in
 Email : info@icraindia.com
 Helpdesk : +91.124.2866928

Registered Office : 1105, Kallash Building, 11th Floor, 26 Kasturba Gandhi Marg, New Delhi - 110001. Tel. : +91.11.23357940-45

RATING • RESEARCH • INFORMATION 37928



ICRA

If there is any change in the terms and conditions or size of the instrument rated, as above, the same must be brought to our notice before the issue of the instrument. If there is any such change after the rating is assigned by us and accepted by you, it would be subject to our review and may result in change in the rating assigned. ICRA reserves the right to review and/or, revise the above at any time on the basis of new information or unavailability of information or such other circumstances, which ICRA believes, may have an impact on the rating assigned to you.

The rating, as aforesaid, however, should not be treated as a recommendation to buy, sell or hold the bonds, debentures and/ or other instruments of like nature to be issued by you.

As mentioned above and in accordance with the aforesaid circular issued by SEBI, you are requested to furnish a monthly 'No Default Statement (NDS)' (in the format enclosed) on the first working day of every month, confirming the timeliness of payment of all obligations against the rated debt programme.

You are also requested to forthwith inform us about any default or delay in repayment of interest or principal amount of the instrument rated, as above, or any other debt instruments/ borrowing and keep us informed of any other developments which may have a direct or indirect impact on the debt servicing capability of the company including any proposal for re-schedulement or postponement of the repayment programmes of the dues/ debts of the company with any lender(s) / investor(s). Further, you are requested to inform us immediately as and when the borrowing limit for the instrument rated, as above, or as prescribed by the regulatory authority(ies) is exceeded.

We thank you for your kind cooperation extended during the course of the rating exercise. Should you require any clarification, please do not hesitate to get in touch with us.

We look forward to your communication and assure you of our best services.

With kind regards,

For ICRA Limited

Sabyasachi Majumdar
Senior Vice President
sabyasachi@icraindia.com

Manushree Saggar
Vice President
manushrees@icraindia.com



ICRA

ICRA Limited

D/RAT/2018-19/P3/17

December 03, 2018

Mrs. Parminder Chopra
General Manager (RM-International)
Power Finance Corporation Limited
1, Urjanidhi, Barakhamba Lane
Connaught Place, New Delhi- 110001

Dear Madam,

Re: ICRA rating for Rs. 20,000 crore (enhanced from Rs. 14,000 crore; including Commercial Paper of Rs. 13,000 crore) Short Term Borrowing Programme of Power Finance Corporation Limited for the Financial Year 2018-19

Please refer to your rating agreement dated November 30, 2018 for enhancing the rated amount for Short Term Borrowing to Rs. 20,000 crore.

We confirm that the [ICRA]A1+ (pronounced as ICRA A one plus) rating assigned to your captioned programme and last communicated to you vide our letter dated October 29, 2018 stands. Instruments with "[ICRA] A1+" rating are considered to have very strong degree of safety regarding timely payment of financial obligations. Such instruments carry lowest credit risk. Within this category rating modifier {"+" (plus)} can be used with the rating symbols. The modifier reflects the comparative standing within the category.

Additionally, we wish to highlight the following with respect to the rating:

(a) If the instrument rated, as above, is not issued by you within a period of 3 months from the date of this letter, the rating would need to be revalidated before issuance;

(b) Subject to Clause (c) below, our rating is valid from the date of this letter till **March 02, 2020** ("Validity Period"). The rating will generally be due for review at the end of the Validity Period. The maturity date of the Short-Term borrowing shall not be after the end of the Validity Period. The Short-Term borrowing will have a maximum maturity of twelve months.

(c) notwithstanding what is stated in clause (b) above, ICRA reserves the right to review and/or, revise the above rating at any time on the basis of new information or unavailability of information or such circumstances, which ICRA believes, may have an impact on the aforesaid rating assigned to you.

The rating, as aforesaid, however, should not be treated as a recommendation to buy, sell or hold the Short-Term borrowing issued by you. The rating is restricted to your Short-Term borrowing programme size of Rs. 20,000 crore (including Commercial Paper of Rs. 13,000 crore) only. The maximum amount raised through Commercial Paper at

Building No. 8, 2nd Floor, Tower A
DLF Cyber City, Phase II
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Tel. : +91.124.4545300
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Helpdesk : +91.124.2866928

Registered Office : 1105, Kailash Building, 11th Floor, 26 Kasturba Gandhi Marg, New Delhi - 110001. Tel. : +91.11.23357940-45

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37927



ICRA

any point in time, including any amount already outstanding, should not exceed Rs 13,000 crore. Further the total utilisation of the captioned rated Short-Term borrowing programme (including Commercial Paper & Short-term bank borrowings) and Long-Term Borrowings programme (including Bonds, Long Term Bank Borrowings and Bank guarantees) should not exceed Rs. 82,000 crore for financial year 2018-19.

In case, you propose to enhance the size of Short Term Borrowing Programme, the same would be required to be rated afresh. ICRA does not assume any responsibility on its part, for any liability, that may arise consequent to your not complying with any eligibility criteria, applicable from time to time, for issuance of Short Term borrowing.

You are requested to forthwith inform us about any default or delay in repayment of interest or principal amount of the instrument rated, as above, or any other debt instruments/ borrowing. You are also requested to keep us forthwith informed of any other developments which may have a direct or indirect impact on the debt servicing capability of the company including any proposal for re-schedulement or postponement of the repayment programmes of the dues/ debts of the company with any lender(s) / investor(s).

Further, you are requested to inform us immediately as and when the borrowing limit for the instrument rated, as above, or as prescribed by the regulatory authority (ies) is exceeded.

We thank you for your kind cooperation extended during the course of the rating exercise. Please let us know if you need any clarification.

We look forward to further strengthening our existing relationship and assure you of our best services.

With kind regards,

For ICRA Limited

Sabyasachi Majumdar
Senior Vice President
sabyasachi@icraindia.com

Manushree Sagar
Vice President
manushrees@icraindia.com

CONFIDENTIAL

SN/FSR/PFC/2018/212389/12042018
December 04, 2018

Mrs. Parminder Chopra
General Manager (RM-International)
Power Finance Corporation Limited
1, Urjanidhi, Barakhamba Lane,
Connaught Place, New Delhi - 110 001
Phone : 011-23456831
Fax: 011-2345 6284

Dear Mrs. Parminder Chopra,

Re: CRISIL Rating for the Rs.62000 Crore Long-Term Borrowing Programme*(Enhanced from Rs.43000 Crore) of Power Finance Corporation Limited.

All ratings assigned by CRISIL are kept under continuous surveillance and review.

CRISIL has, after due consideration, reaffirmed its "CRISIL AAA/Stable" (pronounced as CRISIL triple A rating with Stable outlook) rating to the captioned debt instrument. Instruments with this rating are considered to have the highest degree of safety regarding timely servicing of financial obligations. Such instruments carry lowest credit risk.

In the event of your company not making the issue within a period of 180 days from the above date, or in the event of any change in the size or structure of your proposed issue, a fresh letter of revalidation from CRISIL will be necessary.

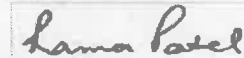
As per our Rating Agreement, CRISIL would disseminate the rating along with outlook through its publications and other media, and keep the rating along with outlook under surveillance for the life of the instrument. CRISIL reserves the right to withdraw, or revise the rating / outlook assigned to the captioned programme at any time, on the basis of new information, or unavailability of information, or other circumstances which CRISIL believes may have an impact on the rating.

As per the latest SEBI circular (reference number: CIR/IMD/DF/17/2013; dated October 22, 2013) on centralized database for corporate bonds/debentures, you are required to provide international securities identification number (ISIN; along with the reference number and the date of the rating letter) of all bond/debenture issuances made against this rating letter to us. The circular also requires you to share this information with us within 2 days after the allotment of the ISIN. We request you to mail us all the necessary and relevant information at debtissue@crisil.com. This will enable CRISIL to verify and confirm to the depositories, including NSDL and CDSL, the ISIN details of debt rated by us, as required by SEBI. Feel free to contact us for any clarifications you may have at debtissue@crisil.com

Should you require any clarifications, please feel free to get in touch with us.

With warm regards,

Yours sincerely,



Rama Patel
Director - CRISIL Ratings



Nivedita Shibu
Associate Director - CRISIL Ratings



**Borrowing programme for fiscal 2019. Total incremental long-term bank borrowing and borrowings under the rated long-term bonds programme not to exceed Rs.62,000 crore at any point in time during the fiscal. The long-term borrowing programme includes tax-free bonds under Section 10 of the Income Tax Act.*

A CRISIL rating reflects CRISIL's current opinion on the likelihood of timely payment of the obligations under the rated instrument and does not constitute an audit of the rated entity by CRISIL. CRISIL ratings are based on information provided by the issuer or obtained by CRISIL from sources it considers reliable. CRISIL does not guarantee the completeness or accuracy of the information on which the rating is based. A CRISIL rating is not a recommendation to buy, sell, or hold the rated instrument; it does not comment on the market price or suitability for a particular investor. All CRISIL ratings are under surveillance. Ratings are revised as and when circumstances so warrant. CRISIL is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of this product. CRISIL Ratings rating criteria are available without charge to the public on the CRISIL web site, www.crisil.com. For the latest rating information on any instrument of any company rated by CRISIL, please contact Customer Service Helpdesk at 1800-267-1301.
CRISIL Limited

Corporate Identity Number: L87120MH1987PLC042363

CONFIDENTIAL

SN/FSR/PFC/2018-19/001/212389
 December 04, 2018

Mrs. Parminder Chopra
 General Manager (RM-International)
Power Finance Corporation Limited
 1, Urjanidhi, Barakhamba Lane,
 Connaught Place, New Delhi - 110 001
 Phone : 011-23456831
 Fax: 011-2345 6284

Dear Mrs. Parminder Chopra,

Re: Review of CRISIL Rating for the Rs.20000 Crore Short-Term Borrowing Programme* (Enhanced from Rs.14000 Crore) of Power Finance Corporation Limited.

We refer to your request for a rating for the captioned Debt instrument.

CRISIL has, after due consideration, reaffirmed a "CRISIL A1+" (pronounced as CRISIL A one plus rating) rating on the captioned debt instrument. Instruments with this rating are considered to have very strong degree of safety regarding timely payment of financial obligations. Such instruments carry lowest credit risk.

For the purpose of issuance of captioned short-term borrowing programme, this letter is valid for 60 calendar days from the date of the letter. In the event of your company not placing the above programme within this period, or in the event of any change in the size/structure of your proposed issue, the rating shall have to be reviewed and a letter of revalidation shall have to be issued to you. Once the instrument is issued, the above rating is valid throughout the life of the captioned short-term borrowing programme with a contracted maturity of one year or less.

As per our Rating Agreement, CRISIL would disseminate the rating along with outlook through its publications and other media, and keep the rating along with outlook under surveillance for the life of the instrument. CRISIL reserves the right to withdraw, or revise the rating / outlook assigned to the captioned programme at any time, on the basis of new information, or unavailability of information, or other circumstances which CRISIL believes may have an impact on the rating.

As per the latest SEBI circular (reference number: CIR/IMD/DF/17/2013; dated October 22, 2013) on centralized database for corporate bonds/debentures, you are required to provide international securities identification number (ISIN; along with the reference number and the date of the rating letter) of all bond/debenture issuances made against this rating letter to us. The circular also requires you to share this information with us within 2 days after the allotment of the ISIN. We request you to mail us all the necessary and relevant information at debtissue@crisil.com. This will enable CRISIL to verify and confirm to the depositories, including NSDL and CDSL, the ISIN details of debt rated by us, as required by SEBI. Feel free to contact us for any clarifications you may have at debtissue@crisil.com

Should you require any clarifications, please feel free to get in touch with us.

With warm regards,

Yours sincerely,



Rama Patel
 Director - CRISIL Ratings



Nivedita Shibu
 Associate Director - CRISIL Ratings



**Borrowing programme for fiscal 2019. Total incremental long-term bank borrowing and borrowings under the rated long-term bonds programme not to exceed Rs.62,000 crore at any point in time during the fiscal. The long-term borrowing programme includes tax-free bonds under Section 10 of the Income Tax Act.*

A CRISIL rating reflects CRISIL's current opinion on the likelihood of timely payment of the obligations under the rated instrument and does not constitute an audit of the rated entity by CRISIL. CRISIL ratings are based on information provided by the issuer or obtained by CRISIL from sources it considers reliable. CRISIL does not guarantee the completeness or accuracy of the information on which the rating is based. A CRISIL rating is not a recommendation to buy, sell, or hold the rated instrument; it does not comment on the market price or suitability for a particular investor. All CRISIL ratings are under surveillance. Ratings are revised as and when circumstances so warrant. CRISIL is not responsible for any errors and especially states that it has no financial liability whatsoever to the subscribers / users / transmitters / distributors of this product. CRISIL Ratings rating criteria are available without charge to the public on the CRISIL web site, www.crisil.com. For the latest rating information on any instrument of any company rated by CRISIL, please contact Customer Service Helpdesk at 1800-267-1301.

CRISIL Limited

Corporate Identity Number: L87120MH1987PLC042383

CARE/DRO/RL/2018-19/2789
 Ms. Parminder Chopra
 General Manager (Finance- RM International)
 Power Finance Corporation Limited
 Urjanidhi, 1, Barakhamba Lane,
 Connaught Place, New Delhi – 110001

December 05, 2018

Confidential

Dear Madam,

Credit rating for Commercial Paper (CP) issue aggregating Rs.13,000 crore¹

On the basis of recent developments, our Rating Committee has reviewed the following rating:

Instrument	Amount (Rs. crore)	Rating ²	Rating Action
Commercial Paper (CP) issue	13,000 (enhanced from 9,000) (Rs. Thirteen Thousand crore only)	CARE A1+ (A One Plus)	Reaffirmed

- The CP issue would be for a maturity not exceeding one year.
- Please arrange to get the rating revalidated in case the issue is not made within **two months** from the date of this letter i.e. by Feb 04, 2019. Once the CP is placed, the rating is valid for the tenure of such instrument till redemption. Please inform us the below-mentioned details of issue immediately, but not later than 7 days from the date of placing the instrument:

Instrument type	ISIN	Issue Size (Rs cr.)	Coupon Rate	Coupon Payment Dates	Terms of Redemption	Redemption date	Name and contact details of Trustee/IPA	Details of top 10 investors
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- The rationale for the rating will be communicated to you separately. A write-up (press release) on the above rating is proposed to be issued to the press shortly/, a draft of which is enclosed for your perusal as **Annexure**. We request you to peruse the annexed document and offer your comments if any. We are doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in. Kindly revert as early as possible. In any case, if we do not hear from you by December 05, 2018, we will proceed on the basis that you have no any comments to offer.
- CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.

¹ This represents the aggregate of all CP issuances of the company outstanding at any point in time.

² Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.

CARE Ratings Limited
 (Formerly known as Credit Analysis & Research Limited)

6. CARE reserves the right to revise/reaffirm/withdraw the rating assigned as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE so as to enable it to carry out continuous monitoring of the rating of the debt instruments, CARE shall carry out the review on the basis of best available information throughout the life time of such instruments. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.
7. Users of this rating may kindly refer our website www.careratings.com for latest update on the outstanding rating.
8. CARE ratings are not recommendations to buy, sell, or hold any securities.

If you need any clarification, you are welcome to approach us in this regard.

Thanking you,

Yours faithfully,



Jyoti Rautela
[Analyst]
jyoti.rautela@careratings.com



Puneet Maheshwari
[AGM]
p.maheshwari@careratings.com

Encl.: As above

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.

In case of partnership/proprietary concerns, the rating/outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

CARE Ratings Limited
(Formerly known as Credit Analysis & Research Limited)

CARE/DRO/RL/2018-19/2790
Ms. Parminder Chopra
General Manager (Finance- RM International)
Power Finance Corporation Limited
Urjanidhi, 1, Barakhamba Lane,
Connaught Place, New Delhi – 110001

December 05, 2018

Confidential

Dear Madam,

Credit rating for outstanding Non-Convertible Debenture Issue

On the basis of recent developments, our Rating Committee has reviewed the following ratings:

Instrument	Amount (Rs. crore)	Rating ¹	Rating Action
Long Term Borrowing Programme for FY-19	62,000.00 (enhanced from 43,000) (Rs. Sixty Two thousand crore only)	CARE AAA/Stable [Triple A; Outlook:Stable]	Reaffirmed
Short Term Borrowing Programme for FY-19	7,000.00 (enhanced from 5,000) (Rs. Seven thousand crore only)	CARE A1+ [A One Plus]	Reaffirmed

2. Please inform us the below-mentioned details of issue immediately, but not later than 7 days from the date of placing the instrument:


Instrument type	ISIN	Issue Size (Rs cr)	Coupon Rate	Coupon Payment Dates	Terms of Redemption	Redemption date	Name and contact details of Debenture Trustee	Details of top 10 investors
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3. The rationale for the rating will be communicated to you separately. A write-up (press release) on the above rating is proposed to be issued to the press shortly, a draft of which is enclosed for your perusal as Annexure. We request you to peruse the annexed document and offer your comments if any. We are doing this as a matter of courtesy to our clients and with a view to ensure that no factual inaccuracies have inadvertently crept in. Kindly revert as early as possible. In any case, if we do not hear from you by December 05, 2018, we will proceed on the basis that you have no comments to offer.


¹Complete definitions of the ratings assigned are available at www.careratings.com and in other CARE publications.

4. CARE reserves the right to undertake a surveillance/review of the rating from time to time, based on circumstances warranting such review, subject to at least one such review/surveillance every year.
5. CARE reserves the right to revise/reaffirm/withdraw the rating assigned as also revise the outlook, as a result of periodic review/surveillance, based on any event or information which in the opinion of CARE warrants such an action. In the event of failure on the part of the entity to furnish such information, material or clarifications as may be required by CARE so as to enable it to carry out continuous monitoring of the rating of the debt instrument, CARE shall carry out the review on the basis of best available information throughout the life time of such instrument. In such cases the credit rating symbol shall be accompanied by "ISSUER NOT COOPERATING". CARE shall also be entitled to publicize/disseminate all the afore-mentioned rating actions in any manner considered appropriate by it, without reference to you.
6. Users of this rating may kindly refer our website www.careratings.com for latest update on the outstanding rating.
7. CARE ratings are not recommendations to buy, sell, or hold any securities.

If you need any clarification, you are welcome to approach us in this regard.

Thanking you,

Jyoti Rautela
[Analyst]

jyoti.rautela@careratings.com
Encl.: As above


Yours faithfully,
Puneet Maheshwari
[AGM]
p.maheshwari@careratings.com

Disclaimer

CARE's ratings are opinions on credit quality and are not recommendations to sanction, renew, disburse or recall the concerned bank facilities or to buy, sell or hold any security. CARE has based its ratings/outlooks on information obtained from sources believed by it to be accurate and reliable. CARE does not, however, guarantee the accuracy, adequacy or completeness of any information and is not responsible for any errors or omissions or for the results obtained from the use of such information. Most entities whose bank facilities/instruments are rated by CARE have paid a credit rating fee, based on the amount and type of bank facilities/instruments.
In case of partnership/proprietary concerns, the rating/outlook assigned by CARE is based on the capital deployed by the partners/proprietor and the financial strength of the firm at present. The rating/outlook may undergo change in case of withdrawal of capital or the unsecured loans brought in by the partners/proprietor in addition to the financial performance and other relevant factors.

RatingsDirect®

Research Update:

Power Finance Corp. Ltd. Outlook Revised To Negative From Stable; 'BBB-' Rating Affirmed

Primary Credit Analyst:

Michael D Puli, Singapore (65) 6239-6324; michael.puli@spglobal.com

Secondary Contact:

Amit Pandey, Singapore (65) 6239-6344; amit.pandey@spglobal.com

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Research Update:

Power Finance Corp. Ltd. Outlook Revised To Negative From Stable; 'BBB-' Rating Affirmed

Overview

- PFC's capitalization is at the lower end of our threshold for a strong assessment, and we could revise our assessment down if the company grows loans faster and retains less capital than we expect.
- We do not factor in a potential merger of PFC with another Indian government-owned finance company, REC Ltd.
- We are revising our rating outlook on PFC to negative from stable. At the same time, we are affirming our 'BBB-' long-term issuer credit rating on PFC. We are also affirming the 'BBB-' long-term issue rating on PFC's outstanding debt.
- The negative outlook on PFC reflects a one-in-three chance that the company will not sustain a RAC ratio above our threshold of 9.5% over the next 12-18 months.

Rating Action

On Nov. 30, 2018, S&P Global Ratings revised its outlook on Power Finance Corp. (PFC) to negative from stable. At the same time, we affirmed our 'BBB-' long-term issuer credit rating on the India-based power finance company. We also affirmed the 'BBB-' long-term issue rating on PFC's outstanding debt.

Rationale

We revised the outlook to negative to reflect our view that PFC's capitalization is at the lower end of our threshold for a strong assessment, and we could revise our assessment down if the company grows loans faster and retains less capital than we expect.

We expect PFC's risk-adjusted capital (RAC) ratio to be 9.5%-10.0% over the period next 12-18 months. Our lower RAC ratio limit for a bank's capital and earnings to be assessed as strong is 9.5%. PFC's RAC ratio was 10.1% as at March 31, 2018. A lower capital and earnings assessment would weaken our assessment of PFC's stand-alone credit profile (SACP) to 'bb' from 'bb+', which would lead to a downgrade to 'BB+', other factors remaining unchanged.

Substantial uncertainty remains around the timing of resolution of stressed assets, reversal of provisions for such assets, and the government's request for dividends. These could put downside pressure on the RAC ratio.

We affirmed the rating to reflect our assessment of PFC's SACP at 'bb+', and our view that the company has an extremely high likelihood of timely and sufficient extraordinary support in the event of financial distress. High business risks from PFC's concentration in the electricity sector and the weak credit quality of borrowers constrain its SACP. The company's regulatory Tier 1 ratio of 14.9% as of Sept. 30, 2018, is better than peers'.

Our outlook and ratings on PFC do not factor in a potential merger of the company with REC Ltd.

Outlook

The negative outlook on PFC reflects a one-in-three chance that the company will not sustain a RAC ratio above 9.5% over the next 12-18 months.

We expect no change in our assessment of PFC's business position, risk profile, and funding and liquidity. In our view, government support is also unlikely to change over the next 12-18 months.

Downside scenario

We would lower the rating if PFC's RAC ratio sustains below 9.5%. The RAC ratio could fall if the company has higher growth or lower capital retention than we forecast.

Although unlikely, we would also lower the rating on PFC if the company's link with the government weakens. A privatization of PFC would lead to our reassessment of this link.

Upside scenario

We would revise the outlook on PFC to stable if the company sustains a RAC ratio above 9.5% and downside risks associated with loan growth and capital retention abate.

An upgrade of PFC is unlikely over the next two years.

Ratings Score Snapshot

	To	From
Issuer Credit Rating:	BBB-/Negative/--	BBB-/Stable/--
Stand-Alone Credit Profile:	bb+	bb+
Anchor:	bb	bb
•Entity-Specific Anchor Adjustment:	(+1)	(+1)
•Business Position:	Adequate (0)	Adequate (0)

Research Update: Power Finance Corp. Ltd. Outlook Revised To Negative From Stable; 'BBB-' Rating Affirmed

•Capital, Leverage, and Earnings:	Strong (+1)	Strong (+1)
•Risk Position:	Moderate (-1)	Moderate (-1)
•Funding	Adequate	Adequate
and Liquidity:	and Adequate (0)	and Adequate (0)
•Comparable Rating Analysis	(0)	(0)
External Influence:	+1	+1
•Government Influence:	+1	+1
•Group Influence:	0	0
•Guarantees or Other External Influences:	0	0
•Rating Above The Sovereign:	0	0

Related Criteria

- Criteria - Financial Institutions - General: Risk-Adjusted Capital Framework Methodology, July 20, 2017
- General Criteria: Rating Government-Related Entities: Methodology And Assumptions, March 25, 2015
- Criteria - Financial Institutions - General: Issue Credit Rating Methodology For Nonbank Financial Institutions And Nonbank Financial Services Companies, Dec. 9, 2014
- Criteria - Financial Institutions - General: Nonbank Financial Institutions Rating Methodology, Dec. 9, 2014
- General Criteria: Group Rating Methodology, Nov. 19, 2013
- Criteria - Financial Institutions - Banks: Quantitative Metrics For Rating Banks Globally: Methodology And Assumptions, July 17, 2013
- Criteria - Financial Institutions - Banks: Banking Industry Country Risk Assessment Methodology And Assumptions, Nov. 9, 2011
- General Criteria: Use Of CreditWatch And Outlooks, Sept. 14, 2009

Related Research

- General: Assumptions For Liquidity Stress Test Analysis Under "Nonbank Financial Institutions Rating Methodology", March 22, 2018

Ratings List

Ratings Affirmed; Outlook Action

Power Finance Corp. Ltd.	To	From
Issuer Credit Rating	BBB-/Negative/--	BBB-/Stable/--

Ratings Affirmed

Research Update: Power Finance Corp. Ltd. Outlook Revised To Negative From Stable; 'BBB-' Rating Affirmed

Power Finance Corp. Ltd.
Senior Unsecured

BBB-

Certain terms used in this report, particularly certain adjectives used to express our view on rating relevant factors, have specific meanings ascribed to them in our criteria, and should therefore be read in conjunction with such criteria. Please see Ratings Criteria at www.standardandpoors.com for further information. Complete ratings information is available to subscribers of RatingsDirect at www.capitaliq.com. All ratings affected by this rating action can be found on S&P Global Ratings' public website at www.standardandpoors.com. Use the Ratings search box located in the left column.

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