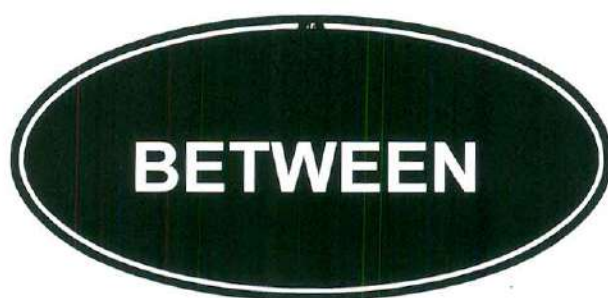


**MEMORANDUM  
OF  
UNDERSTANDING**

**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"> <li>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.</li> <li>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.</li> </ul>  |
| 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  |

**Appendix A****POWER FINANCE CORPORATION LIMITED**

Rs Crore

| Year      | Name of Subsidiary Company          | Equity<br>Rs Cr | Shareholding % | Dividend |
|-----------|-------------------------------------|-----------------|----------------|----------|
| 2015-2016 | BIHAR INFRA POWER LTD               | 0.05            | 100            | 0        |
| 2016-2017 | BIHAR INFRA POWER LTD               | 0.05            | 100            | 0        |
| 2017-2018 | BIHAR INFRA POWER LTD               | 0.05            | 100            | 0        |
| 2018-2019 | BIHAR INFRA POWER LTD               | 0.05            | 100            | 0        |
|           |                                     |                 |                |          |
| 2015-2016 | BIHAR MEGA POWER LTD                | 0.05            | 100            | 0        |
| 2016-2017 | BIHAR MEGA POWER LTD                | 0.05            | 100            | 0        |
| 2017-2018 | BIHAR MEGA POWER LTD                | 0.05            | 100            | 0        |
| 2018-2019 | BIHAR MEGA POWER LTD                | 0.05            | 100            | 0        |
|           |                                     |                 |                |          |
| 2014-2015 | CHEYYUR INFRA LTD.                  | 0.05            | 100            | 0        |
| 2015-2016 | CHEYYUR INFRA LTD.                  | 0.05            | 100            | 0        |
| 2016-2017 | CHEYYUR INFRA LTD.                  | 0.05            | 100            | 0        |
| 2017-2018 | CHEYYUR INFRA LTD.                  | 0.05            | 100            | 0        |
| 2018-2019 | CHEYYUR INFRA LTD.                  | 0.05            | 100            | 0        |
|           |                                     |                 |                |          |
| 2014-2015 | CHHATTISHGARH SURGUJA POWER LTD.    | 0.05            | 100            | 0        |
| 2015-2016 | CHHATTISHGARH SURGUJA POWER LTD.    | 0.05            | 100            | 0        |
| 2016-2017 | CHHATTISHGARH SURGUJA POWER LTD.    | 0.05            | 100            | 0        |
| 2017-2018 | CHHATTISHGARH SURGUJA POWER LTD.    | 0.05            | 100            | 0        |
| 2018-2019 | CHHATTISHGARH SURGUJA POWER LTD.    | 0.05            | 100            | 0        |
|           |                                     |                 |                |          |
| 2014-2015 | COASTAL KARNATAKA POWER LTD.        | 0.05            | 100            | 0        |
| 2015-2016 | COASTAL KARNATAKA POWER LTD.        | 0.05            | 100            | 0        |
| 2016-2017 | COASTAL KARNATAKA POWER LTD.        | 0.05            | 100            | 0        |
| 2017-2018 | COASTAL KARNATAKA POWER LTD.        | 0.05            | 100            | 0        |
| 2018-2019 | COASTAL KARNATAKA POWER LTD.        | 0.05            | 100            | 0        |
|           |                                     |                 |                |          |
| 2014-2015 | COASTAL MAHARASHTRA MEGA POWER LTD. | 0.05            | 100            | 0        |
| 2015-2016 | COASTAL MAHARASHTRA MEGA POWER LTD. | 0.05            | 100            | 0        |
| 2016-2017 | COASTAL MAHARASHTRA MEGA POWER LTD. | 0.05            | 100            | 0        |
| 2017-2018 | COASTAL MAHARASHTRA MEGA POWER LTD. | 0.05            | 100            | 0        |
| 2018-2019 | COASTAL MAHARASHTRA MEGA POWER LTD. | 0.05            | 100            | 0        |
|           |                                     |                 |                |          |
| 2014-2015 | COASTAL TAMIL NADU POWER LTD.       | 0.05            | 100            | 0        |
| 2015-2016 | COASTAL TAMIL NADU POWER LTD.       | 0.05            | 100            | 0        |
| 2016-2017 | COASTAL TAMIL NADU POWER LTD.       | 0.05            | 100            | 0        |
| 2017-2018 | COASTAL TAMIL NADU POWER LTD.       | 0.05            | 100            | 0        |
| 2018-2019 | COASTAL TAMIL NADU POWER LTD.       | 0.05            | 100            | 0        |
|           |                                     |                 |                |          |
| 2015-2016 | DEOGHAR INFRA LTD                   | 0.05            | 100            | 0        |
| 2016-2017 | DEOGHAR INFRA LTD                   | 0.05            | 100            | 0        |
| 2017-2018 | DEOGHAR INFRA LTD                   | 0.05            | 100            | 0        |
| 2018-2019 | DEOGHAR INFRA LTD                   | 0.05            | 100            | 0        |
|           |                                     |                 |                |          |
| 2014-2015 | DEOGHAR MEGA POWER LTD.             | 0.05            | 100            | 0        |
| 2015-2016 | DEOGHAR MEGA POWER LTD.             | 0.05            | 100            | 0        |
| 2016-2017 | DEOGHAR MEGA POWER LTD.             | 0.05            | 100            | 0        |
| 2017-2018 | DEOGHAR MEGA POWER LTD.             | 0.05            | 100            | 0        |
| 2018-2019 | DEOGHAR MEGA POWER LTD.             | 0.05            | 100            | 0        |
|           |                                     |                 |                |          |

| Year      | Name of Subsidiary Company               | Equity<br>Rs Cr | Shareholding % | Dividend |
|-----------|--|-----------------|----------------|----------|
| 2014-2015 | GHOARPALLI INTEGRATED POWER COMPANY LTD. | 0.05            | 100            | 0        |
| 2015-2016 | GHOARPALLI INTEGRATED POWER COMPANY LTD. | 0.05            | 100            | 0        |
| 2016-2017 | GHOARPALLI INTEGRATED POWER COMPANY LTD. | 0.05            | 100            | 0        |
| 2017-2018 | GHOARPALLI INTEGRATED POWER COMPANY LTD. | 0.05            | 100            | 0        |
| 2018-2019 | GHOARPALLI INTEGRATED POWER COMPANY LTD. | 0.05            | 100            | 0        |
|           |  |                 |                |          |
| 2014-2015 | JHARKHAND INFRA POWER LTD                | 0               | 0              | 0        |
| 2015-2016 | JHARKHAND INFRA POWER LTD                | 0.05            | 100            | 0        |
| 2016-2017 | JHARKHAND INFRA POWER LTD                | 0.05            | 100            | 0        |
| 2017-2018 | JHARKHAND INFRA POWER LTD                | 0.05            | 100            | 0        |
| 2018-2019 | JHARKHAND INFRA POWER LTD                | 0.05            | 100            | 0        |
|           |  |                 |                |          |
| 2014-2015 | ODISHA INFRAPOWER LTD.                   | 0.05            | 100            | 0        |
| 2015-2016 | ODISHA INFRAPOWER LTD.                   | 0.05            | 100            | 0        |
| 2016-2017 | ODISHA INFRAPOWER LTD.                   | 0.05            | 100            | 0        |
| 2017-2018 | ODISHA INFRAPOWER LTD.                   | 0.05            | 100            | 0        |
| 2018-2019 | ODISHA INFRAPOWER LTD.                   | 0.05            | 100            | 0        |
|           |  |                 |                |          |
| 2014-2015 | ORISSA INTEGRATED POWER LTD.             | 0.05            | 100            | 0        |
| 2015-2016 | ORISSA INTEGRATED POWER LTD.             | 0.05            | 100            | 0        |
| 2016-2017 | ORISSA INTEGRATED POWER LTD.             | 0.05            | 100            | 0        |
| 2017-2018 | ORISSA INTEGRATED POWER LTD.             | 0.05            | 100            | 0        |
| 2018-2019 | ORISSA INTEGRATED POWER LTD.             | 0.05            | 100            | 0        |
|           |  |                 |                |          |
| 2014-2015 | PFC CONSULTING LIMITED.                  | 0.05            | 100            | 0        |
| 2015-2016 | PFC CONSULTING LIMITED.                  | 0.05            | 100            | 0        |
| 2016-2017 | PFC CONSULTING LIMITED.                  | 0.05            | 100            | 18       |
| 2017-2018 | PFC CONSULTING LIMITED.                  | 0.05            | 100            | 50       |
| 2018-2019 | PFC CONSULTING LIMITED.                  | 0.052           | 100            | 100      |
|           |  |                 |                |          |
| 2014-2015 | SAKHIGOPAL INTEGRATED POWER COMPANY LTD. | 0.05            | 100            | 0        |
| 2015-2016 | SAKHIGOPAL INTEGRATED POWER COMPANY LTD. | 0.05            | 100            | 0        |
| 2016-2017 | SAKHIGOPAL INTEGRATED POWER COMPANY LTD. | 0.05            | 100            | 0        |
| 2017-2018 | SAKHIGOPAL INTEGRATED POWER COMPANY LTD. | 0.05            | 100            | 0        |
| 2018-2019 | SAKHIGOPAL INTEGRATED POWER COMPANY LTD. | 0.05            | 100            | 0        |
|           |  |                 |                |          |
| 2014-2015 | TATIYA ANDHRA MEGA POWER LTD.            | 0.05            | 100            | 0        |
| 2015-2016 | TATIYA ANDHRA MEGA POWER LTD.            | 0.05            | 100            | 0        |
| 2016-2017 | TATIYA ANDHRA MEGA POWER LTD.            | 0.05            | 100            | 0        |
| 2017-2018 | TATIYA ANDHRA MEGA POWER LTD.            | 0.05            | 100            | 0        |
| 2018-2019 | TATIYA ANDHRA MEGA POWER LTD.            | 0.05            | 100            | 0        |

**Note : 1**

Power Equity Capital Advisors Pvt. Ltd. (PECAP) is on the verge of liquidation. In view of above it is not included in above list.

2

PFC has acquired 52.63% GoI stake in REC Ltd. Takeover deal completed on 28.03.2019. The details regarding REC and its subsidiaries are not included in the above list.

3

PFC Capital Advisory Services Limited (PFCCAS) has been amalgamated with PFC Consulting Limited w.e.f. the appointed date i.e. 01.04.2018.

4

PFC Green Energy Limited (PFCGEL) has been amalgamated with PFC w.e.f. the appointed date i.e. 01.04.2017.

Appendix B  
Rs Crore

| Year    | Name of Joint Venture Company      | Equity<br>Rs Cr | Shareholding % | Dividend |
|---------|------------------------------------|-----------------|----------------|----------|
| 2014-15 | Energy Efficiency Services Limited | 22.5            | 25.00          | 0        |
| 2015-16 | Energy Efficiency Services Limited | 47.5            | 28.78          | 0.68     |
| 2016-17 | Energy Efficiency Services Limited | 146.5           | 31.70          | 3.39     |
| 2017-18 | Energy Efficiency Services Limited | 146.5           | 31.70          | 12.92    |
| 2018-19 | Energy Efficiency Services Limited | 245.5           | 36.36          | 4.01     |