



**Part- B Shelf Disclosure document (Final)
Tax Free Bond Series 107**

Dated:-30.08.2013

Issue Detail

Arrangers to the Issue:-

S.No.	Name of the Arranger
1	ICICI bank
2	Axis Bank
3	Trust Inv.
4	I-SEC PD
5	Kotak Mahindra bank
6	IDFC
7	A K Capital
8	ING Vysya Bank
9	Yes Bank
10	Barclays Bank
11	LKP Securities
12	Deutsche Bank
13	Edelweiss
14	Nomura Finance
15	Standard Chartered Bank
16	IDBI Capital

Term sheet :-

Security Name	PFC – Tax Free Bond Series 107 Series-A Series-B
Issuer	Power Finance Corporation Limited
Type of Instrument	A. PFC Secured, Redeemable, Non-Convertible, Non-cumulative, Tax free Bonds in the nature of Debentures 2023

	B. PFC Secured, Redeemable, Non-Convertible, Non-cumulative, Tax free Bonds in the nature of Debentures 2028	
Nature of Instrument	Secured	
Mode of Issue	Private placement basis	
Eligible investors	<ul style="list-style-type: none"> • Qualified Institutional Buyers (QIBs) • Corporates 	
Listing (including name of stock exchange where it will be listed & timeline for listing)	<p>On the wholesale Debt Market segment of NSE</p> <p>The timeline for listing in recognized stock exchange is within 15 days from date of allotment of debt securities</p>	
Rating	'AAA/Stable' by CRISIL, 'AAA' by ICRA, &'AAA' by CARE	
Issue size	Rs. 150 crores with right to retain over subscription-Green Shoe Option upto Rs. 1200 crores	
Option to retain oversubscription	The amount of oversubscription to be retained will be decided by the corporation up to Rs. 1200 crore	
Object of the Issue	To augment long-term resources of PFC and not for a specific project	
Details of utilization of the proceeds	The funds raised through private placement are not meant for any specific project as such and therefore the proceeds of this issue shall be utilized for the regular business activities of PFC only. Therefore, management shall ensure that the funds raised via this private placement shall be utilized only towards satisfactory fulfilment of the objects of the issue.	
Coupon Rate	8.01% p.a.	8.46% p.a.
Step up/step down coupon rate	NA	
Coupon Payment frequency	Annual	
Coupon payment dates:-First interest date Subsequent int. payment date	<p>30.08.2014</p> <p>30th August every year till redemption</p>	
Coupon type	Fixed	
Coupon Reset process (including rates, spread, effective date, interest rate cap & floor etc)	N/A	
Day count basis	Actual/Actual	
Interest on Application money	The date of receiving subscription amount & allotment is kept on same date, hence no interest on application money will be paid.	
Tenor	10 year from deemed date of allotment	15 year from deemed date of allotment

Date of Redemption	30-08-2023	30-08-2028
Redemption amount	At par	
Redemption Premium/Discount	NA	
Issue Price	100.03	100.14
Discount at which security is issued & the effective yield as a result of such discount	NA	
Put & call Option Date	NA	
Put & call Option Price	NA	
Put & Call option time	NA	
Face Value	Rs. 10,00,000 (Rupees Ten lacs only) per bond	
Minimum application size	10 bonds and then in multiple of 1 bond	
Issue Opening & closing date	30.08.2013	
Pay-in-date	30.08.2013	
Deemed Date of allotment	30.08.2013 (The credit of debt securities into the demat a/c within 2 working days of allotment)	
Issuance & trading mode of instrument	In demat Only	
Settlement mode of the instrument	The bonds held in the dematerialised form shall be taken as discharged on payment of the amount by PFC on maturity redemption/exercise of put & call option as the case may be to the registered bondholders whose name appear in the register of bondholders on the record date. Such payment will be a legal discharge of the liability of the Corporation towards the bondholders.	
Depository	NSDL & CDSL	
Business Day Convention	If any of principal redemption/ interest payment date falls on a day which is not a business day, (Business day being a day on which commercial banks are open for business in the city of New Delhi) then payment will be made on the next day that is a business day without liability for making payment of interest for the intervening period.	
Record Date	15 calendar days prior to each coupon payment date	
Security	The security will be registered in favour of trustees & to the satisfaction of trustee within the stipulated time.	
Events of Default	In case of default in payment of interest or delay in listing of the debt securities, provisions according to SEBI (Issue & Listing of Debt Securities)(Amendment) Regulations,2012 shall apply.	
Provisions related to cross default clause	N/A (not applicable)	

Registrar & Transfer Agent	M/s Skyline Financial Services Ltd
Collection Banker	Yes Bank
RTGS details	Beneficiary Name : PFC Bond Collection Account Yes Bank Address: Yes Bank Limited,48 Nyaya Marg, Chanakyapuri, New Delhi-11001 A/C No: 000381000000152 IFSC Code: YESB0000003
Role and Responsibilities of Debenture Trustees	The trustees shall protect the interest of the bondholders in the event of default by PFC in regard to timely payment of interest and repayment of principal and shall take necessary action at the cost of PFC. No bondholder shall be entitled to proceed directly against PFC unless the trustees, having become so bound to proceed, fail to do so.

*Subject to deduction of tax at source as applicable

** PFC reserves its sole & absolute right to modify (pre-pone/post pone) the issue opening/closing/pay-in-date(s) without giving any reasons or prior notice. In such case, Investors/Arrangers shall be intimated about the revised time schedule by PFC.PFC also reserves the right to keep multiple deemed date of allotment at its sole & absolute discretion without any notice.

1. OFFERING DETAILS

Issue of Secured, Redeemable, Non-Convertible, Non-Cumulative and Tax Free Bonds in the nature of Debentures of face value of Rs. 10 Lacs for Series 107 for cash aggregating to Rs. 150 crore plus green shoe option on private placement basis.

2. PRINCIPAL TERMS AND CONDITIONS OF THE ISSUE

The bond will be subject to the terms of the Private Placement of the Bonds as stated in the offer document and as specified in the terms of bond issue pursuant to the resolution(s) passed by the Board of Directors in their 307th meeting held on 22.03.2013 in New Delhi, the relevant statutory guidelines and regulations for allotment and listing of securities issued from time to time by the Govt. of India (GOI), Reserve Bank of India (RBI), SEBI and the Stock Exchanges concerned, the terms of this bond issue and application form.

3. NATURE OF BONDS

The Bonds are Secured, Redeemable, Non-Convertible, Non-Cumulative, Tax Free Bonds and in the nature of Debentures. The Bonds shall rank pari passu inter se and, subject to any obligations preferred by mandatory provisions of the law prevailing from time to time, shall also as regards repayment of principal and payment of interest, rank pari passu with all other existing unsecured borrowings of the Corporation.

4. AUTHORITY FOR THE ISSUE

The present issue of Bonds is being made pursuant to Article 40 of the Articles of Association of Power Finance Corporation Limited and has been authorized by the resolution(s) passed by the Board of Directors in their 307th meeting held on 22.03.13 in New Delhi in pursuance to Section 292 (1) (b) of the Companies Act, 1956. The proposed Bond issue is within the overall borrowing limit approved in the

Board of Directors meeting held on 22.03.2013. No further approvals are required from any Government authority for the private placement.

5. ELIGIBILITY OF PFC TO COME OUT WITH THE ISSUE

PFC, its Directors and authorized officers have not been prohibited from accessing the debt market under any order or directions passed by SEBI/ any other Govt. Authority.

6. FORCE MAJEURE

PFC reserves the right to withdraw the Issue prior to the closing date in the event of any unforeseen development adversely affecting the economic and regulatory environment. In such an event, the issuer will refund the application money, if any, along with interest payable on such application money, if any.

7. PLACEMENT PROGRAMME

PFC is placing Secured, Redeemable, Non-Convertible, Non-Cumulative and Tax Free Bonds in the nature of Debentures of face value of Rs. 10 Lacs for Series 107 for cash aggregating to Rs. 150 crore plus green shoe option on private placement basis.

Period of maturity: Years

Series -A	Series – B
10 year Plain vanilla bond	15 year Plain vanilla bond

Coupon rate:

Series 107-A	Series 107-B
8.01% p.a.	8.46% p.a.

TAX BENEFITS

These bonds carry a tax free status as per Notification No 61/2013.F.No.178/37/2013-(ITA.1) issued by Government of India, Ministry of Finance, Department of revenue, (Central Board of Direct Taxes) on 08th August 2013. The interest on application money will taxed as per the prevailing income tax rates. However the bond holders are advised to also consult their own tax advisor on the tax implications of the ownership and sale of bonds, and income arising thereof. Further, the benefit under Section 10(15)(iv)(h) of the Income Tax Act, 1961 (43 of 1961), shall be available only to Bondholder(s) who have registered their name(s) and holding with PFC.

WHO CAN INVEST

- Qualified Institutional Buyers (QIBs)
- Corporates

However, out of the aforesaid investors eligible to invest, this Memorandum is intended solely for the use of the person to whom it has been sent by PFC for the purpose of evaluating a possible investment opportunity by the recipient(s) in respect of the securities offered herein, and it is not to

be reproduced or distributed to any other person(s) other than professional advisors of the prospective investor receiving this Memorandum from PFC.

Non-Eligible Investors- HNIs, Pension Fund, Gratuity Funds, NRIs , FIIs, Sovereign Wealth Fund, Retail Individual.

APPLICATION BY MUTUAL FUNDS

In case of applications by Mutual Funds, a separate application must be made in respect of each scheme of an Indian mutual fund registered with SEBI. The applications made by the Asset Management Companies (AMC) or custodians of a Mutual Fund shall clearly indicate the name of the concerned scheme for which application is being made. The application must be accompanied with certified true copies of:

1. SEBI registration certificate.
2. Resolution authorizing investment & containing operating instructions.
3. Specimen signatures of authorised signatories.

DOCUMENTS TO BE PROVIDED BY INVESTORS

Investors need to submit the following documents, along with the application form, as applicable:

1. Memorandum and Articles of Association / Documents governing constitution
2. Resolution authorising the investment.
3. Certified true copy of Power of Attorney.
4. Form 15 AA or any other certificate as issued by Income Tax Authorities (in duplicate)
5. For investors seeking exemption from Tax deduction at source or for deduction of tax at a lower rate on the interest on the application money.
6. Identification of those who have authority to operate.
7. Specimen signatures of the authorised signatories (ink signed), duly certified by an appropriate authority.
8. However, Mutual Fund are required to submit the following documents:-
 - a) The Power of Attorney (POA) / appointment authority by Mutual Fund (MF), as the case may be in favour of Asset Management Company (AMC), delegating the power to invest the funds on behalf of Mutual Fund.
 - b) SEBI's registration certificate of Mutual Fund.
 - c) Copy of the resolution / authority authorising officers to invest / buy PSU bonds by AMC.
 - d) Certificate from AMC stating that scheme for which investment is made is an approved scheme of the Mutual Fund.
 - e) POA / appointment authority in favour of Custodian by Mutual Fund, if any.
 - f) Resolution of the managing body of the foundation/association

g) PAN (otherwise exemption certificate issued by IT authorities)

TERMS OF PAYMENT

The full amount of issue price of the bonds applied for is payable as application money.

MODE OF PAYMENT

The application should give details of payment of the total amount of face value of Bonds applied for.

Applications along with details of payment of requisite amount and other necessary documents may be deposited, directly with specified branches of Collecting Banker for crediting the amount to 'Power Finance Corporation Bond Collection Account'. For details please refer to the "Instructions" detailed in the "Application Form".

Payment should be made payable in favour of "Power Finance Corporation Limited". Cheque(s) / Demand Draft(s) should be crossed account payee only and may be drawn on any bank including co-operative bank, which is situated at and is a member or sub-member of the Bankers Clearing House, located at the place where the application form(s) is submitted. Outstation cheques will not be accepted. Any charges for remittance of funds are to be borne by the investor.

INTEREST ON APPLICATION MONEY

The date of receiving subscription amount & allotment is kept on same date, hence no interest on application money will be paid.

INTEREST PAYMENT

The face value of the Bonds outstanding shall carry interest at the cut-off rate from deemed date of allotment in case of non-cumulative bonds. In case of cumulative/Zero Coupon bonds, accumulated interest shall be paid at the time of maturity. The frequency of interest payment and interest payment dates will be as per the terms of the bond issue(s) for each series till the maturity of Bonds. Interest warrants / cheques / DDs will be mailed on the due date to the bondholders whose names appear on the list of beneficial owners given by the depository participant to PFC as on the record date / book closure date fixed by PFC. In case of RTGS, the payment shall be made on the interest payment date as per details available with RTA.

Interest or other benefits with respect to the Bonds would be paid to those Bondholders whose names appear on the list of beneficial owners given by the depository participant to R&TA as on the Record Date. In case the beneficial owner is not identified by the depository on the Record Date due to any reason whatsoever, PFC shall keep in abeyance the payment of interest or other benefits, till such time the beneficial owner is identified by the depository and intimated to PFC. PFC shall pay the interest or other benefits to the beneficiaries identified, within a period of 15 days from the date of receiving such intimation. PFC will not pay interest or any amount in whatever name for the intervening period from Record Date to the actual date of payment of interest, in such cases where the Depository does not identify the beneficial owner on the Record Date.

DEEMED DATE OF ALLOTMENT

Deemed date of allotment will be as per the terms of the bond issue of each series. All the benefits under the bonds will accrue to the investor from the deemed date of allotment.

ALLOTMENT IN CASE OF OVER-SUBSCRIPTION

In case of over-subscription, allotment will be made on such basis as decided by PFC. The decision of PFC in this regard will be final and binding on all the applicants and shall not be called into question, whatsoever.

LETTER OF ALLOTMENT / BOND CERTIFICATES

The bonds shall be allotted in demat form only.

INTEREST IN CASE OF DELAY ON ALLOTMENT/DESPATCH

PFC agrees that as far as possible allotment of securities to the investors shall be made within 30 days of the closure of the issue. The Corporation further agrees that it shall pay interest in accordance with provisions of Companies Act/DIP guidelines of SEBI.

BONDS IN DEMATERIALISED FORM

PFC has made arrangements with National Securities Depositories Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL) to issue the Bonds in dematerialized form to all successful applicants. All the provisions relating to issue, allotment, transfer, transmissions etc. in respect of dematerialisation and rematerialisation of the Bonds as may be prescribed under the Depositories Act, 1996 (as amended from time to time) and the rules there under would be applicable to the Bonds issued in dematerialized form.

Applicants should mention their Depository Participant's name, DP-ID and Beneficiary Account Number (Client ID) at the appropriate place in the Application Form. PFC will take necessary steps to credit the Demat Account of the allottee(s) with the number of Bonds allotted. Responsibility for correctness of investor's details given in the Application Form vis-à-vis those with the investor's Depository Participant would rest with the investors.

The Bonds allotted to investor would be directly credited to the Beneficiary Account as given in the application form after verification. Allotment advice / refund order (if any) would be sent directly to the applicants by PFC, but the confirmation of the credit of the Bonds to the investor's Depository Account will be provided to the investor by the investor's Depository Participant.

On allotment of bonds, demat credit will be afforded in LOA form. After completing the statutory formalities, like payment of stamp duty, the LOA form of credit will be converted into bond certificate form of credit.

DEPOSITORY ARRANGEMENT

PFC has entered into depository arrangements with National Securities Depository Limited (NSDL) and Central Depository Services Limited (CDSL). The securities shall be issued in dematerialized form as per the provisions of Depositories Act, 1996 (as amended from time to time).

PFC has signed two tripartite agreements in this connection viz.

Tripartite Agreement dated 07.02.2002 between PFC, National Securities Depository Limited (NSDL) and R&TA i.e. M/s Skyline Financial Services (Pvt.) Ltd.

Tripartite Agreement dated 17.02.2003 between PFC, Central Depository Services Limited (CDSL) and R&TA i.e. M/s Skyline Financial Services (Pvt.) Ltd.

FICTITIOUS APPLICATIONS

In terms of the Section 68 A of the Companies Act, 1956, any person who – makes, in a fictitious name, an application to a body corporate for acquiring, or subscribing to, the bonds, or otherwise induced a body corporate to allot, or register any transfer of, bonds therein to them, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to 5 years.

SECURITY

The bonds series 107 issued by the company will be secured by creating a first pari passu charge by way of Hypothecation of total receivables of the company as may be agreed between the company and the Debenture Trustee, pursuant to the terms of the Debenture Trust Deed.

PAN NUMBER

Every applicant should mention his Permanent Account Number (PAN) allotted under Income Tax Act, 1961 and copy of the same may be submitted along with application.

REJECTION OF APPLICATIONS

An application, which is not completed in all respects, may be rejected. The various reasons for rejection could be, but not limited to following:

- ❖ Incomplete or illegible applications
- ❖ No. of Bonds applied for less than minimum required number
- ❖ No information about PAN / GIR etc.

Interest on application money shall not be payable in respect of those applications which are rejected.

RECORD DATE / BOOK CLOSURE DATE FALLING ON SUNDAY/HOLIDAY

In case record date / book closure date falls on Sunday/ Holiday, the day prior to the said Sunday / holiday shall be the record date / book closure date.

PAYMENT ON REDEMPTION

The Bond will be redeemed at the Registered Office of PFC on the expiry of the number of years/months as specified in the terms of the bond issue for each series from the Deemed date of Allotment or on such earlier date on exercise of put / call option, if applicable.

The redemption proceeds shall be paid to those Bondholders whose names appear on the list of beneficial owners given by the Depository Participant to R&TA as on the record date / book closure date fixed by PFC for the purpose of redemption. In case the beneficial owner is not identified by the depository on the record date / book closure date due to any reason whatsoever, PFC shall keep in abeyance the payment of redemption proceeds, till such time the beneficial owner is identified by the depository and intimated to R&TA. PFC shall pay the redemption proceeds to the beneficiaries identified within 15 days of receiving such intimation. PFC will not be liable to pay any interest, income or compensation of any kind in whatever name for the intervening period from record date / book closure date to the actual date of payment of redemption proceeds, in such cases where the depository participant does not identify the beneficial owner on the record date / book closure date.

RIGHT TO REPURCHASE, RE-ISSUE AND CANCELLATION

PFC shall have the right to purchase the Bonds at any time during the tenor of the bonds. PFC may at its discretion, re-issue or cancel the repurchased bonds in accordance with the relevant provisions of law.

RIGHT OF BONDHOLDER(S)

Bondholder is not a shareholder. The Bondholders will not be entitled to any other rights and privileges of shareholders other than those available to them under statutory requirements. The Bond(s) shall not confer upon the holders the right to receive notice, or to attend and vote at the General Meeting of the Company. The principal amount and interest on the Bonds will be paid to the registered Bondholders only, and in case of joint holders, to the one whose name stands first.

Besides the above, the Bonds shall be subject to the provisions of the Companies Act, 1956, the Articles of Association of PFC, the terms of this bond issue and the other terms and conditions as may be incorporated in the Trust deed and other documents that may be executed in respect of these Bonds.

NOTICES

The notices to the Bondholder(s) required to be given by PFC shall be deemed to have been given if sent by courier / ordinary post to the original sole / first holder of the Bonds or if an advertisement is given in a leading newspaper.

All notices to be given by the Bondholder(s) shall be sent by registered post or by hand delivery to PFC or to such persons at such address as may be notified by PFC from time to time.

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTIONS

Copies of the contracts and documents, referred to below, may be inspected at the Head Office of PFC between 10.00 a.m. and 12.00 noon on any working day (Monday to Friday) until the date of closing of the issue.

Material Contracts and Documents

1. Memorandum and Articles of Association of PFC.
2. Resolution of the Board of Directors of PFC passed at 307th Meeting held on 22.03.2013 approving the borrowing programme of Rs. 43,950 crore for the year 2013-14 and authorizing the Chairman & Managing Director and Director (Fin) jointly to exercise powers in relation to raising of debt issues.
3. ICRA has assigned a rating of 'AAA' (pronounced ICRA "triple A) to the long term borrowing programme & "A1+" (pronounced ICRA A one plus) to the short term borrowing programme of the financial year 2013-14 aggregating to Rs 43,950.00 crore indicating the highest degree of safety with regard to payment of interest and principal vide their letter nos. D/RAT/2013-14/P3/6 & D/RAT/2013-14/P3/2 dated 13.08.2013 & 22.04.2013.
4. CRISIL has assigned a rating of 'AAA/Stable' (pronounced CRISIL "triple A with stable outlook") to the long term borrowing programme & "A1+" (pronounced CRISIL A one plus) rating to the short term borrowing programme of the financial year 2013-14 aggregating to Rs. 43,950 crore, indicating the highest degree of safety with regard to payment of interest and principal vide their letter nos. SN/FSR/PFC/2013-14/947 dated 06.08.13 & SN/FSR/PFC/2013-14/184 dated 15.04.13.

5. CARE has assigned a rating of 'AAA' (pronounced CARE "triple A") to the long term borrowing programme & "A1+" (pronounced CARE A one plus) rating to the short term borrowing programme for the financial year 2013-14 aggregating to Rs. 43,950 crore, indicating the highest degree of safety with regard to payment of interest and principal vide their letter dated August 08,2013.
6. Copies of the audited Balance Sheets and Profit & Loss Accounts for five years ended March 31 2007, 2008, 2009, 2010, 2011 & 2012.
7. Copy of Tripartite Agreement dt. 07.02.2002 between PFC, NSDL & Skyline Pvt. Ltd.
8. Copy of Tripartite Agreement dt. 17.02.2003 between PFC, CDSL & Skyline Pvt. Ltd.
9. Copies of the letters by the MoP, GoI for appointment and remuneration of our Directors.

Effect of Holiday

Should any of dates defined above or elsewhere in the Offer Document, excepting the Date of Allotment, fall on a Sunday or a Public Holiday in Delhi or a holiday under negotiable Instruments Act, the principal redemption/ interest for the period would be paid on the immediate succeeding working day.

AMENDMENT OF THE TERMS OF THE BONDS

PFC may amend the terms of the Bond(s) at any time by a resolution passed at a meeting of the Bondholders with the consent of the Bondholders holding in the aggregate more than 50% in nominal value of the Bonds held and outstanding from those present and voting.

FUTURE BORROWINGS

PFC will be entitled to borrow / raise loans or avail financial assistance in whatever form (both in rupees and in foreign currency) as also issue debentures / Bonds / other securities (secured and unsecured) in any manner having such ranking in priority / pari-passu or otherwise and change the capital structure including the issue of shares of any class on such terms and conditions as PFC may think appropriate without the consent of or intimation to the Bondholders or the trustees.

GOVERNING LAW

The Bonds shall be construed to be governed in accordance with Indian Law. The competent Courts in New Delhi alone shall have jurisdiction in connection with any matter arising out of or under these precincts.

CONSENTS

Currently PFC has appointed IL&FS Trust Company Ltd., to act as debenture trustee for its Bonds. PFC holds consent from IL&FS Trust Company Ltd., to act as trustees and the consent has not been withdrawn.

Currently PFC has appointed Skyline Financial Services Ltd as Registrar & Transfer Agent (R&TA) for our Bonds. PFC holds consent from Skyline Financial Services Ltd to act as R&TA and the consent has not been withdrawn. In case there is any change in R&TA, PFC will appoint a new R&TA and obtain and hold their consent to act as R&TA before the launch of the bond issue of a particular series and disclose the facts in the terms of the Bond issue of a particular series.

UNDERTAKINGS FROM THE ISSUER:

PFC hereby undertakes that

- ❖ The complaints in respect of the issue would be attended to expeditiously and satisfactorily.
- ❖ PFC would take necessary steps for completion of the necessary formalities for listing & commencement of trading at stock exchange where the securities are to be listed within seven working days of finalisation of basis of allotment.
- ❖ PFC shall ensure despatch of refund orders by registered post only and adequate funds for the purpose shall be made available.
- ❖ PFC shall co-operate with the rating agencies in providing true and adequate information.
- ❖ The funds to be raised through the private placement are to augment long-term resources of PFC and not for a specific project. Hence, no monitoring agency is required to be appointed.
- ❖ Since it is a private placement of bonds and PFC is a public financial institution under Section 4A of the Companies Act, 1956, all monies received out of issue of bonds shall be utilized for the purpose as stated in this Memorandum, without waiting for allotment of bonds/ listing of bonds. However, PFC undertakes to refund the application money in case the allotment is not done within 15 days and / or the application for permission to deal in bonds is not granted by NSE. (Please refer to sub-title 'Listing' and 'Interest in case of delay on allotment/dispatch' of this Memorandum).
- ❖ PFC shall disclose the complete name and address of the debenture trustee in the Annual Report.
- ❖ PFC shall provide a compliance certificate to the debenture trustee in r/o compliance with the terms and conditions of issue of bonds as contained in this Memorandum.

INVESTOR RELATIONS AND GRIEVANCE REDRESSAL:

Arrangements have been made to redress investor grievances expeditiously as far as possible, PFC endeavours to resolve the investors' grievances within 30 days of its receipt. All grievances related to the issue quoting the Application Number (including prefix), number of bonds applied for, amount paid on application and Bank and Branch/PFC Collection Centre where the Application was submitted, may be addressed to the Resource Mobilisation Unit at the Head office. All investors are hereby informed that the company has appointed a Compliance Officer who may be contacted in case of any problem related to this issue.

The issue is being made at par

Debt Equity Ratio

Gross Debt: Equity Ratio of the Company (based upon audited Financial Statements of 30th June 2013):-

Before the issue of debt securities	6.10 times
After the issue of debt securities	6.15 times

Servicing Behaviour: The payment of interest & repayment of principal is being done in a timely manner on the respective due dates.

The bonds proposed to be issued are Secured in nature.

TRUSTEES TO THE BONDHOLDERS

Currently PFC has appointed IL&FS Trust Company Limited to act as debenture trustee for its Bonds. PFC holds consent from IL&FS Trust Company Limited to act as trustees and the consent has not been withdrawn. IL&FS Trust Company Limited is a SEBI registered Debenture Trustee has been appointed currently to act as the Trustee for the holders of Bonds. All remedies to the Bondholder(s) for the amounts due on the Bonds will be vested with the Trustees on behalf of the Bondholder(s). If there is a change of Trustees to the Bond Holders the same would be specified in the terms of the bond issue for each series to be uploaded in NSE website.

The holders of the Bonds shall without any further act or deed be deemed to have irrevocably given their consent and authorized the Trustees to do, inter-alia, acts and deeds and things necessary to safeguard the interests of Bondholder(s) in terms of this offer document.

CREDIT RATING

ICRA

ICRA has assigned a rating of 'AAA' (pronounced ICRA "triple A) to the long term borrowing programme & "A1+" (pronounced ICRA A one plus) to the short term borrowing programme of the financial year 2013-14 aggregating to Rs 43,950.00 crore indicating the highest degree of safety with regard to payment of interest and principal vide their letter nos. D/RAT/2013-14/P3/6 & D/RAT/2013-14/P3/2 dated 13.08.2013 & 22.04.2013.

CRISIL

CRISIL has assigned a rating of 'AAA/Stable' (pronounced CRISIL "triple A with stable outlook") to the long term borrowing programme & "A1+" (pronounced CRISIL A one plus) rating to the short term borrowing programme of the financial year 2013-14 aggregating to Rs. 43,950 crore, indicating the highest degree of safety with regard to payment of interest and principal vide their letter nos. SN/FSR/PFC/2013-14/947 dated 06.08.13 & SN/FSR/PFC/2013-14/184 dated 15.04.13.

CARE

CARE has assigned a rating of 'AAA' (pronounced CARE "triple A") to the long term borrowing programme & "A1+" (pronounced CARE A one plus) rating to the short term borrowing programme for the financial year 2013-14 aggregating to Rs. 43,950 crore, indicating the highest degree of safety with regard to payment of interest and principal vide their letter dated August 08,2013.