ISSUE STRUCTURE

The following are the key terms of the NCDs. This section should be read in conjunction with and is qualified in its entirety by more detailed information in "*Terms of the Issue*" and "*Issue Procedure*" on pages 46 and 63.

The NCDs being offered as part of the Tranche I Issue are subject to the provisions of the SEBI Debt Regulations, the Debt Listing Agreement, and the Companies Act, 2013, the RBI Act, the terms of the Shelf Prospectus, this Tranche I Prospectus, the Application Form, the terms and conditions of the Debenture Trustee Agreement and the Debenture Trust Deed, and other applicable statutory and/or regulatory requirements including those issued from time to time by SEBI, RBI, the GoI, and other statutory/regulatory authorities relating to the offer, issue and listing of securities and any other documents that may be executed in connection with the NCDs.

Issuer	Power Finance Corporation Limited
Type of instrument	Secured redeemable non-convertible debentures
Nature of instrument / Seniority	Secured redeemable non-convertible debentures
Mode of issue	Public issue
Eligible Investors	See the section titled "*Issue Procedure*" on page 63
Listing	The NCDs shall be listed on the Stock Exchange within six Working Days from the Issue Closing Date.
Rating of the instrument	'CARE AAA; Stable' by CARE; 'CRISIL AAA / Stable' by CRISIL; and '[ICRA]AAA(Stable)' by ICRA.
Base Issue size	₹ 500 crore
Option to retain oversubscription	₹ 4500 crore
Objects of the Issue	See the section titled "*Objects of the Tranche I Issue"* on page 21.
Details of utilization of proceeds	See the section titled "*Objects of the Tranche I Issue"* on page 21.
Coupon rate	See the section titled "*Terms of the Issue*" on page 46].
Step up or step down coupon rates	Not applicable
Coupon payment frequency	See the section titled "*Terms of the Issue*" on page46.
Coupon payment dates	See the section titled "*Terms of the Issue*" on page 46.
Coupon type	See the section titled "*Terms of the Issue*" on page 46.
Coupon reset process	See the section titled "*Terms of the Issue*" on page 46.
Default interest rate	Our Company shall pay interest in connection with any delay in allotment, listing, dematerialized credit, execution of Debenture Trust Deed, payment of interest, redemption of principal amount beyond the time limits prescribed under applicable statutory and/or regulatory requirements, at such rates as stipulated or prescribed under applicable laws. If the Issuer fails to execute the trust deed within the stipulated regulatory timeframe, it shall also pay interest of at least two percent per annum to the debenture holder, over and above the agreed coupon rate, till the execution of the trust deed.
Day count basis	Actual / Actual.
Interest on Application Money	As per applicable law.
Tenor	See the section titled "*Terms of the Issue*" on page 46.
Redemption Dates	See the section titled "*Terms of the Issue*" on page 46.
Redemption Amount	See the section titled "*Terms of the Issue*" on page 46.
Redemption Premium or Discount	See the section titled "*Terms of the Issue*" on page 46.
Issue Price (in ₹)	₹ 1000 per NCD
Discount at which security is issued and the effective yield as a result of such discount	Not applicable.
Put Date or Put Price or Call Date or Call Price or Put	Not applicable.

Notification Time or Call Notification Time	
Face Value (in ₹)	₹ 1,000 per NCD.
Minimum application size and in multiples of debt securities thereafter	₹10,000 (10 NCDs) across all series collectively and in multiples of ₹ 1000 (1 NCDs) thereafter.
Issue Timing **1. Issue Opening Date** **2. Issue Closing Date** **3. Pay-in Date**	 1. January 15, 2021 2. January 29, 2021 3. Application date (the entire application amount is payable on application date)
Deemed Date of Allotment	The date on which the Authorized Officials approve the Allotment of the NCDs for this Tranche I Issue, or such other date as may be determined by the Authorized Officials and notified to the Stock Exchange. The actual Allotment of NCDs may take place on a date other than the Deemed Date of Allotment. All benefits relating to the NCDs including interest on NCDs (as specified in this Tranche I Prospectus for this Tranche I Issue) shall be available to the Debenture Holders from the Deemed Date of Allotment.
Issuance mode of the instrument	Dematerialised form only.
Trading	In dematerialised form only.
Settlement	See the section titled "*Terms of the Issue*" on page 46 of this Tranche I Prospectus.
Depositories	NSDL and CDSL.
Business day convention/ Working Day	Working Day(s) shall mean all days excluding Sundays or a holiday of commercial banks in Mumbai, except with reference to the Issue Period, where Working Days shall mean all days, excluding Saturdays, Sundays and public holiday in India when stock exchanges are closed for trading. Furthermore, for the purpose of post Issue period, i.e. period beginning from the Issue Closing Date to listing of the NCDs, Working Days shall mean all trading days of the stock exchanges in India excluding Sundays and bank holidays in Mumbai. During the tenor of the NCDs, interest/redemption payments shall be made only on the days when the money market is functioning in Mumbai. Interest shall be computed on an actual/actual basis i.e. on the principal outstanding on the NCDs as per the SEBI Circular bearing no. CIR/IMD/DF-1/122/2016 dated November 11, 2016. If the interest payment date falls on a day other than a Working Day, the interest payment shall be made by the Company on the immediately succeeding Working Day and calculation of such interest payment shall be as per original schedule as if such interest payment date were a Working Day. Further, the future interest payment dates shall remain intact and shall not be changed because of postponement of such interest payment on account of it falling on a non-Working Day. Payment of interest will be subject to the deduction of tax as per Income Tax Act or any statutory modification or re-enactment thereof for the time being in force. If Redemption Date (also being the last interest payment date) falls on a day that is not a Working Day, the Redemption Amount shall be paid by the Company on the immediately preceding Working Day along with interest accrued on the NCDs until but excluding the date of such payment. The interest/ redemption payments shall be made only on the subsequent day when the money market is functioning in Mumbai.
Record Date	The record date for payment of interest in connection with the NCDs or repayment of principal in connection therewith shall be 15 (fifteen) days prior to the date on which interest is due and payable, and/or the date of redemption or such other date as may be determined by the Company from time to time in accordance with the applicable law. Provided that trading in the NCDs shall remain suspended between the aforementioned Record Date in connection with redemption of NCDs and the date of redemption or as prescribed by the Stock Exchange, as the case may be. In case Record Date falls on a day when Depositories are having a trading holiday, the immediate subsequent trading day will be deemed as the Record Date.

Description regarding Security (where applicable) including type of security (movable/immovable/tangible etc.), type of charge (pledge/ hypothecation/ mortgage etc.), date of creation of security/ likely date of creation of security, minimum security cover, revaluation, replacement of security, interest to the debenture holder over and above the coupon rate	The principal amount of the NCDs to be issued in terms of this Tranche I Prospectus with all interest accrued on the NCDs shall be secured by way of first *pari passu* charge through hypothecation of the book debts/receivables (excluding the book debts / receivables on which a specific charge has already been created by the Company). We have received necessary consents from the relevant debenture trustees, lenders to the Company for ceding *pari passu* charge in favour of the Debenture Trustee in relation to the NCDs. The security is estimated to be created prior to the listing of the NCDs. The revaluation and replacement of the security shall be in accordance with the Debenture Trust Deed.
All covenants of the Issue (including side letters, accelerated payment clause, etc.)	In accordance with the Debenture Trust Deed.
Transaction documents	Transaction documents shall mean the Abridged Prospectus, Draft Shelf Prospectus, the Shelf Prospectus, Tranche I Prospectus and any notices, corrigenda, addenda thereto, Issue Agreement, Registrar Agreement, Debenture Trust Deed, Debenture Trust Agreement, Application Form, Public Issue Account and Sponsor Bank Agreement, Consortium Agreement and Tripartite Agreements executed or to be executed by our Company, as the case may be. For further details please see the section titled, "*Material Contracts and Documents for Inspection*" on page 93
Conditions Precedent to Disbursement	In accordance with the Debenture Trust Deed.
Conditions Subsequent to Disbursement	In accordance with the Debenture Trust Deed.
Events of default (including manner of voting/conditions of joining Inter Creditor Agreement)	Please see the section titled "*Issue Structure*" on page 42
Creation of recovery expense fund	Our Company undertakes to deposit, in the manner as maybe specified by SEBI from time to time, the amount in the recovery expense fund and inform the Debenture Trustee regarding the deposit in such fund. The recovery expense fund may be utilised by Debenture Trustee, in the event of default by our Company under the terms of the Debenture Trust Deed, for taking appropriate legal action to enforce the security.
Conditions for breach of covenants (as specified in the Debenture Trust Deed)	In accordance and as specified in the Debenture Trust Deed.
Cross default provisions	In accordance with the Debenture Trust Deed.
Roles and responsibility of the Debenture Trustee	Please see the section titled "*Terms of the Issue*" on page 46
Risk factors pertaining to the Issue	Please see the section titled *"Risk Factors"* on page 15 of the Shelf Prospectus
Governing law and jurisdiction	The NCDs are governed by and shall be construed in accordance with the existing Indian laws. Any dispute between the Company and the NCD Holders will be subject to the jurisdiction of competent courts in New Delhi.
Security cover	100% of the amount of outstanding NCDs and the interest thereon at any point of time.

** In terms of Regulation 4(2)(d) of the SEBI Debt Regulations, our Company will undertake this public issue of the NCDs in dematerialised form.*

***The Tranche I Issue shall remain open for subscription on Working Days from 10.00 a.m. to 5.00 p.m., during the period indicated in this Tranche I Prospectus, except that the Tranche I Issue may close on such earlier date or extended* *date as may be decided by the Board. In the event of such an early closure of or extension of the Tranche I Issue, our Company shall ensure that notice of such early closure or extension is given to the prospective investors in all the newspapers in which pre-issue advertisement and advertisement for opening or closure of the Tranche I Issue have been given, on or before such earlier date or initial date of closure. Applications Forms for the Tranche I Issue will be accepted only from 10.00 a.m. till 5.00 p.m. or such extended time as may be permitted by the Stock Exchange, on Working Days during the Tranche I Issue Period. On the Tranche I Issue Closing Date, Application Forms will be accepted only between 10.00 a.m. to 3.00 p.m. and uploaded until 5.00 p.m. or such extended time as may be permitted by the Stock Exchange. Further, pending mandate requests for bids placed on the last day of bidding will be validated by 5 PM on one Working Day post the Issue Closing Date.*

While the NCDs are secured to the tune of 100% of the principal and interest amount or as per the terms of offer document, in favour of Debenture Trustee, it is the duty of the Debenture Trustee to monitor that the security is maintained, however, the recovery of 100% of the amount shall depend on the market scenario prevalent at the time of enforcement of the security.

Please see "Issue Procedure" on page 63 *of this Tranche I Prospectus for details of category wise eligibility and allotment in the Issue.*

Participation by any of the investor classes in this Issue will be subject to applicable statutory and/or regulatory requirements. Applicants are advised to ensure that applications made by them do not exceed the investment limits or maximum number of NCDs that can be held by them under applicable statutory and/or regulatory provisions.

In case of Application Form being submitted in joint names, Applicants should ensure that the demat account is also held in the same joint names, and the names are in the same sequence in which they appear in the Application Form.

Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions or consents or approvals in connection with applying for, subscribing to, or seeking allotment of NCDs pursuant to the Issue.

For further details, please see section titled "*Issue Procedure*" on page 63.

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TERMS OF THE ISSUE

Authority for the Issue

The Issue is being made pursuant to the resolution passed by the Board on February 12, 2020.

Further, the present borrowing is within the borrowing limits under Section 180(1)(c) of the Companies Act, 2013, duly approved by the shareholders of the Company at the Annual General Meeting of the Company on September 29, 2020.

Specific Terms of the NCDs

Series	**I**	**II**	**III**	**IV**	**V**	**VI**	**VII**
Interest type	Fixed	Fixed	Fixed	Fixed	Floating #	Fixed	Fixed
Frequency of Interest Payment	Annual	Annual	Quarterly	Annual	Annual	Quarterly	Annual
Tenor	3 Years	5 Years	10 Years	10 Years	10 Years	15 Years	15 Years
Coupon (per cent.) for Category I & II	4.65%	5.65%	6.63%	6.80%	Benchmark FIMMDA 10Yr G-Sec (Annualised) + 55 BPS	6.78%	6.95%
Coupon (per cent.) for Category III & IV	4.80%	5.80%	6.82%	7.00%	Benchmark FIMMDA 10Yr G-Sec (Annualised) + 80 BPS	6.97%	7.15%
Effective Yield (per cent. per annum) for Category I & II	4.65%	5.65%	6.79%	6.80%	-	6.95%	6.95%
Effective Yield (per cent. per annum) for Category III & IV	4.80%	5.80%	6.99%	7.00%	-	7.15%	7.15%
Put and Call Options	Not applicable.						
Redemption amount (Rs. per NCD)	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00	1,000.00
Redemption Date (from the Deemed Date of Allotment)	3 Years	5 Years	10 Years	10 Years	10 Years	15 Years	15 Years
Minimum Application	Rs. 10,000 (10 NCDs) across all Series collectively						
In multiples of thereafter	Rs. 1,000 (1 NCD)						
Face Value / Issue Price (Rs. / NCD)	Rs. 1,000 (1 NCD)						
Mode of Interest Payment	Through various options available.						

G-sec 10 Yr (annualized) is referred to as FIMMDA 10Yr G-sec benchmark published by FIMMDA Reference computed on an annualised basis as computed by FIMMDA.
The coupon will change according to annualised FIMMDA 10Yr G-sec benchmark, however, the spread will be fixed throughout the tenor of the Series V NCDs for respective categories till redemption.
The effective coupon will be subject to a floor rate of 5.80% p.a. and cap rate of 7.30% p.a. for Category I & II Investors.
The effective coupon will be subject to a floor rate of 6.00% p.a. and cap rate of 7.50% p.a. for Category III &IV Investors.
Floating rate will be calculated based on an average of 15 preceding calendar days from the Deemed Date of Allotment and/or Annual Interest Payment Date respectively of FIMMDA 10Yr G-sec on an annualised basis plus the fixed spread of interest rate for respective category of investors.
The Floating Coupon to be rounded upto 2 decimal points.
For the purpose of Series V NCDs (10 Year Floating Rate Bonds), the cash flows shall change in accordance with change in Reference FIMMDA 10Yr G-sec Benchmark and subject to floor and cap on floating interest rates.
* Our Company shall allocate and allot Series IV NCDs wherein the Applicants have not indicated their choice of the relevant NCD Series.