

## SECTION III – ISSUE RELATED INFORMATION

### 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*” beginning on page 81.

The NCDs being offered as part of this Tranche I Issue are subject to the provisions of the SEBI NCS Regulations, the Listing Agreement, SEBI Listing Regulations, SEBI Master Circular and the Companies Act, 2013, the RBI Act, the terms of the Draft Shelf Prospectus, the Shelf prospectus and 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 Government of India, and other statutory/regulatory authorities relating to the offer, issue and listing of NCDs and any other documents that may be executed in connection with the NCDs.

The key common terms and conditions of the NCDs / term sheet are as follows:

Particulars	Terms and Conditions
<b>Issuer</b>	Power Finance Corporation Limited
<b>Type of instrument</b>	secured, rated, listed, redeemable non-convertible debentures
<b>Nature of the Instrument</b>	secured, rated, listed, redeemable non-convertible debentures
<b>Mode of the Issue</b>	Public issue
<b>Mode of Allotment*</b>	In dematerialised form
<b>Mode of Trading*</b>	NCDs will be traded in dematerialised form
<b>Lead Managers</b>	Nuvama Wealth Management Limited, A. K. Capital Services Limited, Tipsons Consultancy Services Private Limited and Trust Investment Advisors Private Limited
<b>Debenture Trustee</b>	Beacon Trusteeship Limited
<b>Depositories</b>	NSDL and CDSL
<b>Registrar to the Issue</b>	KFIN Technologies Limited
<b>Issue</b>	Public issue of secured, rated, listed, redeemable, non-convertible debentures of face value of ₹1,000 each (except in case of zero coupon NCD, face value shall be ₹1,00,000 each) (“NCDs” for an amount up to ₹500 crore (“ <b>Base Issue Size</b> ”) with a green shoe option of ₹4,500 crore aggregating up to ₹5,000 crore.
<b>Minimum Subscription</b>	Minimum subscription is 75% of the Base Issue Size of this Tranche I Issue.
<b>Seniority</b>	Senior Secured
<b>Issue Size</b>	Up to ₹5,000 crores
<b>Base Issue Size</b>	₹500 crores
<b>Option to Retain Oversubscription / Green shoe option (Amount)</b>	Up to ₹4,500 crores
<b>Eligible Investors</b>	Please see “ <i>Issue Procedure – Who can apply?</i> ” on page 103.
<b>Objects of the Issue / Purpose for which there is requirement of funds</b>	Please see “ <i>Objects of this Tranche I Issue</i> ” on page 33.
<b>In case the issuer is an NBFC and the objects of the issue entail loan to any entity who is a ‘group company’ then disclosures shall be made in the following format:</b>	Not applicable.
<b>Details of Utilization of the Proceeds</b>	Please see “ <i>Objects of this Tranche I Issue</i> ” on page 33.
<b>Coupon rate</b>	Please see “ <i>Issue Structure – “Specific Terms of the NCD”</i> ” on page 77.
<b>Coupon Payment Date</b>	Please see “ <i>Issue Structure – “Specific Terms of the NCD”</i> ” on page 77.
<b>Coupon Type</b>	Please see “ <i>Issue Structure – “Specific Terms of the NCD”</i> ” on page 77.
<b>Coupon reset process</b>	Not applicable
<b>Interest Rate on each category of investor</b>	Please see “ <i>Issue Structure – “Specific Terms of the NCD”</i> ” on page 77.
<b>Step up/ Step Down Coupon rates</b>	Not Applicable
<b>Coupon payment frequency</b>	Please see “ <i>Issue Structure – “Specific Terms of the NCD”</i> ” on page 77.
<b>Day count basis</b>	Actual/ Actual
<b>Interest on application money</b>	NA
<b>Default Coupon rate</b>	Our Company shall pay interest, over and above the agreed coupon rate, in connection with any delay in allotment, refunds, 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/ prescribed under applicable laws.

Particulars	Terms and Conditions
	Our Company shall pay at least two percent per annum to the debenture holder, over and above the agreed coupon rate, till the execution of the trust deed if our Company fails to execute the Debenture Trust Deed within such period as prescribed under applicable law.
<b>Tenor</b>	Please see “Issue Structure – “ <i>Specific Terms of the NCD</i> ” on page 77.
<b>Redemption Date</b>	Please see “Issue Structure – “ <i>Specific Terms of the NCD</i> ” on page 77.
<b>Redemption Amount</b>	Please see “Issue Structure – “ <i>Specific Terms of the NCD</i> ” on page 77.
<b>Redemption Premium/ Discount</b>	Not applicable
<b>Face Value</b>	₹1,000 per NCD (except in case of Series III NCDs (zero coupon NCD), the face value shall be ₹1,00,000 each)
<b>Issue Price</b>	₹1,000 per NCD (except in case of Series III NCDs (zero coupon NCD), the issue price shall be ₹51,502.00 for Category I and II; ₹51,263.00 for Category III and ₹50,780.00 for Category IV Investors)
<b>Discount at which security is issued and the effective yield as a result of such discount</b>	Please see “Issue Structure – “ <i>Specific Terms of the NCD</i> ” on page 77.
<b>Premium/Discount at which security is redeemed and the effective yield as a result of such premium/discount</b>	Not applicable
<b>Transaction Documents</b>	Transaction Documents shall mean the Draft Shelf Prospectus, the Shelf Prospectus, this Tranche I Prospectus, Abridged Prospectus, Application Form read with any notices, corrigenda, addenda thereto, the Debenture Trust Deed, the Deed of Hypothecation and other documents, if applicable, the letters issued by the Rating Agencies, the Debenture Trustee and/or the Registrar; and various other documents/ agreements/ undertakings, entered or to be entered by our Company with Lead Managers and/or other intermediaries for the purpose of the Issue including but not limited to the Issue Agreement, the Debenture Trustee Agreement, the Tripartite Agreements, the Public Issue Account and Sponsor Bank Agreement, the Registrar Agreement and the Consortium Agreement, and any other document that may be designated as a Transaction Document by the Debenture Trustee. For further details see, “ <i>Material Contracts and Document for Inspection</i> ” on page 140.
<b>Put option date</b>	Not applicable
<b>Put option price</b>	Not applicable
<b>Call option date</b>	Not applicable
<b>Call option price</b>	Not applicable
<b>Put notification time</b>	Not applicable
<b>Call notification time</b>	Not applicable
<b>Minimum Application size and in multiples of NCD thereafter</b>	₹10,000 (10 NCD) and in multiple of ₹1,000 (1 NCD) thereafter. Except in case of Series III NCDs (zero coupon NCD), the minimum application shall be 1 NCD and in multiple of 1 NCD thereafter. (For Series III NCDs, the minimum application amount shall be ₹51,502.00 for Category I and II; ₹51,263.00 for Category III and ₹50,780.00 for Category IV Investors)
<b>Market Lot / Trading Lot</b>	One NCD
<b>Pay-in date</b>	Application Date. The entire Application Amount is payable on Application.
<b>Credit Ratings / Rating of the instrument</b>	The NCDs proposed to be issued under the Issue have been rated 1) ‘Crisil AAA/Stable’ (pronounced as “Crisil triple A rating” with stable outlook) by Crisil Ratings Limited (“ <b>Crisil</b> ”) to the long term borrowing programme of our Company for an amount up to ₹1,15,000 crore for Fiscal 2026 vide its letter dated March 28, 2025 revalidated on January 6, 2026 read with the press release and credit bulletin dated March 27, 2025 and July 29, 2025, respectively; 2) ‘CARE AAA; Stable’ by CARE Ratings Limited (“ <b>CARE</b> ”) to the long term borrowing programme of our Company for an amount of up to ₹1,15,000 crore for vide its letter dated March 28, 2025, revalidated as on December 31, 2025 for Fiscal 2026, read with the press release dated October 08, 2025; and 3) ‘[ICRA]AAA (Stable) (“ <b>ICRA</b> ”) to the long term borrowing programme of our Company for an amount up to ₹1,15,000 crore for Fiscal 2026 vide its letter dated March 26, 2025 revalidated on January 2, 2026 read with the press release dated March 26, 2025; are valid as on the date of the Shelf Prospectus and this Tranche I Prospectus and shall remain valid until withdrawn.
<b>Stock Exchange/s proposed for listing of the NCDs</b>	National Stock Exchange of India Limited and National Stock Exchange of India Limited has been appointed as the Designated Stock Exchange.
<b>Listing and timeline for listing</b>	The NCDs are proposed to be listed on National Stock Exchange of India Limited. The NCDs shall be listed within three Working Days from the Tranche I Issue Closing Date.  For more information see “ <i>Other Regulatory and Statutory Disclosures</i> ” on page 51.
<b>Modes of payment</b>	Please see “ <i>Issue Structure – Terms of Payment</i> ” on page 79.
<b>Tranche I Issue opening date</b>	Friday, January 16, 2026
<b>Tranche I Issue closing date**</b>	Friday, January 30, 2026

Particulars	Terms and Conditions
<b>Date of earliest closing of the issue, if any</b>	Not applicable
<b>Record date</b>	15 (fifteen) Days prior to the interest payment date, and/or Redemption Date for NCDs issued under this Tranche I Prospectus. In case of redemption of NCDs, the trading in the NCDs shall remain suspended between the Record Date and the date of redemption. In case the Record Date falls on a day when the Stock Exchange is having a trading holiday, the immediate preceding trading day or a date notified by our Company to the Stock Exchange, will be deemed as the Record Date.
<b>Settlement mode of instrument</b>	Please refer to the chapter titled “ <i>Terms of Issue – Payment on Redemption</i> ” on page 97.
<b>All covenants of the Issue (including side letters, accelerated payment clause, etc.)</b>	The Company shall comply with the representations and warranties, general covenants, negative covenants, reporting covenants and financial covenants as disclosed below under “ <i>Issue Structure - Specific Terms of the NCD</i> ” on page 77, and “ <i>Annexure D</i> ” on page 271 and more specifically set out in the Debenture Trust Deed. Any covenants later added shall be disclosed on the websites of the Stock Exchange, where the NCDs are proposed to be listed.
<b>Tranche I Issue Schedule**</b>	Tranche I Issue Opening Date – Friday, January 16, 2026 Tranche I Issue Closing Date – Friday, January 30, 2026
<b>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 of the debenture holder over and above the coupon rate as specified in the Debenture Trust Deed and disclosed in this Tranche I Prospectus</b>	<p>The principal amount of the NCDs to be issued in terms of the Shelf Prospectus and this Tranche I Prospectus together with all interest due and payable on the NCDs, thereof shall be secured by way of first pari-passu charge through hypothecation of the book debts/receivables (excluding the receivables on which a specific charge has already been created by the Company), as specifically set out in and fully described in the debenture trust deed in favour of the debenture trustee to the Proposed Issue, such that a security cover of at least 100% of the outstanding principal amounts of the NCDs and interest thereon is maintained at all times until the Maturity Date.</p> <p>Without prejudice to the aforesaid, in the event our Company fails to execute the Debenture Trust Deed within the period specified in Regulation 18(1) of the SEBI NCS Regulations or such other time frame as may be stipulated from time-to-time, our Company shall also pay interest of at least 2% (two per cent) per annum to the NCD holders, over and above the interest rate on the NCDs specified in this Tranche I Prospectus, till the execution of the Debenture Trust Deed.</p> <p>The security shall be created prior to making the listing application for the NCDs with the Stock Exchange. For further details on date of creation of security/likely date of creation of security minimum security cover etc., please see “<i>Terms of the Issue – Security</i>” on page 81.</p>
<b>Security Cover</b>	Our Company shall maintain a minimum 100% of the security cover on the outstanding balance of the NCDs plus accrued interest thereon.
<b>Conditions Precedent to Disbursement</b>	<p>The following are the conditions precedent which our Company shall fulfil prior to the Deemed Date of Allotment to the satisfaction of the Debenture Trustee:</p> <p>Certified true copies of the constitutional documents of the Company; Resolutions of the Board of Directors and the Finance Committee authorizing, <i>inter alia</i>, the Issue and the terms of the Issue; Special resolutions under Section 180(1)(a) and 180(1)(c) of the Companies Act, 2013; Credit rating letters from the Credit Rating Agency; In-principle approval letters from the Stock Exchanges; Execution of Transaction Documents; Consent letters from the Debenture Trustee and the Registrar; Receipt of the ISIN from the Depositories for the issuance of the NCDs; and such other information and documents as the Debenture Holders/ Debenture Trustee may reasonably request, or as may be required under applicable law.</p> <p>The description above is indicative and a complete list of conditions precedent will be specified in the Debenture Trust Deed</p>
<b>Condition Subsequent to Disbursement</b>	<p>The following are the conditions subsequent which our Company shall fulfil on or after the Deemed Date of Allotment to the satisfaction of the Debenture Trustee:</p> <p>Evidence of payment of stamp duty in connection with the issuance of NCDs; Filing of form CHG-9 with the Registrar of Companies in accordance with the Companies Act, 2013 and other filings in relation to the perfection of the security; Evidence of corporate actions for approving and allotting the NCDs; Credit of the relevant NCDs in the specified dematerialised account(s) of the investors; Evidence of listing of the NCDs on the Stock Exchanges; Filing of a return of allotment on the issue of the NCDs in Form PAS-3 pursuant to the Companies (Prospectus and Allotment of Securities) Rules, 2014 with the Registrar of Companies; and Certificate from the statutory auditor confirming the complete utilisation</p>

Particulars	Terms and Conditions
	of the Issue proceeds.  The description above is indicative and a complete list of conditions subsequent will be specified in the Debenture Trust Deed.
<b>Events of default (including manner of voting/ conditions of joining Inter Creditor Agreement)</b>	Please see “ <i>Terms of the Issue – Events of Default</i> ” on page 83.
<b>Creation of recovery expense fund</b>	Our Company has transferred the required amount towards recovery expense fund in the manner as specified by SEBI Debenture Trustee Master Circular as amended from time to time and Regulation 11 of the SEBI NCS Regulations with the Stock Exchange and inform the Debenture Trustee regarding transfer of amount toward 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.
<b>Conditions for breach of covenants (as specified in Debenture Trust Deed)</b>	Upon occurrence of any default in the performance or observance of any term, covenant, condition or provision contained in this Tranche I Prospectus and the Debenture Trust Deed and, except where the Debenture Trustee certifies that such default is in its opinion incapable of remedy within the cure period, as set out in the Debenture Trust Deed (in which case no notice shall be required), it shall constitute an event of default.  Please see “ <i>Terms of the Issue - Events of default</i> ” on page 83.
<b>Deemed date of Allotment</b>	The date on which the Director (Finance) approves the Allotment of the NCDs, pursuant to the authorisation accorded by the Board of Directors notified to the Designated 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 shall be available to the Debenture Holders from the Deemed Date of Allotment.
<b>Roles and responsibilities of the Debenture Trustee</b>	As per SEBI (Debenture Trustee) Regulations, 1993, SEBI (Issue and Listing of Non-Convertible Securities) Regulations, 2021, SEBI Debenture Trustee Master Circular, Companies Act, the Listing Agreement, and the Debenture Trust Deed, each as amended from time to time. Please see section titled “ <i>Terms of the Issue- Trustees for the NCD Holders</i> ” on page 82.
<b>Risk factors pertaining to the Issue</b>	Please see section titled “ <i>Risk Factors</i> ” on page 18 of the Shelf Prospectus.
<b>Cross Default Clause</b>	As per the Debenture Trust Deed to be executed in accordance with applicable law.
<b>Governing law and Jurisdiction</b>	The governing law and jurisdiction for the purpose of the Issue shall be Indian law, and the competent courts of jurisdiction in New Delhi, India, respectively.
<b>Working day convention / Day count convention / Effect of holidays on payment</b>	Working Day means all days on which commercial banks in Mumbai are open for business (provided that on any trading day of Stock Exchange if commercial banks in Mumbai are closed, it will be considered as Working Day). If the date of payment of interest does not fall on a Working Day, then the interest payment will be made on succeeding Working Day (the “Effective Date”), however the dates of the future interest payments would continue to be as per the originally stipulated schedule.  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. In case the Maturity Date (also being the last Interest Payment Date) does not fall on a Working Day, the payment will be made on the immediately preceding Working Day, along with coupon/interest accrued on the NCDs until but excluding the date of such payment.

**Notes:**

\* In terms of Regulation 7 of the SEBI NCS Regulations, our Company will undertake this public issue of the NCDs in dematerialised form. Trading in NCDs shall be compulsorily in dematerialized form. However, in terms of in terms of Section 8(1) of the Depository Act, our Company, at the request of the Investors, who wish to hold the NCDs in physical form will fulfill such request. However, trading in NCDs shall be compulsorily in dematerialized form.

\*\* This Tranche I Issue shall remain open for subscription on Working Days from 10:00 a.m. to 5:00 p.m. (Indian Standard Time) during the period as indicated above, except that this Tranche I Issue may close on such earlier date or extended date (subject to a minimum period of two working days and a maximum period of ten working days from the date of opening of this Tranche I Issue and subject to not exceeding thirty days from filing tranche prospectus with ROC) including any extensions), as may be decided by the Board of Directors of our Company, subject to relevant approvals, in accordance with Regulation 33A of the SEBI NCS Regulations. In the event of an early closure or extension of this Tranche I Issue, our Company shall ensure that notice of the same is provided to the prospective investors through an advertisement in an English daily national newspaper with wide circulation and a regional daily with wide circulation where the registered office of the Company is located (in all the newspapers in which pre-issue advertisement for opening of this Tranche I Issue has been given on or before such earlier or initial date of Issue closure). On the Tranche I Issue Closing Date, the Application Forms will be accepted only between 10:00 a.m. and 3:00 p.m. (Indian Standard Time) and further, pending mandate requests for bids placed on the last day of bidding will be validated by 5:00 p.m. (Indian Standard Time) on the Tranche I Issue Closing Date.

If there is any change in coupon rate pursuant to any event including lapse of certain time period or downgrade in rating, then such new coupon rate and the events which lead to such change should be disclosed.

For the list of documents executed/ to be executed, please see “*Material Contracts and Documents for Inspection*” on page 140.

The specific terms of each instrument to be issued pursuant to this Tranche I Issue is as set out in this Tranche I Prospectus. Please see "Issue Procedure" on page 102 for details of category wise eligibility and allotment in this Tranche I Issue.

Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/consents/approvals in connection with applying for, subscribing to, or seeking allotment of NCDs pursuant to this Tranche I Issue. For further details, see "Issue Procedure" beginning on page 102.

While the NCDs are secured to the tune of one time of the principal and interest thereon in favour of Debenture Trustee, it is the duty of the Debenture Trustee to monitor the security cover 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.

Debt securities shall be considered as secured only if the charged asset is registered with Sub-registrar and Registrar of Companies or CERSAI or Depository etc., as applicable, or is independently verifiable by the debenture trustee.

Please refer to Annexure C of this Tranche Prospectus for details pertaining to the cash flows of the Company in accordance with the SEBI NCS Master Circular. Coupon Payments falling on working Saturdays will be made on same day.

### Specific terms for NCDs

Series	I	II*	III	IV	V
Tenor	5 years	10 years	10 years 1 Month	15 years	15 years
Frequency of Interest Payment	Annual	Annual	Zero Coupon NCD	Annual	Cumulative
Minimum Application and in multiples of thereafter (₹)	₹10,000 (10 NCD) and in multiple of ₹1,000 (1 NCD) thereafter. Except in case of Series III NCDs (zero coupon NCD), the minimum application shall be 1 NCD and in multiple of 1 NCD thereafter. (For Series III NCDs, the minimum application amount shall be ₹51,502.00 for Category I and II; ₹51,263.00 for Category III and ₹50,780.00 for Category IV Investors)				
Face Value (₹/ NCD)	₹1,000		₹1,00,000		₹1,000
Issue Price of NCDs (₹/ NCD) for NCD Holders in Category I and Category II.	₹1,000		₹51,502.00		₹1,000
Issue Price of NCDs (₹/ NCD) for NCD Holders in Category III.			₹51,263.00		
Issue Price of NCDs (₹/ NCD) for NCD Holders in Category IV.			₹50,780.00		
Coupon (% per annum) for NCD Holders in Category I and Category II.	6.85%	7.00%	NA	7.05%	N.A.
Coupon (% per annum) for NCD Holders in Category III	6.90%	7.10%	NA	7.20%	N.A.
Coupon (% per annum) for NCD Holders in Category IV	7.00%	7.20%	NA	7.30%	N.A.
Effective Yield (% per annum) for NCD Holders of Category I and Category II	6.85%	6.99%	6.80%	7.04%	7.05%
Effective Yield (% per annum) for NCD Holders of Category III	6.90%	7.09%	6.85%	7.19%	7.20%
Effective Yield (% per annum) for NCD Holders of Category IV	7.00%	7.19%	6.95%	7.29%	7.30%

Series	I	II*	III	IV	V
Mode of Interest Payment	Through various modes available				
Amount (₹ / NCD) on Maturity for NCD Holders in Category I and Category II	₹1,000	₹1,000	₹1,00,000	₹1,000	₹2,780.50
Amount (₹ / NCD) on Maturity for NCD Holders in Category III	₹1,000	₹1,000	₹1,00,000	₹1,000	₹2,839.56
Amount (₹ / NCD) on Maturity for NCD Holders in Category IV	₹1,000	₹1,000	₹1,00,000	₹1,000	₹ 2,879.58
Maturity / Redemption Date (from the Deemed Date of Allotment)	5 years	10 years	10 years 1 Month	15 years	15 years
Nature of Indebtedness	Secured				
Put and Call Option	Not applicable				

\*Our Company shall allocate and allot Series II NCDs wherein the Applicants have not indicated the choice of the relevant NCD Series.

- With respect to Series where interest is to be paid on an annual basis, relevant interest will be paid on each anniversary of the Deemed Date of Allotment on the face value of the NCDs. The last interest payment will be made at the time of redemption of the NCDs.
- With respect to Series III NCDs, the NCDs are being issued on discount. For further details on taxation, please see "Statement of Possible Tax Benefits" on page 37 and "Material Contracts and Documents on page 140.
- Subject to applicable tax deducted at source. For further details, please see "Statement of Possible Tax Benefits" on page 37.
- Please refer to "Annexure C" of this Tranche I Prospectus, for details pertaining to the cash flows of the Company in accordance with the SEBI Master Circular. Coupon Payments falling on working Saturdays will be made on same day.
- Applicants are advised to ensure that they have obtained the necessary statutory and/or regulatory permissions/consents/approvals in connection with applying for, subscribing to, or seeking Allotment of NCDs pursuant to the Issue. For further details, please see "Issue Procedure" and "Terms of Issue" on page 102 and 81.

### Key covenant of this Tranche I Issue

The key covenants of this Tranche I Issue include the following:

- Pay the interest and principal amount of such debentures to the NCD Holders as and when it becomes due, as per the terms of this Tranche I Issue
- Intimation the Debenture Trustee of any amalgamation, merger or reconstruction scheme proposed by the corporation.
- Intimation to the Debenture Trustee of any significant change in the composition of its Board of Directors.
- Compliance with all the applicable regulations/guidelines/ circulars/statues etc. as may be amended from time to time applicable to the NCDs.
- Intimation to the Debenture Trustee about any change in nature and conduct of business by our Company before such change.
- Intimation to the Debenture Trustee of any significant changes in the composition of our Board.
- Intimation to the Debenture Trustee of all orders, directions, notices, of court/tribunal affecting or likely to affect the charged assets.