



# 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)

09-Jul-2018

Climate Bonds Standard Board  
c/o Climate Bonds Initiative  
72 Muswell Hill Place  
London, N10 3RR  
United Kingdom

Dear CBI,

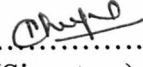
Re: Annual Report for the Certified Climate Bond [PFC's Green Bonds1]

This statement and the attached report are provided in accordance with clause 7 of the *Application and Agreement for Climate Bonds Certification* between CBI and Power Finance Corporation Limited dated 09-Oct-2017.

I confirm that as of 31-Mar-2018, Power Finance Corporation Limited was, to the best of my knowledge, in conformance with the Certification requirements of the Climate Bonds Standard.

Attached is a report which provides an annual update on the projects which, as of 31-Mar-2018, were associated with the Green Bond and are eligible under the Climate Bonds Standard.

I confirm that I am an authorized officer of Power Finance Corporation Limited and I am authorized to sign this statement.

Signed on behalf of Power Finance Corporation Limited by: .....  .....  
(Signature)

Name: Parminder Chopra  
Title: General Manager (Finance)  
Date: 09-Jul-2018

---

# GREEN BOND REPORT

---

Power Finance Corporation Limited

## Table of Contents

1.1	Background.....	2
1.2	Utilisation of the proceeds of the Green Bonds .....	2
1.3	Process for Evaluation and Selection of Eligible Projects.....	2
1.4	Process for monitoring and tracking of proceeds .....	3
1.5	Impact of the green bond.....	3

## 1.1 Background

PFC has issued its first USD Green bond to finance renewable energy projects. The 10 year green bonds had raised \$400 million, at a coupon of 3.75% p.a. payable semi-annually at an yield of 3.91% p.a. and listed on the London Stock Exchange's new International Securities Market (ISM) and Singapore Stock Exchange. The funds raised has been utilized to finance renewable energy projects as per the "Eligible Projects" under PFC's Green Bond Framework duly approved by Climate Bonds Initiative, London, UK with KPMG designated as third party verifier. The initiative will help to promote renewable energy projects across the country and aid in achieving the Government's target of 175GW of installed renewable energy capacity by 2022.

Projects nominated to be associated with the Green Bond offering ("Eligible Green Projects") as per PFC's Green Bond Framework are:

### (A) Renewable Energy

- ✓ Solar energy – photovoltaic solar electricity, concentrated solar power, infrastructure and manufacturing, transmission;
- ✓ Wind energy – offshore and onshore wind farms, infrastructure and manufacturing, transmission;
- ✓ Bioenergy – renewable feed stocks, infrastructure and manufacturing, networks;
- ✓ Hydropower – Run of river and small hydro as approved by Govt. of India;
- ✓ Geothermal – geothermal electricity, geothermal heat pump (GHP) technology;
- ✓ Other renewable energy – sea and ocean derived energy sources;
- ✓ Energy distribution & management – transmission & grid infrastructure, smart systems/meters, heating management;
- ✓ Energy storage – hydro storage systems, thermal heat storage, new technologies.

### (B) Energy efficiency

- ✓ Energy efficiency technology/products manufacturing and supply – operational performance will recognise special purpose products needed to ensure buildings meet industry metrics;
- ✓ Energy efficient processes/systems;
- ✓ Cogeneration/tri-generation/combined heat and power;
- ✓ Waste heat recovery;
- ✓ Electrical Vehicles

## 1.2 Utilisation of the proceeds of the Green Bonds

The proceeds from the issuance of Green Bonds by PFC has been applied for refinancing of 23 Solar projects with a total capacity of 304 MW and 4 Wind projects with a total capacity of 527 MW, funded by PFC across the country, termed as Green Portfolio within overall Eligible Green Projects as per PFC's Green Bond Framework.

## 1.3 Process for Evaluation and Selection of Eligible Projects

For the Project financing covered under Green Bonds, a two-stage process has been followed consisting of preliminary appraisal through which the proposal is shortlisted followed by detailed appraisal before the final sanction. The preliminary appraisal relies on the information provided by the borrower while an in-depth analysis is carried out during the detailed appraisal stage. In-depth analysis involves projects' Techno Economic Financial Viability as well as strength of promoter and borrower entities.

#### **1.4 Process for monitoring and tracking of proceeds**

PFC has a well laid internal tracking system through Integrated Power Financing System / Enterprise Resource Planning system (IPFS / ERP) in place which is used to monitor, establish and account for the allocation of the proceeds for such Green Portfolio. Proceeds of the current issuance has been fully utilized for refinancing of the Green Portfolio within the overall eligible projects under PFC's Green Bonds Framework.

#### **1.5 Impact of the green bond**

The proceeds of the Green Bonds have been utilized for augmenting solar and wind energy projects contributing towards positive environmental impact and also strengthen India's energy security by reducing fossil fuel dependency. These solar and wind projects have a significant impact on reduction in emissions of other pollutants as well as CO<sub>2</sub>, SO<sub>2</sub> and NO<sub>x</sub>. These projects also avoid significant amounts of external costs of conventional fossil fuel-based electricity generation.