



मनोहर बलवानी  
मुख्य महाप्रबंधक एवं कम्पनी सचिव  
**MANOHAR BALWANI**  
CGM & Company Secretary

पावर फाइनेंस कार्पोरेशन लिमिटेड  
**POWER FINANCE CORPORATION LTD.**  
(भारत सरकार का उपक्रम) (A Govt. of India Undertaking)

No:1:05:138:II:CS  
Dated: 7.09.2020

<p><b>National Stock Exchange of India Limited,</b> Listing Department, Exchange Plaza, Bandra – Kurla Complex, Bandra (E) <b><u>MUMBAI – 400 051.</u></b></p> <p>नेशनल स्टॉक एक्सचेंज ऑफ इंडिया लिमिटेड लिस्टिंग विभाग, एक्सचेंज प्लाजा, बांद्रा-कुर्ला कॉम्प्लेक्स, बांद्रा (पू), मुंबई-400 051</p>	<p><b>Bombay Stock Exchange Limited,</b> Department of Corporate Services, Floor – 25, PJ Towers, Dalal Street, <b><u>MUMBAI – 400 001.</u></b></p> <p>बंबई स्टॉक एक्सचेंज लिमिटेड, कॉर्पोरेट सेवाएं विभाग, मंजिल-25, पी .जे .टावर्स, दलाल स्ट्रीट, मुंबई-400 001</p>
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**Sub: Annual Report of Power Finance Corporation Limited for the FY 2019-20.**

Madam/Sir,

Pursuant to Regulation 34 of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, please find enclosed herewith soft copy of the Annual Report of the Company for the financial year 2019-20 along with the Notice of the 34<sup>th</sup> Annual General Meeting of the Company.

Thanking you,

Yours faithfully,

For Power Finance Corporation Ltd.

(Manohar Balwani)  
CGM & Company Secretary  
[mb@pfcindia.com](mailto:mb@pfcindia.com)

# Growing Big and Caring More



# Growing Big and Caring More

With a vision to power India's next phase of development, Power Finance Corporation (PFC), since inception, has been at the forefront of flagship Government projects, powering the nation's ascent to the world stage.

By leveraging our expertise in financing the power sector and prudently deploying resources, we have evolved with the changing policy dynamics to emerge as a dominant market leader.

We have delivered sustained growth while significantly improving asset quality in the recent past in a challenging operating environment, which demonstrates our agile and lean operations. The acquisition of REC in 2019 was a significant milestone in our journey. It enables the Group to better manage portfolio risk, improve efficiency in lending processes and help resolve stressed assets. Further, we are deepening our penetration into funding renewable projects to inspire the creation of a brighter tomorrow.

At PFC, we believe true growth is inclusive. We strive to ensure that the benefits of economic development are shared by one and all, and most importantly, the society. As we grow bigger, our responsibilities towards stakeholders increase manifold. We are in a relentless pursuit of ensuring that our actions justify those grown responsibilities.

**We strive to ensure that the benefits of economic development are shared by one and all, and most importantly, the society.**

**₹ 6.55 trillion+**  
Loans Disbursed so far

**7.79%**  
Cost of Funds

**₹ 10 billion**  
CSR Spend so far

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## Board of Directors\*



**SHRI RAVINDER SINGH DHILLON**  
CHAIRMAN AND MANAGING DIRECTOR



**SHRI PRAVEEN KUMAR SINGH**  
DIRECTOR (COMMERCIAL)



**SMT. PARMINDER CHOPRA**  
DIRECTOR (FINANCE)



**SHRI MRITUNJAY KUMAR  
NARAYAN**  
GOVT. NOMINEE DIRECTOR



**SMT. GOURI CHAUDHURY**  
INDEPENDENT DIRECTOR



**SHRI R. C. MISHRA**  
INDEPENDENT DIRECTOR

\* As on 31.08.2020

## Senior Management#



**SHRI SUBIR MULCHANDANI**  
Executive Director



**SHRI G. S. PATRA**  
Executive Director



**SHRI SUBIR SAHA**  
Executive Director



**SHRI YOGESH JUNEJA**  
Executive Director



**SHRI MANOJ SHARMA**  
Executive Director



**SMT. SHELLY VERMA**  
Executive Director



**SHRI R. R. JHA**  
Executive Director



**SHRI R. K. BHARDWAJ**  
Executive Director



**SHRI P.K. SINHA**  
Executive Director



**SHRI SANDEEP KUMAR**  
Executive Director



**SHRI R. MURAHARI**  
Executive Director



**SHRI MANOHAR BALWANI**  
Company Secretary

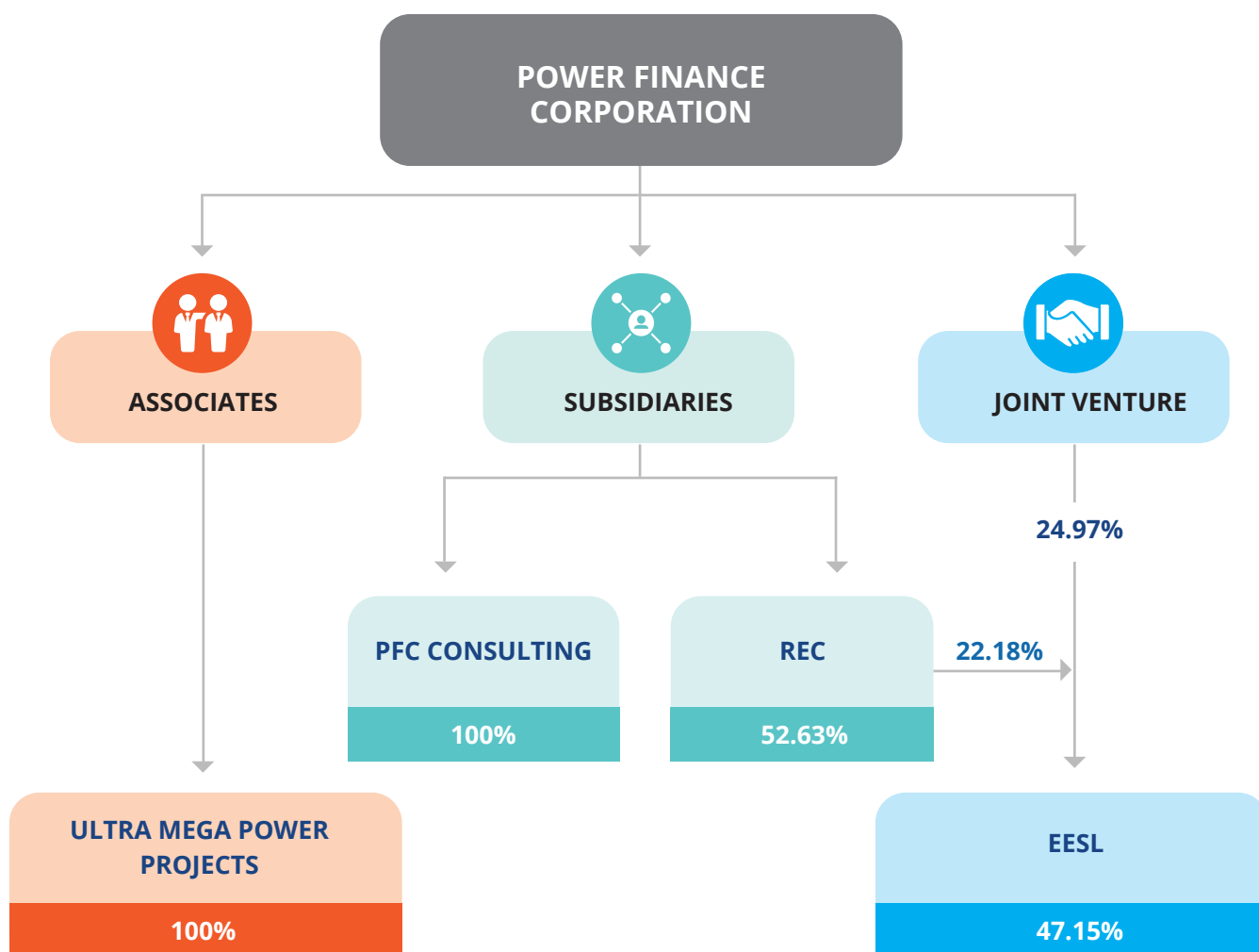
# As on 31.08.2020

# Corporate Overview

Power Finance Corporation Limited (PFC) is the largest government-owned NBFC, funding to the Indian power sector. We are also the nodal agency for Ultra Mega Power Projects (UMPPs), Integrated Power Development Scheme (IPDS) and Independent Transmission Projects (ITPs).

To drive sustained growth, we explore and tap latent opportunities in financing fuel suppliers and equipment manufacturers, among others, as well as in the renewable energy space. We have set up a subsidiary – PFC Consulting Limited – and several other business units, such as power exchanges, to strengthen our preparedness for addressing future challenges.

## PFC GROUP STRUCTURE



## Our Vision

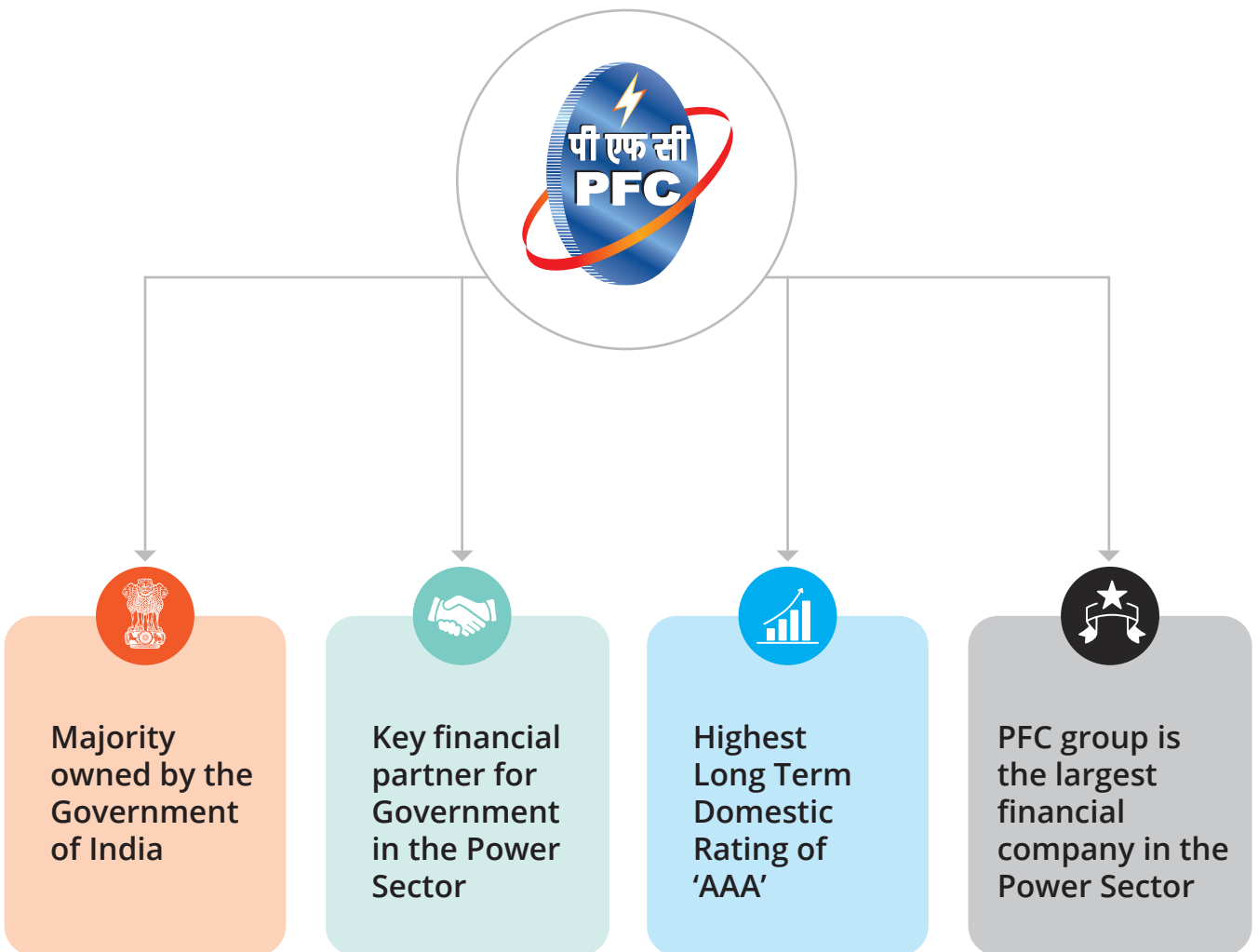
To be the leading institutional partner for the power and allied infrastructure sectors in India and overseas across the value chain.

## Our Mission

PFC would be the most preferred Financial Institution; providing affordable and competitive products and services with efficient and internationally integrated sourcing and servicing, partnering the reforms in the Indian Power Sector and enhancing value to its stakeholders; by promoting efficient investments in the power and allied sectors in India and abroad.

We will achieve this being a dynamic, flexible, forward looking, trustworthy, socially responsible organisation, sensitive to our stakeholders' interests, profitable and sustainable at all times, with transparency and integrity in operations.

## LEADING FINANCIER TO POWER SECTOR



Group with 2 "Navratna" Companies – PFC and REC



## STRATEGIC INITIATIVES

As India's largest financial company in the power sector, we have undertaken a host of strategic initiatives to make our systems and processes more robust and attuned to the prevailing market environment, with digitalisation as a key enabler. These initiatives are aimed at augmenting ease of lending and expanding our market share in the renewables space.



## OUR PRODUCTS AND SERVICES

Our specialised focus, coupled with over three decades of expertise in funding the power sector, enables us to provide customised solutions based on the financial profile of our customers, as well as the nation’s fiscal health.

### FUND BASED PRODUCTS



**Project Term Loans**  
(Rupee and Foreign Currency)



**Grants/Interest Free Loans for Studies/Consultancies**



**Buyer's Line of Credit**



**Lease Financing for Purchase of Equipment**



**Corporate Loan**



**Lease Financing for Wind Power Projects**



**Credit Facility for Purchase of Power through Power Exchange**



**Line of Credit for Import of Coal**



**Debt Refinancing**



**Short/Medium Term Loan to Equipment Manufacturers**



**Financing of Fuel Supply Projects and Equipment Manufacturers**



**Direct Discounting of Bills - For Buyers/ Sellers**

### NON-FUND BASED PRODUCTS



**Deferred Payment Guarantee**



**Guarantee for Performance of Contract/Obligations w.r.t Fuel Supply Agreement (FSA)**



**Letter of Comfort (LoC)**



**Policy for Guarantee of Credit Enhancement**

## KEY MILESTONES

**1988**

Commenced Lending Activity

**1998**

Registered with RBI as NBFC

**2007**

IPO of Equity Shares

**2019**

- Acquired REC Limited
- Largest Financial Player in the Power Sector with about ₹ 6 trillion in Loan Assets

**2014**

Surpassed milestone of ₹ 2 trillion in Loan Assets

**2010**

- Registered with RBI as an IFC
- FPO of Equity shares

**2020**

**Not much impact of COVID-19 on operations**

- Disbursed ~72% higher loans in the last week of March 2020 (₹ 11,000 Crore) in comparison to previous year (₹ 6,400 Crore)
- ₹ 200 crores donated to PM-CARES Fund



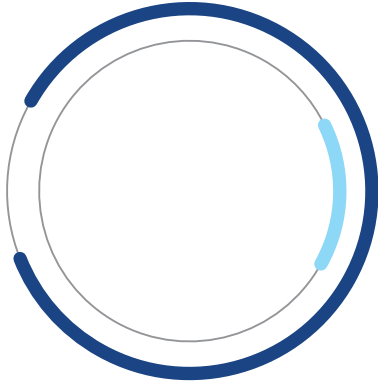
# Performance at a glance

PARTICULARS	2015-16	2016-17	2017-18	2018-19	2019-20
<b>I RESOURCES</b> (At the end of the Year) (₹ in Crore)					
Equity Capital	1,320	2,640	2,640	2,640	<b>2,640</b>
Interest Subsidy Fund from Gol	107	103	113	16	<b>17</b>
Reserves and Surplus	34,446	32,785	34,316	40,648	<b>42,624</b>
<b>Borrowings:</b>					
(i) Foreign Currency Loans (incl. Foreign Currency Notes)	10,776	8,444	18,260	28,827	<b>47,701</b>
(ii) Bonds	1,71,137	1,89,743	1,93,829	1,90,324	<b>1,96,614</b>
(iii) Long Term Rupee Loans	11,000	2,000	10,525	46,204	<b>57,099</b>
(iv) Short Term Rupee Loans	7,572	2,401	6,925	13,357	<b>2,038</b>
<b>II FINANCING OPERATIONS</b> (During the Year) (₹ in Crore)					
<b>Loans and Grants Sanctioned</b>	65,042	1,00,603	1,16,233	95,230	<b>1,11,089</b>
<b>Loans and Grants Disbursed</b>	46,588	62,798	64,414	67,678	<b>67,997</b>
<b>III WORKING RESULTS</b> (For the Year) (₹ in Crore)					
<b>Total Income</b>	27,564	27,019	25,980	28,766	<b>33,371</b>
<b>Total Expenses</b>	18,504	21,909	20,135	18,951	<b>25,179</b>
<b>Profit Before Tax</b>	9,060	5,110	5,845	9,816	<b>8,193</b>
<b>Tax Expense</b>	2,947	2,983	1,458	2,863	<b>2,537</b>
<b>Profit After Tax</b>	6,113	2,126	4,387	6,953	<b>5,655</b>
<b>IV NO. OF EMPLOYEES</b>	467	499	498	498	<b>484</b>

Note: The Company adopted Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) from April 1, 2018 and the effective date of transition was April 1, 2017. The Company prepared its financial statements upto the year ended March 31, 2018 in accordance with previous Generally Accepted Accounting Principles (GAAP). However, the effects of transition were duly accounted and the comparative figures were brought in line with Ind AS.

## DELIVERING ON OUR COMMITMENT

### DISBURSEMENT SECTOR WISE (%)



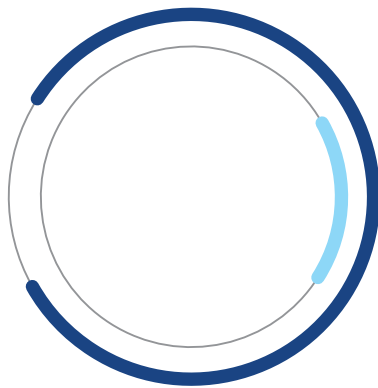
Government Sector **87** Private Sector **13**

### DISBURSEMENT SCHEME WISE (%)



Generation **53** Distribution **36**  
Transmission **10** Others **1**

### LOAN ASSETS SECTOR WISE (%)



Government Sector **83** Private Sector **17**

### LOAN ASSETS SCHEME WISE (%)



Generation **58** Transmission & Distribution (T&D) **30**  
Renewable (including large Hydro) **11** Others **1**



#### RATINGS

PFC's borrowings received:

#### International Agency Ratings

- Moody's Baa3
- FITCH BBB-



#### Domestic Agency Ratings

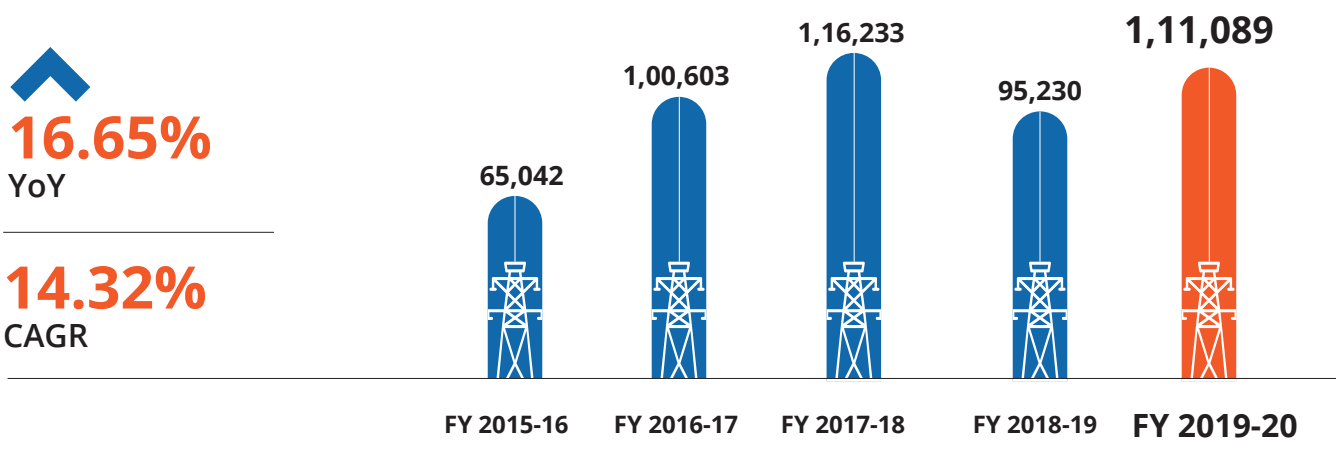
- CRISIL AAA
- ICRA AAA
- CARE AAA

# Key Performance Indicators

## OPERATIONAL PERFORMANCE

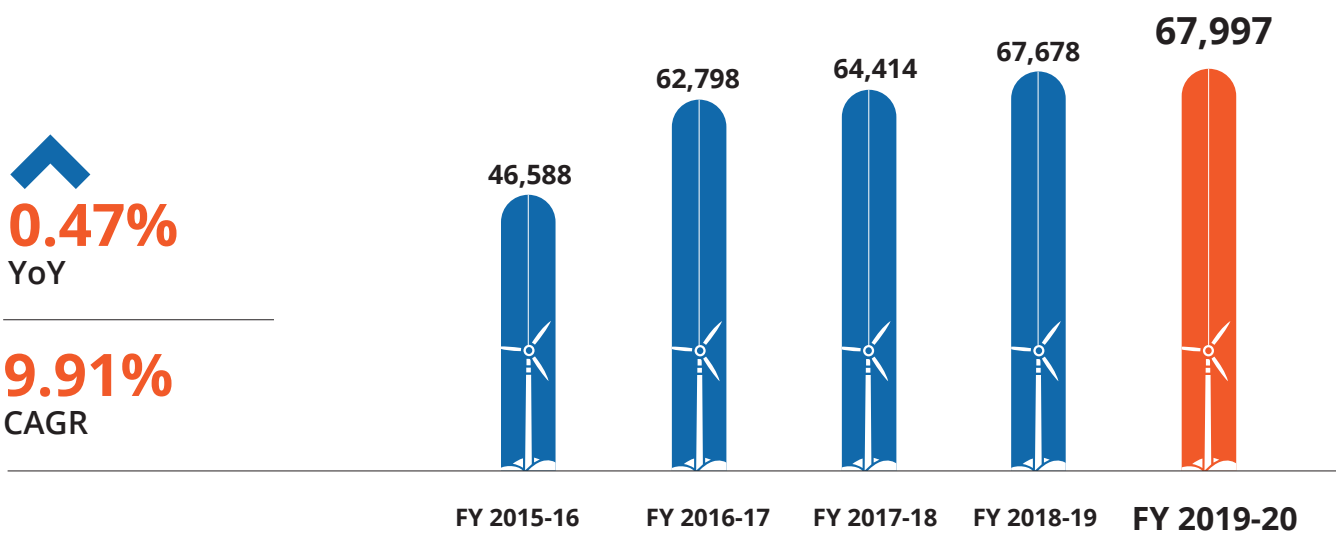
### LOANS SANCTIONED

(₹ in Crore)



### LOANS DISBURSED

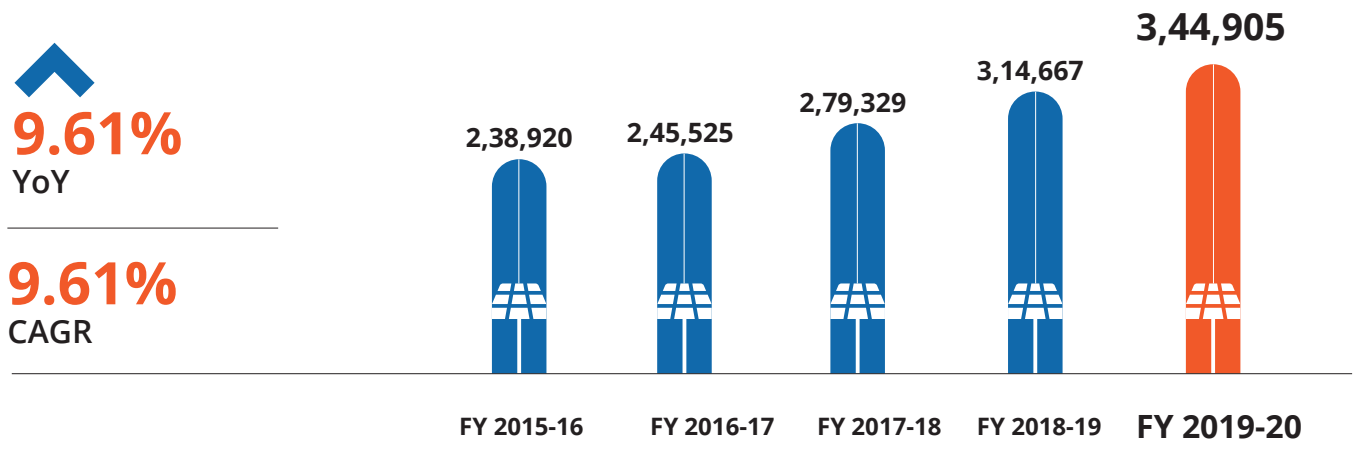
(₹ in Crore)



## OPERATIONAL PERFORMANCE

### LOAN ASSET BOOK (AS ON MARCH 31)

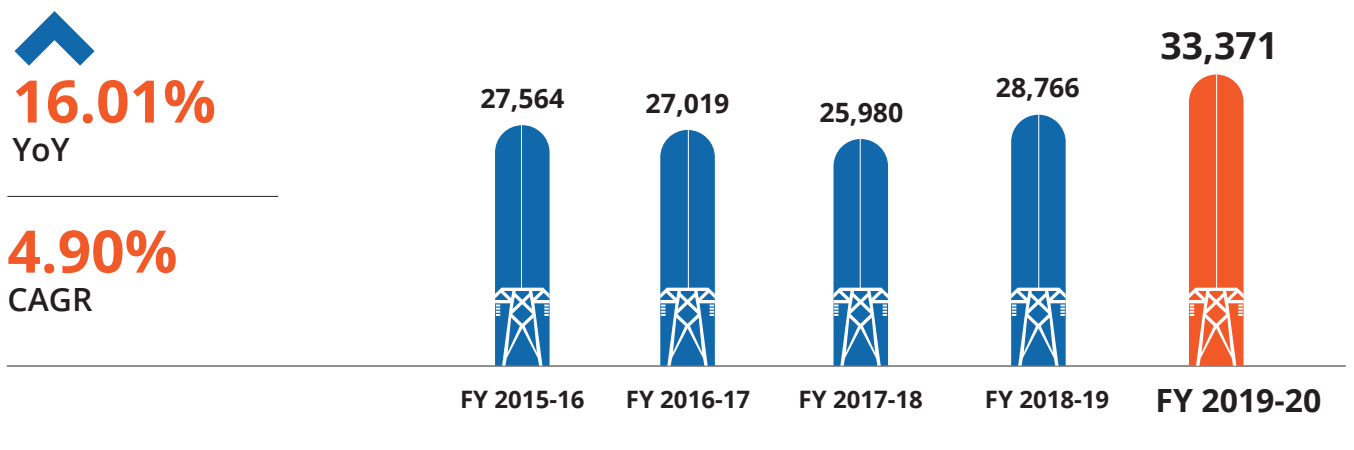
(₹ in Crore)



## FINANCIAL PERFORMANCE

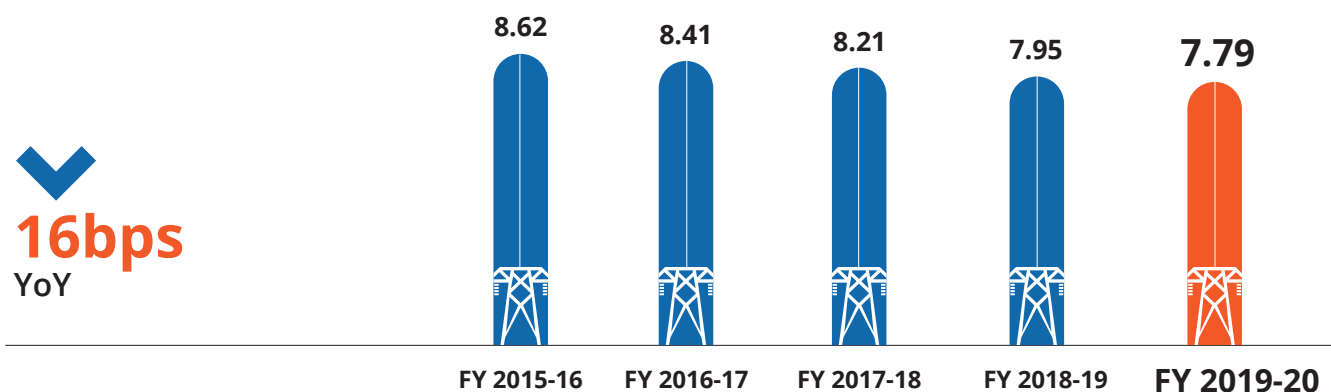
### TOTAL INCOME

(₹ in Crore)



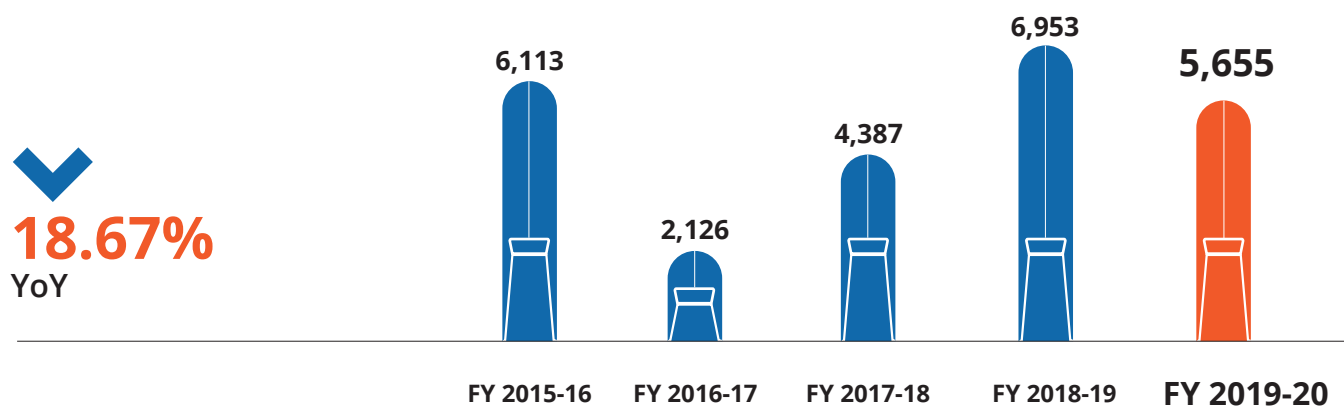
## FINANCIAL PERFORMANCE

### COST OF FUNDS



### PROFIT AFTER TAX

(₹ in Crore)





## Caring more during COVID-19

### Ensuring business continuity, promoting Aatmanirbhar Bharat

Our objective has been to set an example in how we hold the Company in good stead through an unprecedented upheaval. This spirit is reflected in the measures we implemented across the board.



#### Business resilience

- Registered **10%** growth in loan assets during FY 2019-20
- Accorded **AAA** rating by CRISIL, ICRA and CARE agencies



#### Employee initiatives

- Established **remote working capabilities**, through effective leverage of technology and focus on data security
- Ensured **business as usual** through a combination of work from home and offices running with limited staff, and in compliance with social distancing mandates



#### Robust disbursements

Recorded **~72%** growth in disbursements during the last week of March 2020 or over **₹11,000 Crore**, compared to the same time during 2019 (₹6,400 Crore)



### Supporting our borrowers

Extended moratorium on **~70%** of dues to **~50%** of the borrowers till June 2020, to ease the difficulties of the crisis



### Community Care

- Donated **₹200 Crore** towards PM-CARES Fund
- Dedicated an additional **₹3.45 Crore** towards multiple pandemic-related causes



### Promoting Government Schemes

- Took on the responsibility of an implementing agency for the Government liquidity support of **₹90,000 Crore**, in association with REC, for DISCOMs under the **Aatmanirbhar Bharat**
- Conceived a framework to implement our portion from **₹45,000 Crore** for DISCOM liquidity



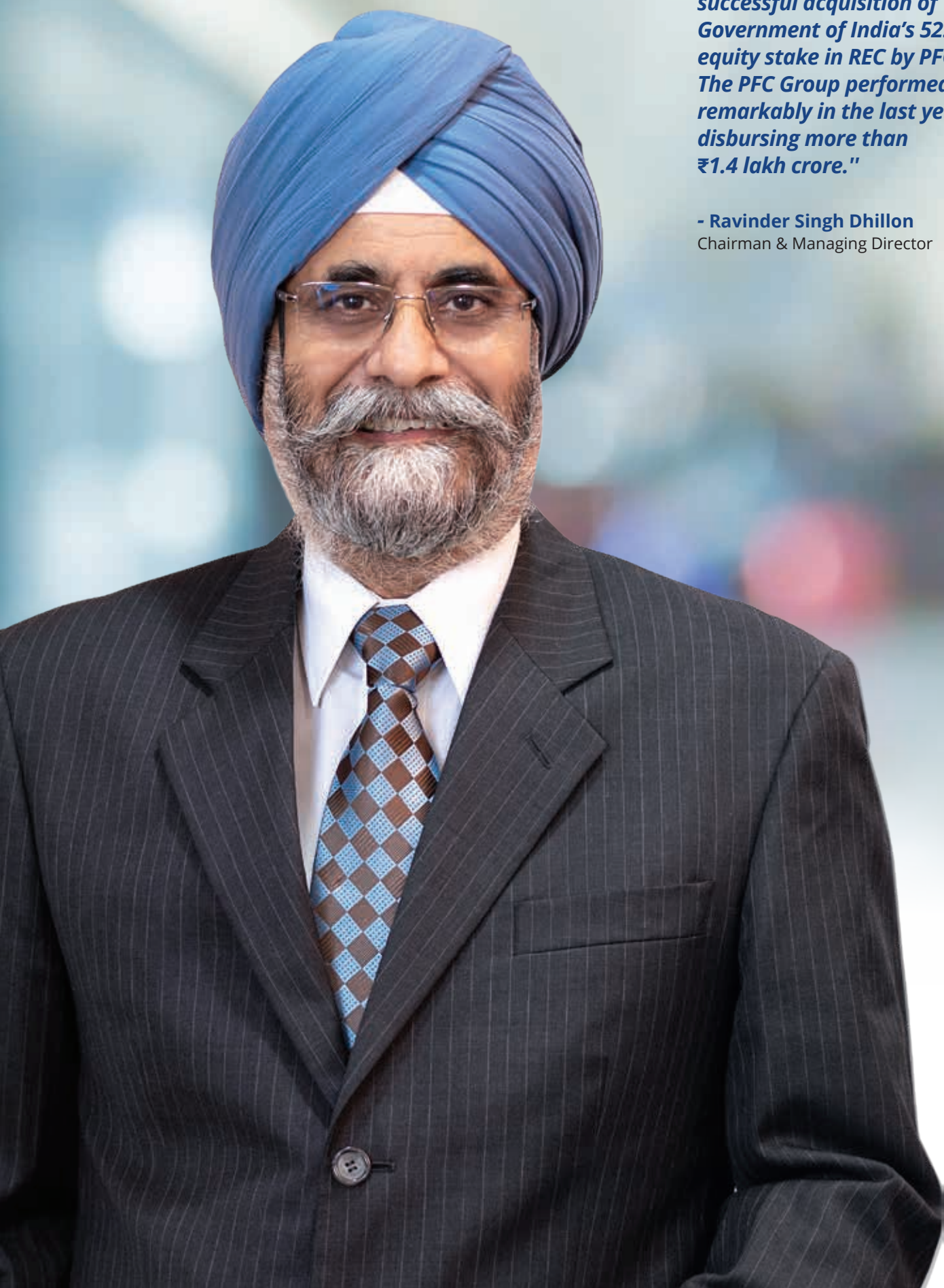
### Strong Liquidity

- Raised over **₹23,000 Crore** since March 31, 2020 to facilitate smooth business operations
- Leveraged an additional **₹10,000 Crore** line of credit from banks and **₹9,500 Crore** term loan sanctions in the pipeline

# Letter to Shareholders

*"This was the first full financial year post the successful acquisition of Government of India's 52.63% equity stake in REC by PFC. The PFC Group performed remarkably in the last year disbursing more than ₹1.4 lakh crore."*

**- Ravinder Singh Dhillon**  
Chairman & Managing Director



## Ladies and Gentlemen,

It gives me great pleasure to welcome you all to the 34<sup>th</sup> Annual General Meeting of your Company. The Financial Year 2019-20 was a challenging yet promising year for PFC.

The end to the financial year was marred by the unprecedented global disruptions caused by the coronavirus outbreak and need no reiteration. The pandemic has not only caused severe impact on the manufacturing industries but also caused disruptions in financial markets worldwide, including turbulence in the currency markets as well.

Considering the scale of COVID-19 pandemic, India has not been left untouched. Although, the full extent of its impact on the power industry is yet to be ascertained, but series of reforms unleashed by the Government to tackle COVID-19 and its aftermath is surely going to limit the impact on the power sector.

This was the first full financial year post the successful acquisition of Government of India's 52.63% equity stake in REC by PFC. PFC Group performed remarkably in the last year disbursing more than ₹1.4 lakh crore.

I am proud to share that your Company is the largest Central Public Sector Enterprise in terms of the balance sheet size. Your Company is also slated to be the fifth highest profit-making Central Public Sector Enterprise in terms of consolidated PAT for the year 2019-20. Forbes has ranked your Company in the top 250 best employers worldwide in its ranking for 2019, which also makes us among top 20 best employers in India. On a consolidated level, your Company would make it among the top 500 global public companies in terms of the profit and asset size.

On the business front, the year saw some significant landmarks for PFC.



Shri R.K. Singh, Hon'ble Minister of State (IC) Power and Renewable Energy & Minister of State, Skill Development and Entrepreneurship, Shri S.N. Sahay, Secretary (Power), Shri R.S. Dhillon, CMD, PFC along with Shri Rajeev Sharma, former CMD, PFC and Shri P K Singh, Director (Commercial) at the Ceremonial Bell Ringing of Listing ceremony of PFC's USD 750 million Foreign Bonds on NSE.

Your company has recorded its highest ever disbursements for 4<sup>th</sup> year in a row, with this year's loan disbursements almost touching ₹68,000 crore. The loan assets also crossed the ₹3.5 lakh crore milestone and saw a robust growth of 10% during the year.

There have been significant developments on the stressed assets front. GMR Chhattisgarh and RattanIndia Amravati, two of PFC's large stressed assets were resolved during the year. Also, resolution plan for Suzlon Energy and Essar Power Transmission were approved.

On the borrowing front, your Company's efforts towards diversification of borrowing portfolio has started yielding results. In the last financial year, PFC raised about USD 3 billion from international markets. Now, the share of foreign currency borrowings in the overall borrowing has increased to 16%. Going forward, we expect the foreign currency borrowings to contribute to our portfolio to a

***"Forbes has ranked your Company in the top 250 best employers worldwide in its ranking for 2019, which also makes us among top 20 best employers in India."***

***"On a consolidated level, your Company would make it among the top 500 global public companies in terms of the profit and asset size."***

greater extent. Your Company is also raising funds through 54EC capital gain tax bonds, which are an important source of funds for PFC owing to its low cost. I am happy to share that the mobilization under the 54EC capital gains tax bonds has almost quadrupled since our first issue in financial year 2017-18. Due to the various efforts made by your Company on the borrowing front, the cost of funds has reduced significantly from 7.95% in FY19 to 7.79% in FY20.

There have been significant developments in the global economy front. The disruptions in many supply chains dependent on China amid COVID-19 has come as a jolt to global manufacturing. These been further exacerbated with the geo-political developments in the Indian context. Using the opportunity provided by the pandemic, Honorable Prime Minister Shri Narendra Modi has urged the nation to become self-reliant via his clarion calls for 'Vocal for Local' and 'Aatmanirbhar Bharat'.

India Inc. and the power sector, which is critical for nation's march towards self-reliance, can utilize this push from the Government in promoting more domestic manufacturing, which will help in rebooting India's economy faster. It would also mean that sluggish power demand will witness more pickup in the coming quarters. Going forward, these Government initiatives can provide a huge impetus to the industry.

COVID-19 pandemic worsened the woes of power players across the country, especially the distribution companies. The situation aggravated during the lockdown as power demand from commercial and industrial segment weakened, resulting in lower revenue realization for distribution companies, as these big consumers either remained shut or only operated partially, thereby leading to lower realizations. To ease out stress on cash flows, Government of India had announced reforms-linked allocation of ₹ 90,000 crore for cash-strapped distribution companies under the Aatmanirbhar Bharat Abhiyan. This financial package has been a welcome news for power producers and has given a significant boost to power sector reforms. I am happy to share that your Company and its subsidiary REC shall be the only lenders to provide the financial support under the Aatmanirbhar Bharat liquidity package of ₹ 90,000 crores.

***"I am happy to share that your Company and its subsidiary REC shall be the only lenders to provide the financial support under the Aatmanirbhar Bharat liquidity package of ₹ 90,000 crores"***

Furthermore, in line with the notification of Reserve Bank of India, to ease the liquidity crunch amid COVID-19, your Company has provided moratorium on both principal and interest to its borrowers due from 1<sup>st</sup> March 2020 to 31<sup>st</sup> August 2020. This shall help the power utilities, both state and private owned, to improve their cash flows for sustaining business operations.

Your Company has been publishing Performance Report on state power utilities on annual basis and is also involved in publishing the annual integrated rating of power distribution companies.



Shri S.N. Sahay, Secretary (Power), Govt. of India, Shri R.S. Dhillon, CMD, PFC, Shri Rajeev Sharma, former CMD, PFC along with Shri Mangu Singh, MD, DMRC and other senior officials of PFC and DMRC at the inauguration of "Women's Convenience Lounge" set up by PFC at Barakhambha Road Metro Station



Shri R.K. Singh, Hon'ble Minister of State (IC) Power and Renewable Energy & Minister of State, Skill Development and Entrepreneurship along with Shri S.N Sahay, Secretary (Power) and Shri R.S. Dhillion, CMD releasing PFC's Report on 'Performance of State Power Utilities' for FY 2018-19

These reports are widely used by stakeholders, including policy makers, developers, lenders, equity analysts, regulators, public at large etc. and helps in decision making. To promote transparency and accountability at the distribution companies, Ministry of Power has advised to periodically publish performance of the distribution companies on key parameters to enable people to know how their power distributor fares vis-à-vis its peers.

The renewable segment has also seen its share of positive news where the tariffs have stabilized and this provide huge opportunities to invest in clean sources of energy. This also gives strong tailwinds to India's ambitious green energy target.

Government is also pursuing innovative models in distributed solar power generation in line with its goal of transitioning towards clean fuels. Since a one-size-fits-all approach may not be beneficial, Government is also making

efforts to find specific solutions to incentivize every state for improving performance. Government is also focusing on indigenous production in various sectors and it is critical that share of power sector equipment manufactured in India should increase going forward. We believe that various Government initiatives like 'Make In India' & 'Digital India' will go a long way towards building an ecosystem for manufacturing wafers, ingots, cells and modules within the country. This will not only help the Indian Power Sector being self-reliant and self-sustainable but will also help in generating employment and providing entrepreneurial opportunities. Being a leading lender in the country, your Company is well positioned to wholeheartedly support creation of more assets for production of renewable power.

To strengthen the sector, Government is focusing on many reform initiatives in the power sector. The proposed amendment in the Electricity Act is aimed at

addressing issues that are adversely impacting the financial viability and therefore the investments in the sector. We believe that Establishment of Electricity Contract Enforcement Authority to enforce the performance of contracts like PPAs/ FSAs/ TSAs related to generation and transmission of power will help in addressing the issue of renegotiation of PPAs by DISCOMs, which is leading to lot of uncertainties in the sector. Proposed amendments in the National Tariff Policy such as capping of losses at 15% for determination of tariff, higher penalties for non-compliance to RPOs, restrictions on creation of new regulatory assets etc. will also help in making the sector more efficient. Recently, Ministry of Power has

***"Your Company is well positioned to wholeheartedly support creation of more assets for production of renewable power."***



Shri R.S. Dhillon, CMD along with Shri P.K. Singh, Director (Commercial) receiving "Governance Now PSU Award" in the category of "Resilient Growth" from Shri Arjun Ram Meghwal, Hon'ble Minister of State for HI&PE, Govt. of India

also issued guidelines to procure Round the Clock renewable power complemented with power from coal based thermal projects, which is aimed at enhancing grid stability keeping in view the intermittency of power, limited hours of generation, low CUFs etc. of renewable projects. Also, Phase II of the Pilot PPA for stressed thermal projects was launched, wherein tariff of ₹3.26 per unit was discovered for procurement of 2500 MW power. This will help the projects to sell power on sustainable basis and resolve the stress going forward.

Your Company has always believed in the philosophy of good Corporate Governance by maintaining highest standards of transparency, accountability and adequate disclosures.

Your Company has been firm on being a socially responsible corporate entity committed towards contributing to the society at large. Your company has always focused on the Sustainable Development and implementing projects of national as well as local

importance. PFC has continued its efforts towards funding of projects to uplift the economically and socially backward citizens through their skill development, providing for medical facilities to the backward regions, installation of solar street light and high mast lights etc. We have especially focused on the aspirational districts notified by NITI Aayog for implementing many of the schemes. Your Company aims to touch the maximum number of lives to improve the quality of living and benefit the society as a whole. Your company has disbursed ₹97 crore under the CSR activities in FY20.

Your Company has taken proactive steps to contribute towards the society amid COVID-19 by contributing ₹200 crore to PM-CARES fund, sponsoring meals for underprivileged section. At this critical time, when our nation's corona warriors have been fighting the battle at the forefront, your Company has contributed towards providing lunch facilities for the medical staff at the Dr. Ram Manohar Lohia Hospital, New

Delhi. Your Company has also provided medical equipment, PPE kits, sanitizers, face masks etc. to various district administrations for fighting this pandemic.

I am extremely thankful to the shareholders, who have reposed faith in us. My sincere and heartfelt thanks go out to the Hon'ble Union Minister of State (I/c) for Power, New and Renewable Energy & Skill Development and Entrepreneurship, Secretary (Power) and officials of the Ministry

**"Meals, PPE Kits, Sanitizers donated towards fighting the pandemic"**

**₹97 Crs**  
CSR spend

**₹200 Crs**  
Contribution towards PM-CARES Fund

***"Your Company has always believed in the philosophy of good Corporate Governance by maintaining highest standards of transparency, accountability and adequate disclosures."***

***"PFC has always focused on the Sustainable Development and implementing projects of national as well as local importance."***



Shri R.S. Dhillon, CMD along with Shri P.K. Singh, Director (Commercial) receiving the Dun & Bradstreet's prestigious "Best Infrastructure Finance Company" Award from General (Retd.) Dr. V.K. Singh, Hon'ble Minister of State for Road Transport & Highway, Govt. of India

of Power for their continued support and guidance. I am also truly grateful to Board of Directors, investors and valued clients for their support.

I also convey my gratitude to Ministry of Finance, Reserve Bank of India, Department of Public Enterprises, Securities and Exchange Board of India, National Stock Exchange of India Limited, Bombay Stock Exchange Ltd., NITI Aayog, Central Electricity Authority, Comptroller & Auditor General of India, Statutory Auditors, Internal

Auditors, Registrars, various Commercial Banks, Financial Institutions, Credit Rating Agencies and other concerned Government Department/ Agencies at the Central and State level for their continued support. I also appreciate the continuous and unwavering support by our partners in the print and electronic media.

The success your Company has witnessed and the feats that it has achieved over the years would not have been possible without the hard work and zeal with which

employees have given their heart and soul to your company.

We hope that with continued commitment of all stakeholders, PFC will continue to deliver stellar performance year on year.

**(R. S. Dhillon)**  
Chairman & Managing Director



(From left to right) Shri P.K Singh, Director (Commercial), PFC, Dr. Rajiv Sood, Dean, Ram Manohar Lohia Hospital, Shri R.S. Dhillon, CMD, Dr. Poonam Kapoor and Smt. Parminder Chopra, Director (Finance) at RML Hospital, New Delhi - PFC has been providing 'TajSats' lunch boxes to doctors & other medical staff engaged in treatment of COVID-19



## Notice

# Power Finance Corporation Limited

CIN: L65910DL1986GOI024862

Urjanidhi, 1, Barakhamba Lane, Connaught Place, New Delhi - 110 001, India  
Tel: +91 11 23456000, Fax: +91 11 23412545, E-mail ID: investorsgrievance@pfcindia.com  
Website: www.pfcindia.com

Notice is hereby given that the Thirty Fourth Annual General Meeting of the members of Power Finance Corporation Limited will be held on **Tuesday, the September 29, 2020 at 12:30 p.m.** through Video Conferencing ("VC") / Other Audio Visual Means ("OAVM") to transact the following business:-

### ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statements including consolidated financial statements of the Company for the financial year ended March 31, 2020, the Reports of the Board of Directors and Auditors thereon.
2. To confirm the payment of Interim Dividend on Equity Shares as total dividend for the financial year 2019-20.
3. To appoint a Director in place of Shri P. K. Singh (DIN: 03548218), who retires by rotation and being eligible, offers himself for re-appointment.
4. To fix the remuneration of the Statutory Auditors.

### SPECIAL BUSINESS

5. To appoint Smt. Parminder Chopra (DIN: 08530587), as Director of the Company and in this regard to consider and if thought fit, to pass with or without modification(s), the following resolution as **Ordinary Resolution:**

**"RESOLVED THAT** pursuant to the provisions of Sections 149, 152 and other applicable provisions, if any, of the Companies Act, 2013 and rules made thereunder, Smt. Parminder Chopra (DIN: 08530587), who was appointed as Director (Finance), by the President of India through Ministry of Power vide letter no. 24-8/2/2019-PFC (MoP) dated May 20, 2020 and subsequently on the recommendation of the Nomination and Remuneration Committee, appointed as an Additional Director by the Board of Directors with

effect from July 1, 2020 to hold office until the date of this Annual General Meeting, in terms of Section 161 of the Companies Act, 2013, be and is hereby appointed as Director (Finance) of the Company, on terms & conditions determined by the Government of India."

6. Enhancement of borrowing limit approved under Section 180(1)(c) of the Companies Act, 2013 & modification under Section 180 (1) (a) of the Companies Act, 2013 and in this regard to consider and if thought fit, to pass, with or without modification(s), following resolution as **Special Resolution:**

**"RESOLVED THAT** approval be and is hereby accorded for authorising the Board of Directors of the Company, under the provisions of Section 180(1)(c) of the Companies Act, 2013 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and any other applicable laws and provision of Articles of Association of the Company, to borrow and raise such sum or sums of money from time to time as may be required for the purpose of the business of the Company and/or as may be directed to raise on behalf of Ministry / Government of India, with & without security, notwithstanding that the money to be borrowed together with the money already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed aggregate of paid up capital & its free reserves (that is to say reserves not set apart for any specific purpose) provided that the total amount borrowed and outstanding at any point of time shall not exceed ₹6,00,000 crore (Rupees six lakh crore only) in Indian Rupees and amount equivalent to US\$ 15,000 million (15 billion US Dollars only) in any foreign currency on such terms and conditions as the Board may consider necessary and expedient in their absolute discretion."

**“RESOLVED FURTHER THAT** approval be and is hereby accorded for authorising the Board of Directors of the Company, pursuant to provisions of Section 180 (1) (a) of Companies Act 2013, read with relevant rules, for mortgaging and/or charging of all or any of the movable and/or immovable properties of the Company, both present and future, or the whole or substantial whole of the undertaking or the undertakings of the Company for securing the borrowing (outstanding in books of the Company) of ₹6,00,000 crore (Rupees Six Lakh Crore Only) in the Indian Currency and in any Foreign Currency equivalent to US\$ 15 billion (Fifteen billion US Dollars only).

**“RESOLVED FURTHER THAT** approval be and is hereby accorded for authorising the Board of Directors of the Company (including any Committee duly constituted by the Board of Directors or any authority as approved by the Board of Directors) to do and execute all such acts, deeds and things as may be necessary for giving effect to the above resolutions.”

7. To Change Object Clause of the Memorandum of Association of the Company and in this regard to consider and, if thought fit, to pass with or without modification(s), the following resolution as a **Special resolution:**

**“RESOLVED THAT** pursuant to approval of Ministry of Power vide letter no. F.No.24-3/2/2019-PFC (MoP) dated July 13, 2020, Section 13 & other applicable provisions, if any, of the Companies Act, 2013 including Rules made thereunder as well as any other applicable laws for the time being in force & such other approvals, permissions and sanctions, as may be necessary, the existing Main Objects of Clause III (A) be and are hereby altered by replacing the same with the following new Clause III(A) as under:

A. THE MAIN OBJECTS TO BE PURSUED BY THE COMPANY ON ITS INCORPORATION ARE:

1. To finance projects, activities or works of creation, up-gradation, renovation, improvement, maintenance, repair, modernisation, modification, replacement,

augmentation, etc. related to generation, transmission, distribution or supply of power of any form including power from sources of renewable energy.

2. To finance projects, activities or works including electrification works of creation, up-gradation, renovation, improvement, maintenance, repair, modernisation, modification, replacement, augmentation, etc. of electrical and electromechanical systems, standalone or that are part of large projects e.g. Projects of Lift Irrigation, Sewage treatment plant, Smart City, Electrification of railway line, etc.
3. To finance projects, activities, schemes for energy conservation, energy efficiency and environmental aspects of power including cogeneration/ trigeneration/ combined heat and power, waste heat recovery system(s), e-vehicle(s) and setting up of Charging Stations.
4. To finance projects for establishment, expansion, modernisation, operations, maintenance of units for manufacturing of capital equipment(s) required in power sector including renewable energy & allied sectors.
5. To finance projects, works and activities having a forward or backward linkage with power projects included in Clause A1, including but not limited to development of coal and other mining activity(ies) for use as fuel or other fuel supply arrangements for power sector, laying of railway line(s), road(s), bridge(s), port(s), jetty(ies) and harbour(s), gas pipeline(s), gas terminal(s) & to meet such other enabling infrastructure facility(ies) that may be required for a power project included in Clause A1.
6. To finance studies, surveys, investigations, research on any project, activity, or work covered in Clauses A1 to A4 and to carry out any activity including consultancy, training, etc. to promote the business interest of the Company in any of the Clauses A1 to A5.

**“RESOLVED FURTHER THAT** pursuant to the provisions of Section 4, 13 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”), read with the Companies (Incorporation) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force) and in accordance with the Table A of the Schedule I of the Act, consent of the members be and is hereby accorded for alteration in the Memorandum of Association of the Company, to the extent of merging existing Clause III B titled ‘Objects incidental or ancillary’ and existing Clause III C titled ‘Other objects’ of the Memorandum of Association, into new Clause III (B) to be titled ‘Matters which are necessary for furtherance of the objects and consequently re-numbering as may be appropriate.”

**“RESOLVED FURTHER THAT** Company Secretary be and is hereby authorised to do all such acts, deeds, matters and things as may be deemed proper, necessary, or expedient, including filing the requisite forms with Ministry of Corporate Affairs or submission of documents with any other authority, for the purpose of giving effect to this Resolution and for matters connected therewith or incidental thereto.”

By order of the Board of Directors

A handwritten signature in black ink, appearing to read 'Manohar Balwani', with a horizontal line extending to the right.

**Manohar Balwani**  
Company Secretary

Registered office:  
Urjanidhi, 1, Barakhamba Lane,  
Connaught Place,  
New Delhi - 110 001  
CIN: L65910DL1986GOI024862

Date: 01/09/2020

**NOTES**

1. In view of the continuing COVID-19 pandemic, the Ministry of Corporate Affairs (MCA) has vide General Circular No. 14/2020 dated April 8, 2020, General Circular No. 17/2020 dated April 13, 2020 and General Circular No. 20/2020 dated May 5, 2020 (collectively referred to as "MCA Circulars") and Securities and Exchange Board of India (SEBI) vide Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 permitted the holding of the Annual General Meeting (AGM) through VC / OAVM, without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC / OAVM.
2. The Company has enabled the Members to participate at the 34th AGM through the VC facility provided by KFin Technologies Private Limited (KFinTech), Registrar and Share Transfer Agents (RTA). The instructions for participation by Members are given in the subsequent paragraphs. Participation at the AGM through VC shall be allowed on a first-come-first-served basis.
3. As per the provisions under the MCA Circulars, Members attending the 34th AGM through VC shall be counted for the purpose of reckoning the quorum under Section 103 of the Companies Act, 2013.
4. The Company has provided the facility to Members to exercise their right to vote by electronic means both through remote e-voting and e-voting during the AGM. The process of remote e-voting is given in the subsequent paragraphs. Such remote e-voting facility is in addition to voting that will take place at the 34th AGM being held through VC.
5. Members joining the meeting through VC, who have not already cast their vote by means of remote e-voting, shall be able to exercise their right to vote through e-voting at the AGM. The Members who have cast their vote by remote e-voting prior to the AGM may also join the AGM through VC but shall not be entitled to cast their vote again.
6. The Company has appointed Shri Sachin Agarwal, Practicing Company Secretary (FCS No.: 5774, C.P. No.: 5910) or in his absence, Ms. Anuradha Jain, Practicing Company Secretary, to act as the Scrutiniser, to scrutinise the e-voting process in a fair and transparent manner.
7. As per the Companies Act, 2013, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf. Since the 34th AGM is being held through VC as per the MCA Circulars, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be made available for the 34th AGM and hence the Proxy Form and Attendance Slip are not annexed to this Notice.
8. Corporate Members are required to send a certified copy of the Board resolution authorising their representative to attend the AGM through VC and vote on their behalf. The said Resolution/ Authorisation shall be sent to the Scrutiniser by e-mail through its registered e-mail address to sachinag1981@gmail.com with a copy marked to evoting@kfintech.com.
9. In case of joint holders attending the meeting, only such joint holder who is higher in the order of names will be entitled to vote.
10. The Register of Members and Share Transfer books will remain closed from Thursday, September 24, 2020 to Tuesday, September 29, 2020 (both days inclusive).
11. In line with the MCA Circulars, the notice of the 34th AGM along with the Annual Report 2019-20 are being sent only by electronic mode to those Members whose e-mail addresses are registered with the Company/Depositories. Members may please note that this Notice and Annual Report 2019-20 will also be available on the Company's website at <https://www.pfcindia.com/investors/annual-reports/>, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at [www.bseindia.com](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively, and on the website of KFinTech, RTA at <https://evoting.karvy.com/>.
12. Members who have not registered their e-mail address with the Company / Depository Participants, as the case may be, are requested to visit the website of KFin Technologies Private Limited [https://ris.kfintech.com/email\\_registration/](https://ris.kfintech.com/email_registration/) for temporary registration of email id of shareholders for 34th AGM and follow the process as mentioned on the landing page to receive the Annual Report, AGM Notice and Voting Instructions.
13. A statement pursuant to Section 102(1) of the Companies Act, 2013 relating to the special businesses to be transacted at the 34th AGM is annexed hereto.
14. As required by Regulation 36(3) of the Securities and Exchange Board of India (Listing Obligations

and Disclosure Requirements) Regulations, 2015, a brief profile of Shri P.K. Singh, Director retiring by rotation and seeking re-appointment under Item No. 3 and Smt. Parminder Chopra seeking appointment under Item No. 5 of the notice in accordance with applicable provisions of the Companies Act, 2013 is forming part of the notice.

15. Pursuant to Section 139 of the Companies Act, 2013, the Auditors of a Government Company are to be appointed or reappointed by the Comptroller and Auditor General of India (C&AG) and in pursuant to Section 142 of the Companies Act, 2013, their remuneration has to be fixed by the Company in the Annual General Meeting or in such manner as the Company in general meeting may determine. The Comptroller and Auditor General of India shall appoint the Statutory Auditors of the Company for the FY 2020-21 under Section 139 of the Companies Act, 2013. The members may authorise the Board of Directors to fix an appropriate remuneration of Auditors for the FY 2020-21 as may be deemed fit by the Board.
16. In accordance with the proviso to Regulation 40(1) of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, effective from April 1, 2019, transfers of securities of the Company shall not be processed unless the securities are held in the dematerialised form with a depository. Accordingly, shareholders holding equity shares in physical form are urged to have their shares dematerialised so as to be able to freely transfer them and participate in corporate actions.
17. A person, whose name is recorded in the register of members or in the register of beneficial owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-voting as well as e-voting during the AGM. The voting rights shall be as per the number of equity share held by the Member(s) as on cut-off date. Members are eligible to cast vote only if they are holding shares as on that date. Kindly note that a person who is not a member of the Company as on the Cut-off date should treat this Notice for Information Purposes Only.
18. Pursuant to Section 124 read with Section 125 of the Companies Act, 2013, the dividend amounts which remain unpaid/unclaimed for a period of seven years, are required to be transferred to the Investors Education & Protection Fund of the Central Government. The shares in respect of which the dividends have not been paid or claimed for a period of seven consecutive years or more, are also liable to be transferred to the demat account of the IEPF Authority. The Members, whose unclaimed dividends/shares have been transferred to IEPF, may claim the same by making an online application to the IEPF Authority in web Form No. IEPF-5 available on [www.iepf.gov.in](http://www.iepf.gov.in). The details of investors' (whose payment is due) are available on company's website so as to enable the investors to claim the same.
19. Members are advised to submit their Electronic Clearing System (ECS) mandates, to enable the Company to make remittance by means of ECS. Those holding shares in physical form may obtain and send the ECS Mandate Form to KFintech, RTA of the Company. Those holding shares in Electronic Form may obtain and send the ECS Mandate Form directly to their Depository Participant (DP). Those who have already furnished the ECS Mandate Form to the Company/ RTA/ DP with complete details need not send it again.
20. The shareholders holding shares in physical form and do not wish to opt for ECS facility may please mail their bankers' name, branch address and account number with IFSC and MICR code to KFintech, RTA of the Company.
21. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. It has also made mandatory for the transferee(s) to furnish a copy of PAN card to the Company/RTAs for registration of transfers and for securities market transactions and off-market/private transactions involving transfer of shares of listed companies in physical form. Accordingly, members holding shares in physical form can submit their PAN to the Company/ KFintech, RTA of the Company.
22. Members holding shares in multiple folios in physical mode are requested to apply for consolidation their holdings in one folio to the Company or KFintech, RTA of the Company along with relevant Share Certificates. A consolidated share certificate will be issued to such Members after making requisite changes.
23. Members are requested to send all correspondence concerning registration of transfers, transmissions, subdivision, consolidation of shares or any other shares related matter to KFintech, RTA of the Company.
24. Members desirous of making a nomination in respect of their shareholding in the Company,

as permitted under Section 72 of the Companies Act, 2013, are requested to write to KFintech, RTA of the Company in the prescribed form. In case of shares held in dematerialised form, the nomination has to be lodged with the respective Depository Participant.

25. Members are requested to intimate changes, if any, pertaining to their name, postal address, e-mail address, telephone/mobile numbers, Permanent Account Number (PAN), mandates, nominations, power of attorney, bank details such as, name of the bank and branch details, bank account number, MICR code, IFSC code, etc., to their DPs in case the shares are held by them in electronic form and to KFintech, RTA of the Company in case the shares are held by them in physical form.
26. Members desirous of getting any information on financial statements and any other business of this Meeting are requested to address their queries to Company Secretary of the Company through e-mail on agm2020@pfcindia.com at least fifteen days prior to the date of the meeting. The same will be replied by the Company suitably.

27 All documents referred to in the accompanying Notice and the Explanatory Statement and Statutory Registers shall be available electronically on Company's website at [www.pfcindia.com](http://www.pfcindia.com).

28. Since the 34th AGM will be held through VC / OAVM, the Route Map is not annexed to this Notice.

#### VOTING THROUGH ELECTRONIC MEANS

1. In compliance with provisions of Regulation 44 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as well as Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014, the Company is offering Remote E-voting facility to all the Shareholders of the Company in respect of items to be transacted at this Meeting. The Company has engaged the services of KFin Technologies Private Limited (KFintech) for facilitating remote e-voting for AGM. The user-id & password is mentioned in the e-mail forwarded. Procedure and Instructions for Remote e-voting are given hereunder. All members are requested to read those instructions carefully before casting their e-vote.

#### Procedure and Instructions for remote e-voting

I. Launch an internet browser and open <https://evoting.karvy.com>.

II. Initial Password is provided in the E-mail.

EVEN (E-Voting Event Number)	USER ID	PASSWORD
5594	<p><b>For Members holding shares in Demat Form:</b> Event no. followed by: For NSDL: 8 Character DP ID followed by 8 Digits Client ID For CDSL: 16 digits beneficiary ID</p> <p><b>For Members holding shares in Physical Form:</b> Event no. followed by Folio Number registered with the Company</p>	Your Unique password is in the e-mail forwarded.

**(a) In case of Members receiving an e-mail from KFintech [applicable to members whose e-mail IDs are registered with the Company/ Depository Participant(s)]:**

- (i) Enter the login credentials (i.e. User ID and password). However, if you are already registered with KFintech for e-voting, you can use your existing User ID and password for casting your vote.
- (ii) After entering the above details Click on - Login.
- (iii) Password change menu will appear. Change the Password with a new Password of your choice. The new

password shall comprise minimum 8 characters with at least one upper case (A-Z), one lower case (a-z), one numeric (0-9) and a special character (@, #, \$, etc.) The system will also prompt you to update your contact details like mobile number, e-mail ID, etc. on first login. You may also enter a secret question and answer of your choice to retrieve your password in case you forget it. It is strongly recommended that you do not share your password with any other person and that you take utmost care to keep your password confidential. You need to login again with the new credentials.

- (iv) On successful login, the system will prompt you to select the E-Voting Event of Power Finance Corporation Limited.
- (v) On the voting page, enter the number of shares (which represents the number of votes) as on the Cut-off Date i.e. September 23, 2020 under "FOR / AGAINST" or alternatively, you may partially enter any number in "FOR" and partially "AGAINST" but the total number in "FOR / AGAINST" taken together shall not exceed your total shareholding as mentioned herein above. You may also choose the option ABSTAIN. If the Member does not indicate either "FOR" or "AGAINST" it will be treated as "ABSTAIN" and the shares held will not be counted under either head.
- (vi) Members holding multiple folios/demat accounts shall choose the voting process separately for each folio/demat accounts.
- (vii) Voting has to be done for each item of the notice separately. In case you do not desire to cast your vote on any specific item, it will be treated as abstained.
- (viii) You may then cast your vote by selecting an appropriate option and click on "Submit".
- (ix) A confirmation box will be displayed. Click "OK" to confirm else "CANCEL" to modify. Once you have voted on the resolution (s), you will not be allowed to modify your vote. During the voting period, Members can login any number of times till they have voted on the Resolution(s).
- (x) Corporate/Institutional Members (i.e. other than Individuals, HUF, NRI etc.) are also required to send scanned certified true copy (PDF Format) of the Board Resolution/Authority Letter etc., together with attested specimen signature(s) of the duly authorised representative(s), to the Scrutiniser at e-mail ID: sachinag1981@gmail.com with a copy marked to evoting@kfintech.com. The scanned image of the above-mentioned documents should be in the naming format "Corporate Name\_Event No."

**(b) In case of Members who have not registered their e-mail address (including Members holding shares in physical form), please follow the steps for registration of**

**e-mail address and obtaining User ID and Password for e-voting as mentioned in para 12 of the "Notes" section above.**

- III. In case of any queries, you may refer to the 'Frequently Asked Questions' (FAQs) and 'e-voting user manual' available in the downloads section of KFintech's e-voting website <https://evoting.karvy.com> or contact Mr. B Srinivas , Manager (Unit: POWER FINANCE CORPORATION LIMITED ) of KFin Technologies Private Limited, Selenium Building, Tower-B, Plot No. 31 & 32, Financial District, Nanakramguda, Serilingampally, Hyderabad, Telangana, India or at einward.ris@karvy.com and evoting@karvy.com or Tel. No. 040 - 6716 2222 or call KFintech's toll free No. 1-800-3454-001 for any further clarifications.
- IV. The Companies (Management and Administration) Amendment Rules, 2015 provides that the electronic voting period shall close at 5.00 p.m. on the date preceding the date of AGM. Accordingly, the remote e-voting period shall commence at 10.00 a.m. on September 26, 2020 and will end at 5.00 p.m. on September 28, 2020. The e-voting module shall be disabled by KFintech at 5.00 p.m. on the same day. During this period, Members of the Company, holding shares either in physical form or in dematerialised form, as on the cut-off date i.e. September 23, 2020 may cast their votes electronically.
- V. Once the vote on a resolution is cast by a member, the member shall not be allowed to change it subsequently.
- VI. The members who have cast their vote by remote e-voting may also attend the meeting but shall not be entitled to cast their vote again.
- VII. The voting rights of Members shall be in proportion to their shares in the paid-up equity share capital of the Company as on the cut-off date.
- VIII. A Member can opt for only single mode of voting i.e. through Remote e-voting or voting at the AGM. If a Member casts votes by both modes then voting done through Remote e-voting shall prevail and vote at the AGM shall be treated as invalid.
- IX. Members who have acquired shares after the dispatch of the Annual Report and on or before the cut-off date i.e. September 23,

2020, may obtain the User ID and Password for exercising their right to vote by electronic means as follows:

- a) If the e-mail or mobile number of the member is registered against Folio No./ DP ID Client ID:

The member may send SMS: MYEPWD <space> Event number+Folio No. or DP ID Client ID to 9212993399

Example for NSDL: MYEPWD <SPACE> IN12345612345678

Example for CDSL: MYEPWD <SPACE> 1402345612345678

Example for Physical: MYEPWD <SPACE> XXX1234567890

OR

The member may go to the home page of <https://evoting.karvy.com>, and click "forgot password" and enter Folio No. or DP ID Client ID and PAN to generate a password.

- b) Member may call KFintech's toll free number 1-800-3454-001
- c) Member may send an e-mail request to [einward.ris@karvy.com](mailto:einward.ris@karvy.com). However, KFintech shall endeavour to send User ID and Password to those new Members whose mail ids are available.
- X. The Results on resolutions shall be declared after the Annual General Meeting of the Company and the resolutions will be deemed to be passed on the Annual General Meeting date subject to receipt of the requisite number of votes in favour of the Resolutions.
- XI. The Results declared along with the Scrutiniser's Report(s) will be available on the website of the Company ([www.pfcindia.com](http://www.pfcindia.com)) and on KFintech's website (<https://evoting.karvy.com>) and shall also be communicated to BSE Limited and National Stock Exchange of India Limited.
- XII. You can also update your mobile number and e-mail id in the user profile details of the folio which may be used for sending future communication(s).

## INSTRUCTIONS FOR ATTENDING THE AGM THROUGH VC

- Members may access the platform to attend the AGM through VC at <https://emeetings.kfintech.com/> by clicking "Video Conference and Streaming" and login by using their remote e-voting credentials. The link for the AGM will be available in the shareholder/members login where the "Event" and the "Name of the Company" can be selected. Please note that the Members who have not registered their e-mail address or do not have the User ID and Password for e-voting or have forgotten the User ID and Password may retrieve the same by following the remote e-voting instructions mentioned in this Notice.
- The facility for joining the AGM shall open 15 minutes before the scheduled time for commencement of the AGM and shall be closed after the expiry of 15 minutes after such schedule time.
- Members are encouraged to join the Meeting using Google Chrome (preferred browser) for better experience.
- Members will be required to grant access to the web-cam to enable two-way video conferencing.
- Members are advised to use stable Wi-Fi or LAN connection to participate at the AGM through VC in a smooth manner. Participants may experience audio/video loss due to fluctuation in their respective networks.
- Members who may want to express their views or ask questions may visit <https://emeetings.kfintech.com/> and click on the tab "Post Your Queries Here" to post their queries in the window provided, by mentioning their name, demat account number/ folio number, e-mail ID and mobile number. The window shall remain active during the remote e-voting period.
- In addition to the above-mentioned step, the Members may register themselves as speakers for the AGM to pose their queries. Accordingly, the Members may visit <https://emeetings.kfintech.com/> and click on 'Speaker Registration' during the remote e-voting period. Members shall be provided a 'queue number' before the AGM. The company reserves the right to restrict the speakers at the AGM to only those Members who have registered themselves, depending on the availability of time for the AGM.
- Members who have not cast their vote through remote e-voting shall be eligible to cast their vote through e-voting system available during the AGM. E-voting during the AGM is integrated with the VC



platform. Members may click on the voting icon ("Thumb sign") on the left side of the screen to cast their votes.

9. Members who may require any technical assistance or support before or during the AGM are requested to contact KFin Technologies Private Limited at toll free number 1-800-3454-001 or write to them at [evoting@kfintech.com](mailto:evoting@kfintech.com).

## **STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013 IN RESPECT OF SPECIAL BUSINESS SET OUT IN THE NOTICE**

### **Item No. 5**

The following statement sets out the material facts relating to the special business mentioned in Item No. 5 of the accompanying Notice:

Smt. Parminder Chopra was appointed as Director (Finance) of the Company by the President of India through Ministry of Power vide communication no. 24-8/2/2019-PFC (MoP) dated May 20, 2020 till the date of her superannuation or until further orders, whichever is the earlier and subsequently on the recommendation of the Nomination and Remuneration Committee, was appointed as an Additional Director by the Board of Directors with effect from July 1, 2020 to hold office up to this Annual General Meeting. The terms and conditions regulating the appointment of Smt. Parminder Chopra would be as determined by the Government of India.

Her brief resume, inter alia, giving nature of expertise in specific functional area is being provided which forms part of this notice.

Smt. Parminder Chopra, is concerned and interested, in the resolution.

Further, no other Directors or Key Managerial Personnel or their relatives have any concern or interest, financial or otherwise, in passing of the said Resolution, except to the extent of their shareholding in the Company.

The Board recommends the resolution given at Sr. No. 5 of this notice for your approval as an Ordinary Resolution.

### **Item No. 6**

The following statement sets out the material facts relating to the special business mentioned in Item No. 6 of the accompanying Notice:

As per Sec 180(1) (c) of the Companies Act, 2013, the Board of Directors of a public company, shall not, except with the consent of the shareholders by a special resolution, borrow money, where the moneys to be borrowed, together with the moneys already borrowed

by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) will exceed the aggregate of paid-up capital of the Company and its free reserves.

Accordingly, in the special resolution passed by the shareholders in the 30th Annual General Meeting of the Company held on August 19, 2016, the consent of the Company was accorded to the Board of Directors of the Company under the provisions of Section 180(1)(c) of the Companies Act, 2013 to raise such sum or sums of money from time to time as may be required for the purpose of the business of the Company and/or as may be directed to raise on behalf of Ministry/Govt. of India, notwithstanding that the money to be borrowed together with the money already borrowed by the Company (apart from temporary loans as explained in Section 180(1)(c) of the Companies Act, 2013 obtained by the Company in the ordinary course of business) may, at any time, exceed up to a sum of ₹4,00,000 crore (Rupees Four lakh crore only) in Indian Rupees and amount equivalent to US\$ 8,000 million (Eight billion US Dollars only) in any foreign currency respectively over and above the aggregate paid up capital of the Company and its free reserves (that is to say reserve not set apart for any specific purpose).

The fund requirement of the Company has been continuously increasing over the years, to meet the ever increasing demand of the power sector.

Thus, considering the funds requirements of the Company over next 3 to 4 years, the Board in its Meeting held on August 13, 2020, accorded approval for seeking the approval of shareholders for enhancing the current limit of ₹4,00,000 crore to ₹6,00,000 crore in Indian Rupees and an amount equivalent to US\$ 8,000 million (8 billion US Dollars only) may be enhanced to 15,000 million (15 billion US Dollars only) in any foreign currency over and above the aggregate paid up capital of the Company and its free reserves (that is to say reserve not set apart for any specific purpose).

The Board further recommends the Resolution given at Sr. No. 6 of this notice for your approval as Special Resolution.

The Directors or Key Managerial Personnel or their relatives do not have any concern or interest, financial or otherwise, in passing of the said Resolution, except to the extent of their shareholding in the Company.

### **Item No. 7**

The following statement sets out the material facts relating to the special business mentioned in Item No.7 of the accompanying Notice:

The Company is a CPSE under the administrative control of Ministry of Power, Government of India and a notified

public financial institution under the provisions of the Companies Act, 2013 as also a systemically important non-deposit taking Non-Banking Financial Company (NBFC) classified as an Infrastructure Finance Company by the Reserve Bank of India. The Company is engaged in providing financial assistance to Power Utilities for meeting financing and development requirements of the Power Sector. To tap the emerging business opportunities in the changed business environment it is proposed to expand the objects of the Company by amending the object clause of Memorandum of Association.

Pursuant to the approval of Ministry of Power, Govt. of India vide letter no. F.No.24-3/2/2019-PFC (MoP) dtd. July 13, 2020, the Board approved alteration of the Memorandum of Association of the Company and the approval of the members of the Company has been sought for the same.

The proposed change of object clause requires the approval of shareholders through Special Resolution pursuant to the provisions of Section 13 of the Companies Act, 2013.

The gist of amendments proposed is as under:

- (i) Renaming of heading of Clause III(A) as "OBJECTS FOR WHICH THE COMPANY IS ESTABLISHED" from the existing heading "The main objects to be pursued by the Company on its incorporation are".
- (ii) Merging existing Clause III B titled 'Objects incidental or ancillary' and existing Clause III C titled 'Other objects' of the Memorandum of Association, into new Clause III (B) to be titled 'MATTERS WHICH ARE NECESSARY FOR FURTHERANCE OF THE OBJECTS and consequent re-numbering, without any changes to the content.

(iii) Following Modification/Addition in the existing 11 Main Objects in Clause III (A) subsumed into 6 Clauses viz. A-1 to A-6 as under:

Existing Clause III (A) of Memorandum of Association		Proposed Clause III (A) of Memorandum of Association	
Clause No.	Description	Clause No.	Description
1	To finance power projects, in particular thermal & hydro-electric projects.	1	To finance projects, activities or works of creation, up-gradation, renovation, improvement, maintenance, repair, modernisation, modification, replacement, augmentation, etc. related to generation, transmission, distribution or supply of power of any form including power from sources of renewable energy.
2	To finance power transmission and distribution works.		
3	To Finance renovation and modernisation of power plants aimed at improving availability and performance of such plants.	2	To finance projects, activities or works including electrification works of creation, up-gradation, renovation, improvement, maintenance, repair, modernisation, modification, replacement, augmentation, etc. of electrical and electromechanical systems, standalone or that are part of large projects e.g. Projects of Lift Irrigation, Sewage treatment plant, Smart City, Electrification of railway line, etc.
4	To finance system improvement energy conservation schemes.	3	To finance projects, activities, schemes for energy conservation, energy efficiency and environmental aspects of power including cogeneration/tri-generation/combined heat and power, waste heat recovery system(s), e-vehicle(s) and setting up of Charging Stations.
5	To finance maintenance & repair of capital equipment including facilities for repair of such equipment, training of engineers & operating & other personnel employed in generation, transmission and distribution of power.	4	To finance projects for establishment, expansion, modernisation, operations, maintenance of units for manufacturing of capital equipment(s) required in power sector including renewable energy & allied sectors.
10	To finance manufacturing of Capital equipment required in Power sector.		

Existing Clause III (A) of Memorandum of Association		Proposed Clause III (A) of Memorandum of Association	
Clause No.	Description	Clause No.	Description
8	To finance promotion and development of other energy sources including alternate and renewable energy sources.	5	To finance projects, works and activities having a forward or backward linkage with power projects included in Clause A1, including but not limited to development of coal and other mining activity(ies) for use as fuel or other fuel supply arrangements for power sector, laying of railway line(s), road(s), bridge(s), port(s), jetty(ies) and harbour(s), gas pipeline(s), gas terminal(s) & to meet such other enabling infrastructure facility(ies) that may be required for a power project included in Clause A1.
11	To finance and to provide assistance for those activities having a forward and backward linkage, for the power projects, including but not limited to, such as development of coal and other mining activities for use as a fuel in power project, development of other fuel supply arrangements for power sector, electrification of Railway lines, laying of railway lines, roads, bridges, ports and harbours & to meet such other enabling infrastructure facilities that may be required.		
6	To finance survey and investigation of power projects.	6	To finance studies, surveys, investigations, research on any project, activity, or work covered in Clauses A1 to A4 and to carry out any activity including consultancy, training, etc. to promote the business interest of the Company in any of the Clauses A1 to A5.
7	To finance studies, schemes, experiments and research activities associated with various aspects of technology in power development and supply		
9	To promote, organise or carry on consultancy services in the related activities of the Company.		

A copy of the proposed MOA of the Company would be available for inspection for the Members electronically, upon Log-in to Company's website at [www.pfcindia.com](http://www.pfcindia.com), till the date of AGM.

The Board recommends the resolution given at Sr. No. 7 of this notice for your approval as a Special Resolution.

Further, no other Directors or Key Managerial Personnel or their relatives have any concern or interest, financial or otherwise, in passing of the said Resolution, except to the extent of their shareholding in the Company.

## DETAILS OF THE DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT AT 34TH AGM UNDER ITEM NO. 3 AND 5

Name	Shri P. K. Singh	Smt. Parminder Chopra
<b>Date of Birth and Age</b>	20.01.1962/58	30.04.1967/53
<b>Qualification</b>	B. Tech (Electrical) from IIT – BHU, M. Tech – Energy & Environment Management from IIT Delhi and Global Energy MBA, Bayer College of Business, University of Houston, USA	Bachelor's degree in Commerce and is a qualified Cost Accountant and MBA.
<b>Date of Appointment</b>	10.08.2018	01.07.2020
<b>Terms and Conditions of Appointment</b>	Appointed as Director (Commercial) by President of India through Ministry of Power till the date of his superannuation or until further orders, whichever is the earlier.	Appointed as Director (Finance) by President of India through Ministry of Power till the date of her superannuation or until further orders, whichever is the earlier.
<b>Remuneration</b>	As per standard terms of appointment issued by President of India through Ministry of Power.	As per standard terms of appointment issued by President of India through Ministry of Power.
<b>Expertise in Functional Areas</b>	Prior to taking over as Director (Commercial), Shri Singh, has served as Executive Director (Projects) in PFC. He worked in various units of Projects Division in PFC for over 24 years. Earlier he had also worked for BHEL & CIL for over 9 years. He has been representing PFC in various committees of Govt. of India. Shri Singh is also Nominee Director of PFC on the Board of REC Limited since June 18, 2019. Shri Singh has been given additional charge of Director (Projects), PFC in addition to his current portfolio w.e.f. June 1, 2020. Shri Singh has been representing PFC in various committees of Government of India. He also holds Directorships on Board of PFC Consulting Limited and SPV created for implementation of UMPP. He also served as appellate authority for RTI purposes in PFC.	She has more than 32 years of experience in power sector, serving in key power sector organizations like National Hydroelectric Power Corporation of India (NHPC) and Power Grid Corporation of India (PGCIL). She joined PFC in 2005 and was working as an Executive Director(Finance) before assuming charge as Director(Finance), PFC. She has handled a gamut of finance portfolios such as resource mobilization from domestic as well as international markets, banking & treasury, asset-liability management, stressed assets resolution etc.
<b>Number of Meetings of the Board held during the year and number of Board Meetings attended</b>	13/13	NA
<b>Relationship with any other Director, Manager and other KMP of the Company</b>	Nil	Nil
<b>Number of shares held in the Company</b>	32,194	2,000
<b>Directorship in other companies</b>	<ul style="list-style-type: none"> <li>• Coastal Karnataka Power Ltd.</li> <li>• Sakthigopal Integrated Power Co. Ltd.</li> <li>• Jharkhand Infra Power Ltd.</li> <li>• Ghogharpalli Integrated Power Co. Ltd.</li> <li>• PFC Consulting Ltd.</li> <li>• Orissa Integrated Power Limited</li> <li>• REC Ltd.</li> </ul>	<ul style="list-style-type: none"> <li>• Coastal Tamil Nadu Power Limited</li> <li>• Cheyyur Infra Limited</li> <li>• PFC Consulting Limited</li> <li>• Bihar Mega Power Limited</li> <li>• Deoghar Mega Power Limited</li> <li>• Chhattisgarh Surguja Power Limited</li> <li>• Tatiya Andhra Mega Power Limited</li> <li>• PTC India Limited</li> </ul>
<b>Chairman/ Membership of committees* across all public companies</b>	<p><b>Power Finance Corporation Limited</b></p> <ul style="list-style-type: none"> <li>• Member, Audit Committee (By virtue of holding the additional charge of Director (Project))</li> </ul>	<p><b>Power Finance Corporation Limited</b></p> <ul style="list-style-type: none"> <li>• Member, Stakeholders Relationship and Shareholder'/Investor' Grievance Committee</li> </ul>

\* Does not include Chairmanship/Membership in Board Committees other than Audit Committee and Shareholders' Grievance Committee.

## Directors' Profile



### SHRI RAVINDER SINGH DHILLON

*Chairman and Managing Director*  
DIN: 00278074

Shri Ravinder Singh Dhillon, 57 years, is the Chairman and Managing Director (CMD) of PFC. As CMD, PFC he is spearheading entire operations of PFC and also playing a critical role in implementation of key power sector initiatives of Govt. of India, namely Liquidity Package to Power Sector under Atmanirbhar Bharat Scheme, Integrated Power Development Scheme, 24X7 Power for All, Ultra Mega Power Projects, Independent Transmission Projects and Ujjwal Discom Assurance Yojana.

He has over 35 years of varied experience spread across the entire value chain of power sector. His diverse work experience covers 3 years in Bharat Heavy Electricals Ltd. designing power generating equipment, 6 yrs in Central Electricity Authority with macro level planning of power systems, and 26 yrs in PFC, playing a key role in project appraisal, financial modeling, project monitoring & stressed asset resolution.

Prior to being appointed as the Chairman and Managing Director of PFC, Mr. Dhillon held the post of Director (Projects), where he was responsible for business growth & asset quality. Under his leadership, PFC increased its focus on Renewable Energy business and refinancing of commissioned assets. He has also spearheaded PFC's business diversification efforts both by cross border funding and expanding business into new market segments.

Shri Dhillon holds B.E. (Electrical) degree from Thapar Institute of Engg. & Tech., and M. Tech. in Power Systems from IIT Delhi.

Shri Dhillon, was holding 27050 equity shares in the Company as on March 31, 2020.



### SHRI PRAVEEN KUMAR SINGH

*Director (Commercial) & Additional  
Charge Director (Projects)*  
DIN: 03548218

Shri Praveen Kumar Singh, 58 years, holds B.Tech. (Electrical) from IIT-BHU and M. Tech in Energy & Environment Management from IIT, Delhi. He has also completed "Global Energy MBA Program" from Bayer College of Business, University of Houston, USA. Prior to taking over as Director (Commercial), Shri Singh, has served as Executive Director (Projects) in PFC. He worked in various units of Projects Division in PFC for over 24 years. Earlier he had also worked for BHEL & CII for over 9 years. He has been representing PFC in various committees of Govt. of India. Shri Singh is also Nominee Director of PFC on the Board of REC Limited since June 18, 2019. Shri. Singh has been given additional charge of Director (Projects), PFC in addition to his current portfolio w.e.f. June 01, 2020. Shri Singh has been representing PFC in various committees of Government of India. He also holds Directorships on Board of PFC Consulting Limited and SPV created for implementation of UMPP. He also served as appellate authority for RTI purposes in PFC.

Shri Praveen Kumar Singh was holding 32194 equity shares in the Company as on March 31, 2020.



### SMT. PARMINDER CHOPRA

*Director (Finance)*  
DIN: 08530587

Smt. Parminder Chopra, 53 years, holds a Bachelor's degree in Commerce and is a qualified Cost Accountant and MBA. She took over the charge of Director (Finance), Power Finance Corporation Ltd. on July 1, 2020. She has more than 32 years of experience in power sector, serving in key power sector organizations like National Hydroelectric Power Corporation of India (NHPC) and Power Grid Corporation of India (PGCIL). She joined PFC in 2005 and was working as an Executive Director(Finance) before assuming charge as Director(Finance), PFC. She has handled a gamut of finance portfolios such as resource mobilization from domestic as well as international markets, banking & treasury, asset-liability management, stressed assets resolution etc.

Smt. Parminder Chopra, was holding 2000 equity shares in the Company as on March 31, 2020.



**SHRI MRITUNJAY KUMAR NARAYAN**

*Govt. Nominee Director*  
DIN: 03426753

Shri Mritunjay Kumar Narayan, an Indian Administrative Service (IAS) officer of 1995 batch, Uttar Pradesh Cadre, is Joint Secretary in Ministry of Power. He has done B. Tech and M. Tech in Electrical Engineering from Indian Institute of Technology (IIT), Kanpur. He has also done M.Sc. in Public Policy and Management from King's College, London and LLB from Lucknow University.

In a career spanning about 25 years, he has had experience of working in various positions in the State of Uttar Pradesh. Prior to joining Ministry of Power as Joint Secretary, he had been Secretary to the Hon'ble Chief Minister, Uttar Pradesh for two years and a quarter. This position gave him over-arching experience of the entire gamut of governance in the State. He has wide experience of policy formulation and implementation as well. He had held position as Commissioner, Commercial Tax and Entertainment Tax for more than two years; these departments contribute more than 60% of tax revenue of the State. At the cutting age of administration, he has held nearly every field position in the State of Uttar Pradesh from Sub-Divisional Magistrate to Chief Development Officer to Collector to Divisional Commissioner. He also served as Director on the Board of Lucknow City Transport Services Limited and Meerut City Transport Services Limited. He is also on the Board of REC Limited and PTC India Limited as Government Nominee Director.



**SMT. GOURI CHAUDHURY**

*Independent Director*  
DIN: 07970522

Smt. Gouri Chaudhury, 78, is an Independent Director on the Board of PFC since November 3, 2017. She is M.A. in English and Sangeet Prabhakar (Sitar).

She is a Social Worker and had been a member of the Telephone Advisory Board (TAC) and Member of Film Censor Board.

Smt. Gouri Chaudhury was holding Nil equity shares in the Company as on March 31, 2020.



**SHRI R. C. MISHRA**

*Independent Director*  
DIN: 02469982

Shri R.C. Mishra started his career as a Management Trainee in The Punjab National Bank in 1977. Subsequently he joined the Indian Administrative Service (IAS) in 1978. He holds Master degree in Science (M.Sc.) from University of Allahabad and Master degree in Business Administration (M.B.A) from University of Ljubljana, Slovenia. During his Long career spanning around 4 decades, he held several important positions in various Public Enterprises/Institutions, State Government of Manipur and the Government of India including Additional Secretary, Ministry of Urban Development, Govt. of India, Executive Director, Broadcasting Corporation of India (Prasar Bharati), Joint Secretary Ministry of Information and Broadcasting, Govt. of India, Secretary Finance, Govt. of Manipur, Secretary Power Govt. of Manipur, Secretary/Director Industries, Govt. of Manipur, Secretary Education, Government of Manipur, Secretary Tourism, Govt. of Manipur etc.

His last assignment before superannuation in November 2012 was as Chief Provident Fund Commissioner and CEO of Employees Provident Fund Organization – a national level public body – in the grade and pay of Secretary to the Govt. of India. After retirement from IAS, he worked as Member and Acting Chairman, Appellate Authority for Industrial and Financial Reconstruction (AAIFR) under the Department of Financial Services, Ministry of Finance, Govt. of India.

Shri Mishra has a strong academic interest, particularly, in the field of Public Policy and leveraging technology in delivery of Public Services. He prepared various reports/papers for national and international organizations of repute. He worked as Senior Visiting Fellow with the United Nations Environment Program (UNEP). He was also associated with several international bodies in various capacities including UNEP, UNESCO and UNICEF etc.

Shri R. C. Mishra, was holding Nil equity shares in the Company as on March 31, 2020.

# Report of The Board of Directors

## FY 2019-2020

To  
The Members,  
Power Finance Corporation Limited

Your Directors are pleased to present their 34<sup>th</sup> Annual Report on the performance of your company for the financial year ended March 31, 2020 along with Audited Financial Statements, Auditor's Report, Secretarial Auditor's Report & Report by the Comptroller and Auditor General of India.



### 1.0 FINANCIAL AND OPERATIONAL HIGHLIGHTS

- Total Income achieved during the FY 2019-20 was up by 16% to ₹33,371.06 crore
- Net Interest Income during the FY 2019-20 increased by 7% to ₹10,097.23 crore.
- Delivered a Net Profit of ₹5,655.14 crore during FY 2019-20.
- Dividend of ₹9.50 paid per equity share in FY 2019-20 as against nil dividend during FY 2018-19. The dividend pay-out for the FY 2019-20 amounts to ₹2,508.08 crore representing 44.35% of the profits after tax.
- Total expenditure for the FY 2019-20 amounted to ₹25,178.52 crore. Out of it, Finance cost amounted

to ₹21,853.19 crore. This constituted 86.79% of total expenses in FY 2019-20. During FY 2019-20, Employee Benefit expenses and other expenses, which includes administrative and office expenses were ₹282.73 crore (1.12% of total expenses and 1.29% of finance cost) against ₹282.40 crore (1.49% of total expenses and 1.49% of finance cost) in the previous year.

- Sanctioned loans of ₹1,11,089 crore during the FY 2019-20 to State, Central, Private and Joint Sector entities. An amount of ₹67,997 crore was disbursed during the same period.
- Gross Loan Asset book as on FY 2019-20 stood at ₹3,44,905 crore. The outstanding borrowing as on FY 2019-20 stood at ₹3,03,452 crore.

- During FY 2019-20, PFC inked a landmark deal with German development bank KfW for a 200 million euro loan, to be on lent for development of the distribution infrastructure of state-owned companies
- The recovery rate for the performing loan assets for the FY 2019-20 is 98.70%.
- Provision of 53% (₹14,748 crore) towards Stage-III Loan Assets as at the end of FY 2019-20. The Net Stage-III

Assets stands at ₹13,123 crore as on March 31, 2020, which is 3.80% to the Total Gross Loan Assets, the lowest net NPA levels in last 3 years.

- As on March 31, 2020, the Government of India's shareholding is 55.99%.
- PFC's robust financials inspire higher levels of confidence amongst investors, regulators and other stakeholders in your company.

## 2.0 FINANCIAL PERFORMANCE OVERVIEW

### (a) Profitability

(₹ in crore)

Particulars	Standalone		Consolidated	
	2019-20	2018-19	2019-20	2018-19
<b>Total Income</b>	<b>33,371.06</b>	<b>28,766.31</b>	<b>62,275.36</b>	<b>54,156.83</b>
Profit Before Tax	8,192.54	9,815.79	14,092.67	17,862.03
Tax expenses	2,537.40	2,862.87	4,615.42	5,221.76
<b>Profit After Tax</b>	<b>5,655.14</b>	<b>6,952.92</b>	<b>9,477.25</b>	<b>12,640.27</b>
Owners of the Company	-	-	7,122.13	9,920.86
Non-Controlling Interests	-	-	2,355.12	2,719.41
<b>Total Comprehensive Income</b>	<b>5,320.51</b>	<b>6,745.95</b>	<b>8,588.64</b>	<b>12,372.52</b>
Owners of the Company	-	-	6,495.85	9,681.81
Non-Controlling Interests	-	-	2,092.79	2,690.71

### (b) Reserve & Surplus

(₹ in crore)

Particulars	Standalone		Consolidated*	
	2019-20	2018-19	2019-20	2018-19
<b>Opening balance of Surplus</b>	<b>6,202.53</b>	<b>3,848.43</b>	<b>9,029.56</b>	<b>6,887.10</b>
Profit After Tax for the year	5,655.14	6,952.92	7,122.13	9,920.86
Re-Measurement of Defined Benefit Plans	(5.01)	(1.94)	(6.14)	(8.57)
Transfer towards Reserve for Bad & Doubtful Debts u/s 36(1) (vii) (c) of Income Tax Act, 1961	(304.81)	(353.42)	(481.94)	(497.44)
Transfer to Special Reserve created and maintained u/s 36(1) (viii) of Income Tax Act, 1961	(1,350.13)	(1,577.91)	(2,151.40)	(2,274.58)
Transfer to Special Reserve created u/s 45-IC (1) of Reserve Bank of India Act, 1934	(1,131.02)	(1,390.58)	(1,645.79)	(1,997.46)
Transfer to Debenture Redemption Reserve	-	(289.73)	(25.87)	(393.21)
Transfer to General Reserve	-	(1,000.00)	-	(1,000.00)
Transfer to Interest Differential Reserve-KFW Loan (net)	(1.40)	(2.10)	(1.40)	(2.10)
Dividends	(2,508.08)	0.00	(2,508.08)	(1,325.29)
Dividend Distribution Tax	(264.79)	0.00	(514.99)	(299.35)
Transfer from Debenture Redemption Reserve on account of utilisation	-	2.30	-	2.30
Transfer from OCI- Equity Instruments	(249.96)	14.56	(295.33)	14.56
Other Comprehensive Income/(Expense)	-	-	(0.20)	(0.11)
Reclassification of gain/loss on sale of equity instrument measured at OCI	-	-	-	2.85
Pooling of interest accounting for common control business combination	-	-	-	-
Impairment Reserve	-	-	(417.55)	-
Adjustments	(0.07)	-	(22.82)	-
<b>Closing Balance of Surplus</b>	<b>6,042.40</b>	<b>6,202.53</b>	<b>8,080.18</b>	<b>9,029.56</b>

\* Attributable to owners of the Company (PFC)

Note: Figures of the previous year have been regrouped/rearranged wherever necessary, in order to make them comparable



### 3.0 OPERATIONAL PERFORMANCE OVERVIEW

#### (a) Asset Quality

(₹ in crore)

Particulars	FY 2019-20	FY 2018-19
Gross Loan Assets	3,44,905	3,14,667
Stage III Assets	27,872	29,540
Provision on Stage III Assets	14,749	15,208
Gross Stage III (NPA) as % of Gross Loan Assets	8.08%	9.39%
Net Stage III (NPA) as % of Gross Loan Assets	3.80%	4.55%

#### (b) Sanction/Disbursement (excluding R-APDRP/IPDS)

(₹ in crore)

Category	FY 2019-20		FY 2018-19	
	Sanctions	Disbursements	Sanctions	Disbursements
State Sector	84,395	55,848	71,971	58,734
Central Sector	6,550	1,006	1,221	819
Joint Sector	1,873	2,326	5,976	3,608
Private Sector	18,270	8,817	16,063	4,516
<b>Total</b>	<b>1,11,089</b>	<b>67,997</b>	<b>95,230</b>	<b>67,678</b>

### 4.0 BORROWINGS

#### 4.1 Deposits

Your Company is a non-deposit taking NBFC, and thus has not accepted any public deposits during the FY 2019-20. Further, no Perpetual Debt Instruments (PDI) were issued by your company during FY 2019-20.

#### 4.2 Borrowings from Domestic Market

The major borrowings from Domestic market during the FY 2019-20 are given as follows:-

(₹ in crore)

S. No.	Source	Amount
1.	Commercial Paper (Maturity Value)	9,000.00
2.	Bonds –Private Placement	36,353.60
3.	Rupee Term Loans	22,325.00
4.	54 EC Capital Gain Tax Exemption Bonds	1,134.44
	<b>TOTAL</b>	<b>68,813.04</b>

Further, for maintaining adequate liquidity, credit lines to the tune of ₹11,070 crore were sanctioned as on March 31, 2020 by various scheduled commercial banks to the company for short term funding generally without any commitment charges.

#### 4.3 External Borrowings

The foreign currency denominated borrowings during FY 2019-20 are as follows:

(₹ in crore)

S. No.	Source	Amount
1.	Bonds under GMTN programme	17,537
2.	Syndicated Loans	3,854
	<b>TOTAL</b>	<b>21,391</b>

#### Green Bonds

PFC established its Green Bond Framework in October, 2017 as approved by Climate Bonds Initiative (CBI),

London, UK. In this context, an agreement was executed between PFC & Climate Bonds Initiative.

Your Company issued its first USD Green bond in December, 2017 and raised US \$400 million at a coupon of 3.75% and these bonds are listed on the London Stock Exchange's new International Securities Market (ISM) and Singapore Stock Exchange. A generalised annual update to the holders of the bonds, as required under the agreement for climate bond certification is as follows:-

The funds raised under Green bonds have been utilised to finance renewable energy projects as per the "Eligible Projects" under PFC's Green Bond Framework. As at March 31, 2020, outstanding loan balances of Solar & Wind energy projects funded by PFC are ₹10,552 crore & ₹7,864 crore respectively. Accordingly, PFC green bond portfolio is more than the loan outstanding under the green bond.

### 5.0 PARTICULARS REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS & OUTGO

#### 5.1 Conservation of Energy/ Technology Absorption

There are no significant particulars, relating to conservation of energy and technology absorption as your Company does not own any manufacturing facility.

#### 5.2 Foreign Exchange Earnings and Outgo

The Foreign exchange outgo aggregating ₹6,422.4 crore was made on account of debt servicing, financial & other charges, travelling and training expenses.

The Foreign exchange earnings for the FY 2019-20 were nil.

## 6.0 CREDIT RATING

- During FY 2019-20, Company's both long term & short term domestic borrowing programme (including bank loans) continued to be the highest rating.
- **Domestic Rating assigned by CRISIL, ICRA and CARE**
  - Long term domestic borrowing programme Rating - CRISIL AAA, ICRA AAA and CARE AAA
  - Short term domestic borrowing programme Rating - CRISIL A1+, ICRA A1+ and CARE A1+
- **International Rating**  
The Company's international credit ratings continue to be Baa3 and BBB- assigned by International Credit Rating Agencies Moody's and Fitch respectively.

## 7.0 RISK MANAGEMENT

### 7.1 Asset Liability Management

Your Company has put in place an effective Asset Liability Management System as per Asset Liability Management Policy formulated in line with the RBI's guidelines on Liquidity Risk Management Framework to manage the liquidity and interest rate risks. Measurement and monitoring of Liquidity risk is done through cashflow approach; and for Interest rate risk, it is done through traditional gap analysis technique as detailed in RBI guidelines. Such analysis is made on periodical basis in various time buckets and is used for critical decisions regarding the time, volume and maturity profile of the borrowings and creation of mix of assets and liabilities in terms of time period (short, medium and long-term) and in terms of fixed and floating interest rates. The details of the asset liability management maturity pattern are given at Note No. 47 of the Notes to Accounts of the Standalone Financial statements forming part of this Annual Report.

### 7.2 Foreign Currency Risk Management

Your Company has put in place Currency Risk Management (CRM) policy to manage risks associated with foreign currency borrowings. The Company enters into hedging transactions to cover exchange rate and interest rate risk through various instruments like forwards, options and swaps in line with RBI guidelines.

As on March 31, 2020, the total o/s foreign currency liabilities are USD 5,711 mn, JPY 65,448 mn & EUR 11 mn; out of which USD 2,050 mn & JPY 14,567 mn are hedged. Further, 66% of the FC portfolio with residual maturity up to 5 years has been hedged.

### 7.3 Integrated Enterprise Wide Risk Management

In order to manage risks faced by your Company, it has put in place an Integrated Enterprise Wide Risk Management Policy (IRM policy). For implementation of the policy, your Company has constituted a Risk Management Compliance Committee of Directors.

Under the IRM policy, the Company has to identify the principal risks which may have an impact on its profitability/revenues. In this regard, the Company has identified 11 significant risk parameters which arise from the Company's business model and from its use of financial instruments. These risk parameters cover the major operational risks, financial risks, market risks, regulatory risks etc. faced by the Company and are regularly assessed as per the prescribed Risk Assessment Criteria.

## 8.0 PFC & GOVERNMENT PARTNERSHIP

### 8.1 Independent Transmission Projects (ITPs)

Ministry of Power has also initiated Tariff Based Competitive Bidding Process for development and strengthening of Transmission system through private sector participation.

The objective of this initiative is to develop transmission capacities in India and to bring in the potential investors after developing such projects to a stage having preliminary survey work, identification of route, preparation of survey report, initiation of process of land acquisition for sub-stations, if any, initiation of process of seeking forest clearance, if required etc.

As on March 31, 2020 32 Special Purpose Vehicles (SPVs), 2 by PFC and other 30 by PFC Consulting Limited (wholly owned subsidiary) have been established for ITPs. Further in the month of May, 2020 PFCL has incorporated 5 new SPVs for development of transmission schemes. Out of 37 SPVs, 23 SPVs were transferred to the successful bidders and bidding process for 8 SPVs are under progress. Further, due to de-notification of schemes by MoP 3 SPVs were closed and other 3 SPVs are under process of closure.

### 8.2 Ultra Mega Power Projects (UMPPs)

Development of Ultra Mega Power Projects (UMPPs), with a capacity of about 4,000 MW each, adopting super critical technology is the initiative of Ministry of Power (MoP), Government of India for which your Company has been designated as the 'Nodal Agency' and Central Electricity Authority (CEA) as the Technical Partner by MoP.

PFC Consulting Limited (a wholly owned subsidiary of PFC) in conjunction with MoP and CEA undertake preliminary site investigation activities, land acquisition activities, site specific studies to obtain appropriate regulatory and other approvals for land, water, coal block, environment etc. necessary to conduct the bidding process. The successful bidder is then expected to develop and implement these projects.

Your Company incorporated a total of 19 wholly owned Special Purpose Vehicles (SPVs) for the UMPPs. Out of

these, 4 UMPPs have been transferred to successful bidders and as per the direction of MoP and respective State Governments, PFC/PFCCL is in the process of closure of 4 UMPPs.

Further, MoP is in the process of revision of Standard Bidding Documents(SBDs) and the bidding process for Odisha UMPP would commence after the notification of revised SBDs by MoP. The developmental work for rest of the UMPPs are under progress.

### 8.3 Integrated Power Development Scheme (with Restructured Accelerated Power Development and Reform Programme (R-APDRP) SUBSUMED IN IT)

- a) In order to provide impetus to strengthening of power distribution sector in urban areas and extend financial assistance against capital expenditure for addressing the gaps in sub transmission & distribution network and metering in urban areas to supplement the resources of DISCOMs/Power Departments, Ministry of Power, Government of India launched "Integrated Power Development Scheme" (IPDS) on December 3, 2014. The scheme has been sanctioned under 3 main heads -
- i. Strengthening of sub-transmission and distribution networks in the urban areas covering new substations, new lines, replacement of old lines/cables, Aerial Bunched and Underground cabling, metering etc.
  - ii. IT based technologies like IT enablement of smaller towns and ERP
  - iii. New Technologies like Gas Insulated Sub-stations(GIS) and Real Time-Data Acquisition System (RT-DAS) projects

Erstwhile, R-APDRP Scheme has been subsumed in the IPDS Scheme.

The estimated outlay of the scheme is ₹32,612 crore including a budgetary support of ₹25,354 crore from Government of India during the entire implementation period.

R-APDRP scheme cost of ₹44,011 crore (with a budgetary support of ₹22,727 crore) as already approved by CCEA is also carried forward to IPDS in addition to the outlay of ₹32,612 crore.

#### b) Other developments:

- IT and Technical interventions undertaken under the scheme is helping in improvement of Billing/Collection efficiency which will ultimately result in reduction in Aggregate Technical and Commercial (AT&C) losses. The reduction in

AT&C loss is already visible in many R-APDRP towns because of establishment of IT system and Part-B completion coupled with administrative and other measures.

- There has been an increase in transparency by way of capturing of data from 37,000+ 11 kV urban feeders in IT enabled towns on Urban Distribution Monitoring System under National Power Portal.
- The initiatives have helped in giving an impetus to Digital Economy which is evident from the fact that collection of over 50% revenue across IT enabled towns was through Digital means as per data captured on IPDS website.
- Gas Insulated Substations (GIS) have been commissioned for first time in Bihar, Karnataka, UP and NER States.
- 1912' - Short-code for 'Complaints on Electricity' is now operational in all Discoms on pan India basis.
- Capacity building/training of Utility personnel is also carried out under IPDS - RAPDRP to enhance their skill. PFC/MoP also organises workshops on project management, guidelines, best practices etc. for dissemination of information.



## c) Details of Sanctions/Disbursements under IPDS (R-APDRP scheme subsumed)

(₹ in crore)

Scheme	FY 2019-20		Cumulative upto March, 2020	
	Sanctioned project cost	Disbursements*	Sanctioned project cost	Disbursements*
<b>R-APDRP</b>	(613)	877	34,714	12,894
Part A (IT)	(432)	31	4,724	4,071
Part A (SCADA)	(45)	55	1,206	694
Part B	(136)	791	28,784	8,129
<b>IPDS</b>	-	<b>4,600</b>	<b>32,059</b>	<b>12,451</b>

Note: Negative sanction in 2019-20 indicates reduction in cost upon final closure of R-APDRP Projects. In addition, funds worth ₹578 crore (cumulative) have been released under J&K PMDP.

\* In addition to above, during FY 2019-20, ₹27 crore were released by MoP for re-imbusement of actual expenditure under 0.5% supporting/enabling activities under IPDS, ₹56 crore under Part-C including re-imbusement of PFC's actual expenditure of R-APDRP. Cumulatively, MoP has released an amount of ₹193 crore for nodal agency fee/enabling activities under IPDS and ₹528 crore under Part-C of R-APDRP.

## 9.0 INITIATIVES TOWARDS REFORMS AND RESTRUCTURING

### Categorisation of Utilities

For purposes of funding, your company classifies State Power Generation and Transmission entities into A++, A+, A, B and C categories. The categorisation (biannually) of State Power Generation entities is arrived based on the evaluation of entity's performance against specific parameters covering operational & financial performance including regulatory environment,

generation of audited accounts, etc. as per PFC categorisation policy.

In regards to State Power Distribution entities (including SEBs/entities with integrated operations), your company's categorisation policy provides for adoption of MoP's Integrated Ratings by aligning such ratings/gradings with PFC's standard categories of A+, A, B and C.

The categorisation enables PFC to determine credit exposure limits, pricing of loans and stipulation of security to the state power entities.

### Annual Report on the Performance of State Power Utilities

PFC publishes the Report on the Performance of State Power Utilities (SPUs) on an annual basis. The Report for the years 2015-16 to 2017-18 has been submitted to MoP & published online on PFC's website. The Report for the years 2016-17 to 2018-19 is under finalisation.

The Report provides a detailed view of the power sector & is a comprehensive study of the performance of the State Power Utilities on key financial and operational parameters. The Report contains key performance parameters e.g. profitability, gap between average cost of supply and average realisation (Rs/kwh), net worth, receivables, payables, capacity (MW), generation (Mkwh), AT&C losses (%) etc. and consumption pattern of the sector at utility, state, regional and national level.

## 10.0 PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS UNDER SECTION 186 OF COMPANIES ACT, 2013

Your Company is exempt from the provisions of Section 186 of the Companies Act, 2013.

However, the details of Investment are given at Note No. 11 of the Notes to Accounts of the Standalone Financial statements forming part of this Annual Report.



## 11.0 SUBSIDIARIES

### 11.1 REC Limited

During FY 2018-19, PFC acquired 103,93,99,343 equity shares of REC (representing 52.63% of the share capital of REC) and has since become the holding company and also a promoter of REC. Consequently, the following subsidiaries of REC as on March 31, 2020 have also become subsidiaries of PFC:

- i) REC Transmission Projects Company Limited
- ii) REC Power Distribution Company Ltd
- iii) Koderma Transmission Limited
- iv) Mandar Transmission Limited
- v) Dinchang Transmission Limited
- vi) Chandil Transmission Limited
- vii) Dumka Transmission Limited

REC is also a Systemically Important (Non-Deposit Accepting or Holding) Non-Banking Finance Company (NBFC) registered with Reserve Bank of India (RBI) as an Infrastructure Finance Company (IFC). Its business activities involve financing projects in the complete power sector value chain, be it generation, transmission or distribution. REC provides financial assistance to state electricity boards, state governments, central/state power utilities, independent power producers, rural electric cooperatives and private sector utilities.

During the FY 2019-20, the total income of REC was ₹29,885 crore and the net profit earned by REC during FY 2019-20 was ₹4,886 crore.

Further details about the operational and financial performance of the Company are available on its website i.e. [www.recindia.nic.in](http://www.recindia.nic.in).

### 11.2 PFC Consulting Limited

Your Company had been offering consultancy support to the Power Sector through PFC Consulting Limited, its wholly owned subsidiary incorporated on March 25, 2008. It is mandated to promote, organise and carry out consultancy services to the Power Sector and is also undertaking the work related to the development of UMPPs. PFCCL has been nominated as the 'Bid Process Coordinator' for selection of developer for the Independent Transmission Projects (ITPs) by Ministry of Power, GoI.

The Services offered by PFCCL are broadly in the following areas:

- Advisory services on issues emanating from implementation of Electricity Act 2003 like reform, restructuring, regulatory etc.

- Bid process management including Tariff based competitive bidding as per the Guidelines issued by MoP, GoI for various segments of Power Sector
- Project-structuring/ planning/ development/ specific studies, implementation monitoring, efficiency improvement projects
- Human Resource Management Plans
- Organisation performance improvement plans
- Coal block development
- Renewable and non-conventional energy project development including "Waste to Energy" Projects
- Project Management Activities under IPDS and DDUGJY Schemes
- Detailed Project Reports and selection of Implementation Agency for Smart Grid
- Bidding under DEEP Portal for procurement of Power (for Short Term, Medium Term & Pilot Schemes)
- GIS & Smart Metering
- Implementation of IT enabled ERP & RT-DAS

Till date, consultancy services have been rendered to 72 clients spread across 25 States/UTs by PFCCL. The total number of assignments undertaken as on date is 138.

Further, during the FY 2019-20, the total income of PFCCL was ₹118.07 crore vis-à-vis ₹70.17 crore in the previous FY 2018-19, net worth of PFCCL as on March 31, 2020 was ₹60.07 crore as compared to ₹91.74 crore on March 31, 2019 and the net profit earned by PFCCL during FY 2019-20 was ₹58.15 crore as against the corresponding net profit of ₹22.00 crore last fiscal.

- Further, your Company is designated by Ministry of Power, Government of India as the 'nodal agency' for facilitating development of Ultra Mega Power Projects and its wholly owned subsidiary i.e. PFC Consulting Limited is the 'Bid Process Coordinator' for Independent transmission projects. As on March 31, 2020, for the said purpose, the following Special Purpose Vehicles (SPVs) have been incorporated as subsidiaries/deemed subsidiaries of the Company:

- i) Chhattisgarh Surguja Power Limited (Previously known as Akaltara Power Ltd.)
- ii) Coastal Karnataka Power Limited
- iii) Coastal Maharashtra Mega Power Limited
- iv) Coastal Tamil Nadu Power Limited
- v) Orissa Integrated Power Limited
- vi) Sakhigopal Integrated Power Company Limited

- vii) Ghogarpalli Integrated Power Company Limited
- viii) Tatiya Andhra Mega Power Limited
- ix) Deoghar Mega Power Limited
- x) Cheyyur Infra Limited
- xi) Odisha Infrapower Limited
- xii) Deoghar Infra Limited
- xiii) Bihar Infrapower Limited
- xiv) Bihar Mega Power Limited
- xv) Jharkhand Infrapower Limited
- xvi) Tanda Transmission Company Limited \*
- xvii) Bijawar-Vidarbha Transmission Limited\*
- xviii) Shongtong Karcham-Wangtoo Transmission Limited\*
- xix) Vapi II North Lakhimpur Transmission Limited\*
- xx) Koppal-Narendra Transmission Limited\*
- xxi) Karur Transmission Limited\*

\* wholly owned subsidiaries of PFC Consulting Limited

**11.3** Power Equity Capital Advisors Private Limited (PECAP), a wholly owned subsidiary is dissolved vide Ministry of Corporate Affairs Notice dated June 30, 2020 and accordingly the name of the Company has been struck off from the records of Registrar of Companies

## **12.0 JOINT VENTURES, ASSOCIATE COMPANIES AND OTHER MAJOR INVESTMENTS (AS ON MARCH 31, 2020)**

### **12.1 Energy Efficiency Services Limited**

Energy Efficiency Services Limited (EESL) was incorporated on December 10, 2009. EESL was jointly promoted by Power Grid, NTPC, REC and PFC with 25% equity stake each for implementation of Energy Efficiency projects in India and abroad.

As on March 31, 2020, the Company along with its subsidiary REC holds 47.15% stake in equity share capital of EESL (24.97% directly and 22.18% through its subsidiary REC).

Based on the provisional financials of EESL for FY 2019-20, its turnover for the year was ₹1,934.07 crore (standalone). Further, the Profit Before Tax and Profit After Tax for the FY 2019-20 were ₹27.22 crore and ₹44.92 crore respectively.

### **12.2 PTC India Limited**

PTC India Limited (PTC) was jointly promoted by Power Grid, NTPC, NHPC and PFC. PFC has invested ₹12 crore in PTC which is 4.05% of PTC's total equity. PTC is the leading provider of power trading solutions in India, a Government of India initiated public-private partnership, whose primary focus is to develop a commercially vibrant power market in the country.

**12.3** PFC had invested in Power Exchange India Limited (PXIL). PFC's investment in equity shares of PXIL as on March 31, 2020 is ₹3.22 crore. Due to erosion of Net Worth of PXIL, PFC has provided the entire investment amount of ₹3.22 crore as provision for diminution in the value of investment in its books.

### **13.0 MEMORANDUM OF UNDERSTANDING WITH GOVT. OF INDIA**

Your Company has been consistently accorded 'Excellent' Rating by Government of India since FY 1993-94 except for FY 2004-05. For the FY 2018-19, your company was accorded 'Excellent rating'. The rating for FY 2019-20 is still awaited.

### **14.0 PRESIDENTIAL DIRECTIVES**

During last 3 years, Ministry of Power vide its letter dated May 10, 2018 issued Presidential Directives with regard to the pay scale revision for Board level and below Board level executives w.e.f. January 1, 2017 in accordance with DPE OMs dated August 3, 2017 and August 4, 2017. In line with the Presidential Directives, the pay scales for Board level and below Board level executives of your Company as well as other perks and allowances, etc. have been revised w.e.f. January 1, 2017.

### **15.0 CORPORATE SOCIAL RESPONSIBILITY**

The aim of your company's Corporate Social Responsibility and Sustainability Policy (CSR and Sustainability Policy) is to ensure that your Company becomes a socially responsible corporate entity committed to improving the quality of life of the society at large by undertaking projects for Sustainable Development, mainly focusing on fulfillment of Power and Energy needs of the society.

PFC has implemented its CSR and Sustainability Policy with all its earnest and zeal. To oversee the activities of CSR, PFC has in place a Board level CSR&SD Committee of Directors headed by an Independent Director.

During the year, PFC implemented wide range of activities in the field of Environment Sustainability, Skill development, Sanitation, Healthcare and supporting the differently abled. Further, as per DPE's mandate, PFC has also contributed to thematic areas i.e. School Education and Healthcare with preference given to Aspirational Districts.



For the FY 2019-20, the Board had approved the CSR budget of ₹135.86 crore.

The projects sanctioned in a year are completed in subsequent years and there is milestone linked payment to various stages of completion of the project. Further, as per the DPE guidelines, the CSR Budget is non-lapsable and any unspent amount is carried forward to the next year for utilisation for the purpose for which it was allocated.

Accordingly, the total amount required to be spent in the financial year amounted to ₹314.74 crore (i.e. ₹135.86 crore for FY 2019-20 and ₹178.88 crore carried forward from previous years), out of which ₹97.15 crore was spent during FY 2019-20.

The CSR Report under Companies (CSR Policy), Rules is annexed with Annual Report.

## 16.0 HRD INITIATIVES Development & Training

During FY 2019-20, the focus of conducting in house programs was maintained in order to ensure specific skill development in line with the corporate goals. Customised programs like training on KYC policy/Anti Money Laundering, General Management Program (GMP), Leadership & Team Building, Industrial Relations & Reservation Policy, Strategic Business Communication, Performance Management - Process and Significance, Outbound Experiential Learning Program for women employees, PV System Software Training etc. were organised along with other need-based programs.

During the year, 20 in-house training programs were organised by PFC for its employees. A total of 1915 man-days were achieved through conducting various in-house programs and by sponsoring PFC employees

to the programs organised by other training agencies.

### Recreational Activities

Your Company being a member of Power Sports Control Board (PSCB), PFC employees participated with full vigor and enthusiasm in various Inter-CPSU sports tournaments organised by the PSCB member organisations during the period, viz. Badminton Tournament, Carrom Tournament, Volleyball Tournament and Chess Tournament. PFC also organised various activities such as Debate Competition, Essay Writing Competition, Painting Competition and Slogan Writing Competition for its employees during Swachhta Pakhwada.

A Painting Competition was also organised for the employees' children during Swachhta Hi Seva campaign in September-October 2019. A cultural function was held in the month of October 2019 with the participation of PFC employees to mark the closing ceremony of Hindi month.

PFC observed Vigilance Awareness Week by organising various competitions for PFC employees such as Slogan Writing, Essay Writing and Pictorial Theme Representation during Oct.-Nov., 2019. To ensure healthy lifestyle and strong team skills, PFC organised regular health talks, and team building workshops during the year for its employees. A yoga session is conducted every evening for the interested employees after the office hours.

This year also marked many special initiatives undertaken exclusively for women employees of the Company, viz. participation in pinkathon-2019, self-defence coaching and sports competitions for women, etc. Around 40 women employees participated in Carrom, Chess and Table Tennis competitions organised under Inter-Division Women Sports Competitions.

### Human Resource Management

Your company has put in place effective human resource acquisition and maintenance function, which is benchmarked with best corporate practices designed to meet the organisational needs. This apart from other strategic interventions leads to an effective management of Human Resources thereby ensuring high level of productivity.

The Industrial Relations within the company has been very cordial and harmonious with the employees committing themselves entirely to the objectives of the company. There was no mandays lost during the year under review. The attrition during the period from April 1, 2019 to March 31, 2020 was 0.61%.

## Reservation of Posts

Group	Total Employees as on March 31, 2020	SCs	SC%	STs	ST%	OBC	OBC%
A	462	84	18.18%	28	6.06%	82	17.75%
B	5	1	20.00%	1	20.00%	0	0.00%
C	17	2	11.77%	1	5.88%	3	17.65%
D	0	0	0.00%	0	0.00%	0	0.00%
<b>Total</b>	<b>484</b>	<b>87</b>	<b>17.98%</b>	<b>30</b>	<b>6.20%</b>	<b>85</b>	<b>17.56%</b>

PFC makes all efforts to ensure compliance of the Directives and Guidelines issued by the Government of India from time to time pertaining to the welfare of SC/ ST/ OBC/ ESM/PwD employees. The steps taken include due reservations and relaxation as applicable under the various directives for direct recruitment as well as for promotions. Separate Liaison officers have been appointed to look into the matter of reservations.

## Representation of Women Employees

Your Company has women in important and critical functional areas. Women representations have gone across hierarchical levels. The Company provides equal growth opportunities for the women in line with Government of India philosophy on the subject. The women are well represented, with 20.68% of the total work force.

Group	Total Employees as on March 31, 2020	Number of Women Employees	Percentage of overall staff strength
A	462	98	21.21%
B	5	0	0.00%
C	17	3	17.65%
D	0	0	0.00%
<b>Total</b>	<b>484</b>	<b>101</b>	<b>20.87%</b>

PFC as part of its social responsibility makes all efforts to ensure compliance of the Directives and guidelines issued by the Government of India from time to time pertaining to the welfare of female employees.

## Internal Complaints Committee

An Internal Complaints Committee to examine the cases related to sexual harassment is in place under the Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act, 2013. The complaints received by the Committee are being dealt in line with the provisions in the Act.

- Number of complaints filed during FY 2019-20: 01
- Number of complaints disposed of during FY 2019-20: Nil
- Number of complaints pending as on end of FY 2019-20: 01

## 17.0 DIRECTORS' RESPONSIBILITY STATEMENT

As required under Section 134(5) of the Companies Act, 2013, it is confirmed that:

- in the preparation of the annual accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures;
- such accounting policies have been selected, applied consistently and judgments & estimates

made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;

- proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of Companies Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
- the accounts have been prepared on a going concern basis;
- the company has laid down internal financial controls to be followed and that such internal financial controls are adequate and are operating effectively.
- the company has devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

## 18.0 STATUTORY AUDITORS

Gandhi Minocha & Co., Chartered Accountants and Dass Gupta & Associates, Chartered Accountants were appointed as Joint Statutory Auditors of the Company for FY 2019-20 by the Office of the Comptroller & Auditor General of India.



The Joint Statutory Auditors have audited the accounts of the Company for the FY 2019-20 and have given their report without any qualification, reservation, adverse remark or disclaimer. The copy of the audit report is annexed with Annual Report.

### Secretarial Auditor

Agarwal S. & Associates, Company Secretaries was appointed as the Secretarial Auditor of the Company for the FY 2019-20 by the Board of Directors of the Company.

The observations of the Secretarial Auditor and reply of the management on the observations, for the FY 2019-20 along with copy of the audit report is annexed with Annual Report.

### 19.0 COMMENTS OF COMPTROLLER & AUDITOR GENERAL OF INDIA

The Comptroller and Auditor General of India (C&AG) has mentioned that on the basis of audit, nothing significant has come to their knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report. The copy of the report of C&AG is annexed with Annual Report.

### 20.0 DETAILS OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

Our outsourced Internal Auditor M/s ASA & Associates LLP, Chartered Accountants, has evaluated and certified that the Company maintains an adequate system of internal financial controls which takes care of requirements under Companies Act, 2013 and Guidance Note of Institute of Chartered Accountants of India (ICAI).

The Statutory Auditors of the Company i.e. Gandhi Minocha & Co., Chartered Accountants and Dass Gupta & Associates, Chartered Accountants and have also given their Report on the Internal Financial Controls stating that the Company has, in all material respects, an internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020 based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

### 21.0 COMPLIANCE OF SECRETARIAL STANDARDS

The Company complies with all applicable mandatory secretarial standards issued by the Institute of Company Secretaries of India.

### 22.0 PARTICULARS OF REMUNERATION U/S 197(12) OF THE COMPANIES ACT, 2013 READ WITH RULE 5 OF COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

As per the provisions of Section 197(12) of the Companies Act, 2013 read with Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, every listed company is required to disclose the ratio of remuneration of each director to the median employees' remuneration and details of employees receiving remuneration exceeding the limits as prescribed from time to time in the Board's Report.

However, as per notification dated June 5, 2015 issued by the Ministry of Corporate Affairs, Government Companies are exempted from complying with provisions of Section 197 of the Companies Act, 2013. Therefore, such particulars have not been included as part of Board's Report.

### 23.0 ANNUAL RETURN LINK

An extract of the Annual Return in the prescribed format is annexed with the Annual Report.

### 24.0 REPORTING OF FRAUDS BY AUDITORS

During the year under review, neither the statutory auditors nor the secretarial auditor has reported to the audit committee, under Section 143(12) of the Companies Act, 2013, any instances of fraud committed against the Company by its officers or employees, the details of which need to be mentioned in the Board's Report.

### 25.0 DEBENTURE TRUSTEES

The details of Debenture Trustees appointed by the company for the different series of Bonds issued by your company are annexed with Annual Report.

### 26.0 STATUS OF UNCLAIMED AMOUNTS AND SHARES/DIVIDEND/BONDS TRANSFERRED TO IEPF ACCOUNT

#### Bonds

The total unclaimed and unpaid amount as on March 31, 2020 was ₹15.69 crore (principal plus interest). The unpaid/unclaimed amount of bonds transferred to IEPF during FY 2019-20 is ₹39,275.

#### Unclaimed Dividend-Equity

The unclaimed balance amount of dividend (equity) as on March 31, 2020 was ₹3.48 crore (rounded off). The unclaimed dividend of ₹48,55,157 became due for transfer during the year ended March 31, 2020 and was accordingly transferred to Investor Education and Protection Fund (IEPF).

#### Equity Shares transferred to IEPF

As per the provisions of Section 124(6) of the Companies Act, 2013 read with Rule 6 of IEPF Authority (Accounting,

Audit, Transfer and Refund) Rules, 2016 {IEPF Rules}, all shares in respect of which dividend has not been claimed for seven consecutive years, are required to be transferred by the Company to the Demat Account of the IEPF Authority. Accordingly, the Company has transferred 7,194 Equity shares (of ₹10/- each) in June, 2019 and 4,414 Equity shares (of ₹10/- each) in December, 2019. As on March 31, 2020, the number of equity shares held in Demat account to IEPF Authority were 48,123. Subsequently, 5,021 Equity shares (of ₹10/- each) were also transferred to the Demat Account of IEPF Authority in July, 2020.

The members who have a claim on the above dividend and shares may claim the same from IEPF Authority by submitting an online application in the prescribed Form No. IEPF-5 available on the website [www.iepf.gov.in](http://www.iepf.gov.in) and sending a physical copy of the same, duly signed to the Company, along with requisite documents enumerated in Form No. IEPF-5. No claims shall lie against the Company in respect of the dividends/shares, so transferred to the IEPF Authority.

#### Nodal Officer

Pursuant to Rule 7(2A) of the IEPF Rules, the following persons are the Nodal Officers of the Company:-

Nodal Officer	Shri Manohar Balwani, Company Secretary
Deputy Nodal Officer in respect of bonds/debentures	Ms. Samidha Jain, CGM (RM-II)

#### 27.0 EMPLOYEES STOCK OPTIONS PLAN (ESOP)

The Department of Public Enterprises (DPE), Ministry of Heavy Industries & Public Enterprises, Government of India, through its directions on pay revision had made it mandatory for all the Central Public Sector Enterprises (CPSEs) to formulate an Employee Stock Option Plan (ESOP) and pay 10% to 25% of the Performance Related Pay (PRP) of the employees in the form of ESOPs. In accordance with these directions of the DPE, the company had formulated an Employee Stock Option Plan. Subsequently, the Board of Directors had decided that 25% of the PRP of the employees should be given in the form of ESOPs. However, later in view of a clarification dated July 30, 2012 issued by DPE, this PRP based Stock Option Plan has been made optional. The details regarding ESOP are available on Company website i.e. [www.pfcindia.com](http://www.pfcindia.com). A certificate in this regard by statutory auditors will be placed at the ensuing AGM of the Company.

Further, as on date, there is no option pending for grant or exercise under the 'PFC-ESOP 2010'.

No option was granted/exercised to/by any employee during the year 2019-20.

#### 28.0 VIGILANCE

The Vigilance Unit functioned as an effective tool of management during the financial year 2019-20. Thrust of Vigilance Unit was being on Proactive/Preventive vigilance. This aspect was constantly emphasised by conducting periodic & surprise inspections of various units. During the period, the Vigilance Unit has also issued directions/effective guidelines to rationalise systems and procedures in order to eliminate gaps and confirming transparency in day to day operations. Information technology was used as an effective tool for providing on-line services to all the stakeholders and to enhance organisational efficiency. The Vigilance Unit carried out detailed investigation in respect of complaints registered during this period.

The Vigilance Unit continuously worked for systemic improvements with a view to increase transparency, objectivity and accountability in the operations of the company. Thus, it has contributed towards overall improvement in the functioning through efficiency and effectiveness of your company.

#### 29.0 OFFICIAL LANGUAGE

It is a matter of great pride that your Company has been awarded the First Prize in Public Sector Category in Region 'A' of 'Rajbhasha Kirti Puraskar' for the year 2018-19 by Rajbhasha Vibhag, Ministry of Home Affairs for its concerted efforts made in implementation of Official Language Policy. CMD, PFC received the prestigious award from Hon'ble Union Minister of Home Affairs, Sh. Amit Shah. The Prize has been received by your company for the 6th time in a row.

During the year, the Rajbhasha Unit organised 'Kabir: Antarman Ki Awaaz' dance-musical performance. Hindi Month was celebrated from September 14, 2019 to October 13, 2019 to create a Hindi oriented environment. During the Hindi Month, various competitions such as 'Vartani Shodhan', 'Shabd Vyuh bhedan' and 'Bujho to Jaane' were organised. On the eve of Closing Ceremony of 'Hindi Month', a Cultural Programme was organised in which employees of PFC presented a Cultural Programme comprising of various Indian Folk dances, Songs, Poetry, Playlet and Mimes etc. Two famous Hindi books namely 'Rashmirathi' and 'Madhushala' were also distributed to all the employees.

During the year, 8 Hindi workshops, 4 Seminars and a Special talk were organised in which 560 executives participated. Internal inspections of the units were also conducted in the form of Personal Contact Program. Meetings were also organised with 20 units of the Company for the purpose of reviewing the work being done in Hindi by these units.

Two Issues of House Journal 'Urja Deepti' were also published on 'Sahityakar Visheshank' and 'Bharat Ki Mahan Vibhutiyan'.



All these efforts were motivational tools in creating possibilities of better and progressive use of Hindi in the Company.

### **30.0 RIGHT TO INFORMATION ACT**

Your company has implemented the Right to Information Act, 2005 to provide information to the citizens of India and also to maintain accountability and transparency in the working of the company. The Company has designated a Public Information Officer (PIO) and First Appellate Authority (RTI) at its registered office for effective implementation of the Act. In compliance of Section 4 of the Act, the relevant information /disclosures are also made available on the official website ([www.pfcindia.com](http://www.pfcindia.com)) of the company. During FY 2019-20, your company received 128 RTI applications and 15 First Appeals and the same were duly disposed off under the Act. Your company has also complied with the requirement of filing of online RTI Quarterly Returns on the portal of Central Information Commission (CIC) for FY 2019-20.

Further, in accordance with the guidelines of OM No. 1/6/2011-IR dated 15.04.2013, your company engaged an independent professional for conducting a third party audit of all proactive disclosures placed on website ([www.pfcindia.com](http://www.pfcindia.com)) of the company. The said third party audit report is also available on the website.

### **31.0 GRIEVANCE REDRESSAL**

Your Company has a Grievance Redressal System for dealing with grievances of the public at large. The systems are duly notified and the Nodal Officers ensure quick redressal of grievances within the permissible time frame. Your Company has also notified Citizen's Charter to ensure transparency in its work activities. The Charter is available on the website of PFC to facilitate easy access.

### **32.0 DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS IMPACTING THE GOING CONCERN STATUS AND COMPANY'S OPERATIONS IN FUTURE**

No significant and material orders were passed by any regulator or court or tribunal impacting the going concern status and company's operations during the FY 2019-20.

### **33.0 DETAILS OF PROCUREMENT FROM MSEs**

The details of the procurements made from Micro, Small and Medium Enterprises (MSEs) during the FY 2019-20 and the targets for FY 2020-21 as required to be disclosed under Micro, Small and Medium Enterprises Development Act, 2006 along with Public Procurement Policy for Micro and Small Enterprises (MSEs) Order, 2012 is as under:

S. No.	Particulars	FY 2019-20 (₹ in crore)	Target for FY 2020-21 (₹ in crore)
I	Total annual procurement (in value)	33.55	40.28
II	Total value of goods and services procured from MSEs (including MSEs owned by SC/ST entrepreneurs)	13.77	10.07
III	Total value of goods and services procured from only MSEs owned by SC/ST entrepreneurs	0.039	1.61
IV	% age of procurement from MSEs (including MSEs owned by SC/ST entrepreneurs) out of total procurement	41%	25%
V	% age of procurement from only MSEs owned by SC/ST entrepreneurs out of total procurement	0.11%	4%
VI	Total number of vendor development programmes for MSEs	1	2
VII	Confirmation of uploading annual MSE procurement profile on your website by hyperlink of same	<a href="https://www.pfcindia.com/DocumentRepository/ckfinder/files/Statutory_Requirements/Codes_and_Policies/Public_Procurement_Policy_for_MSME/Annual_Procurement_Plan_2020_21.pdf">https://www.pfcindia.com/DocumentRepository/ckfinder/files/Statutory_Requirements/Codes_and_Policies/Public_Procurement_Policy_for_MSME/Annual_Procurement_Plan_2020_21.pdf</a>	

### 34.0 STATUTORY AND OTHER INFORMATION

Information required to be furnished as per the Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, DPE's Guidelines on Corporate Governance for CPSEs etc. is annexed to this report as follows:

Particulars	Annexure
Details of Debenture Trustees	A
Extract of Annual Return	B
Annual Report on CSR Activities	C
Disclosure of particulars of contracts/arrangements entered into by the company with related parties (AOC-2)	D
Management Discussion and Analysis Report	E
Integrated Reporting	F
Report on Corporate Governance	G
Business Responsibility Report	H
Secretarial Audit Report	I

### 35.0 ACKNOWLEDGEMENT

The Board of Directors place on record their appreciation for the co-operation, guidance and encouragement extended to the Company by the Government of India, Ministry of Power, Ministry of Finance, Ministry of Corporate Affairs, Reserve Bank of India, Department of Public Enterprises, Securities and Exchange Board of India, National Stock Exchange of India Limited, Bombay Stock Exchange Limited and other concerned Government departments/agencies at the Central and State level etc.

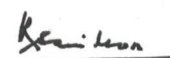
The Board also conveys its gratitude to the shareholders, various International and Indian Banks/Multilateral agencies/financial Institutions/ credit rating agencies

for the continued trust and for the confidence reposed by them in PFC. Your Directors would also like to convey their gratitude to the clients and customers for their unwavering trust and support.

The Company is also thankful to the Comptroller & Auditor General of India and the Statutory Auditors, Secretarial Auditor and Internal Auditors for their constructive suggestions and co-operation.

Your Directors also recognise and appreciate the untiring efforts and contributions made by the employees to ensure excellent all round performance of your Company.

For and on behalf of Board of Directors



(R. S. Dhillon)

Chairman and Managing Director  
DIN - 00278074

Place : New Delhi  
Dated : 1<sup>st</sup> September, 2020

## Annexure A of Board's Report

### Debenture Trustees appointed by the company for the different series of Bonds

Sl. No.	Name & Address of Trustee	Bond Series
1.	<b>IDBI Trusteeship Services Ltd</b> Vishawastha Bhavan, 1 Floor 218 Pratapganj Peth Satara-415002	8.85% TAXU BOND SERIES XXVIII
		8.60% TAX BOND SERIES-57 C
		8.50% TAXU BOND SERIES-61
		8.80% TAXU BOND SERIES-62B
		8.90% TAXU BONDS SERIES-63
		8.95% TAXU BOND SERIES-64
2.	<b>PNB Investment Services Limited,</b> 10 Rakeshdeep Building, Yusuf Sarai Commercial Complex, Gulmohar Enclave, New Delhi - 110049	8.70% TAXU PFC BONDS-65-SERIES
		8.65% TAXU PFC BONDS-66 A SERIES
		8.75% TAXU PFC BONDS-66 B SERIES
		8.85% TAXU PFC BONDS-66 C SERIES
		8.70% TAXU PFC BONDS-68 B SERIES
		8.78% TAXU PFC BONDS-70-SERIES
		9.05% TAXU PFC BONDS-71-SERIES
		8.99% TAXU PFC BONDS-72 B-SERIES
		9.18% TAXU PFC Bond Series - 73
		9.70% TAXU PFC Bond Series - 74
		9.61% TAXU PFC Bond Series - 75-C
		9.36% TAXU PFC Bond Series - 76-A
		9.46% TAXU PFC Bond Series - 76-B
		9.45% TAXU PFC Bond Series - 77-B
		7.51% SEC TAX FREE PFC BONDS - Series 79-A
		7.75% SEC TAX FREE PFC BONDS - Series 79-B
		8.09% SEC TAX FREE PFC BONDS - Series 80-A
		8.16% SEC TAX FREE PFC BONDS - Series 80-B
		9.30% TAXU PFC Bonds - Series 85-C
		9.26% TAXU PFC Bonds - Series 85-D
		9.48% TAXU PFC Bonds - Series 88-C
		infrastructure Bond(2011-12) tranche 1-Series -I
		infrastructure Bond(2011-12) tranche 1-Series -II
		infrastructure Bond(2011-12) tranche 1-Series -III
		Infrastructure Bond(2011-12) tranche 1-Series -IV
		8.43% Series I Private Placement
		8.43% Series II Private Placement
8.72% Series III Private Placement		
8.72% Series IV Private Placement		
3.	<b>Catalyst Trusteeship Ltd</b> (Formerly GDA Trusteeship Ltd.) GDA HOUSE, Plot No. 85, Bhusari Colony (Right), Paud Road, Pune - 411 038	7.21% Tax Free Bond Series 94-A
		7.38% Tax Free Bond Series 94-B
		7.22% Tax Free Bonds Series 95-A
		7.38% Tax Free Bonds Series 95 B
		9.29% PFC BOND SERIES 92-C
		8.84% PFC BOND SERIES 100-B
		9.00% PFC BOND SERIES 101-B
		8.90% PFC BOND SERIES 102-A (II)
		8.90% PFC BOND SERIES 102-A (III)
		8.94% PFC BOND SERIES 103
		9.20% PFC BOND SERIES 115-III
		9.37% PFC BOND SERIES 117-B
		9.39% PFC BOND SERIES 118-B-II
		9.39% PFC BOND SERIES 118-B-III
		8.98% PFC BOND SERIES 120-A
8.98% PFC BOND SERIES 120-B		
8.66% PFC BOND SERIES 123-C		

Sl. No.	Name & Address of Trustee	Bond Series
		8.55% PFC BOND SERIES 124-B
		8.48% PFC BOND SERIES 124-C
		8.65% PFC BOND SERIES 125
		8.65% PFC BOND SERIES 126
		8.20% PFC BOND SERIES 128
		8.42% PFC BOND SERIES 130-B
		8.39% PFC BOND SERIES 130-C
		8.38% PFC BOND SERIES 131-B
		8.41% PFC BOND SERIES 131-C
		Infrastructure Bond(2010-11) tranche 1-Series -I
		Infrastructure Bond(2010-11) tranche 1-Series -II
		Infrastructure Bond(2010-11) tranche 1-Series -III
		Infrastructure Bond(2010-11) tranche 1-Series -IV
		8.20% Public Issue of Tax Free Bond FY 2011-12
		8.30% Public Issue of Tax Free Bond FY 2011-12
<b>4.</b>	<b>Vistra ITCL (India) Ltd</b> (Formerly IL&FS Trust Company Ltd.) IL&FS Financial Centre Plot C- 22, G Block, BandraKurla Complex, Bandra(E), Mumbai 400051	Zero Coupon Bonds-(2022) XIX Series
		8.19% PFC SUBORDINATED TIER II - DEBT BOND SERIES 105
		8.01% TAX FREE BOND SERIES 107-A
		8.46% TAX FREE BOND SERIES 107-B
		9.65% PFC SUBORDINATED TIER II - DEBT BOND SERIES 111
		9.70% TAXABLE SECURED BOND SERIES 112 C
		9.70% PFC SUBORDINATED TIER II - DEBT BOND SERIES 114
		7.19% 10YRS TAX FREE BOND20 12-13 TR-1 SERIES 1
		7.69% 10YRS TAX FREE BOND20 12-13 TR-1 SERIES 1
		7.36% 15YRS TAX FREE BOND20 12-13 TR-1 SERIES 2
		7.86% 15YRS TAX FREE BOND20 12-13 TR -1 SERIES 2
		6.88 TAX FREE BOND20 12-13 TR 2
		7.388 TAX FREE BOND20 12-13 TR 2
		7.04 TAX FREE BOND20 12-13 TR 2
		7.54 TAX FREE BOND20 12-13 TR 2
		8.18% Tax Free Bonds 13-14 Series 1A
		8.43% Tax Free Bonds 13-14 Series 1B
		8.54% Tax Free Bonds 13-14 Series 2A
		8.79% Tax Free Bonds 13-14 Series 2B
		8.67% Tax Free Bonds 13-14 Series 3A
		8.92% Tax Free Bonds 13-14 Series 3B
<b>5.</b>	<b>Milestone Trusteeship Services Pvt Ltd</b> 402 A, Hallmark Business Plaza, Sant Dnyaneshwar Marg, Opp. Guru Nanak Hospital Bandra (E), Mumbai-400 051.	7.16% PFC BOND SERIES 136
		8.53% PFC BOND SERIES 137
		8.45% PFC BOND SERIES 138
		8.36% PFC BOND SERIES 140-B
		8.46% PFC BOND SERIES 141-A
		8.40% PFC BOND SERIES 141-B
		8.05% PFC BOND SERIES 146
		8.03% PFC BOND SERIES 147
		8.04% PFC BOND SERIES 149
		7.50% PFC BOND SERIES 150-A
		7.63% PFC BOND SERIES 150-B
		7.47% PFC BOND SERIES 151-A
		7.56% PFC BOND SERIES 151-B
		7.55% PFC BOND SERIES 152
		7.40% PFC BOND SERIES 153
		7.27% PFC BOND SERIES 154
		7.23% PFC BOND SERIES 155
		7.10% PFC BOND SERIES 156 - Gol Fully Serviced Bond
		6.83% PFC BOND SERIES 157
		7.18% PFC BOND SERIES 158 - Gol Fully Serviced Bond
		7.05% PFC BOND SERIES 159

Sl. No.	Name & Address of Trustee	Bond Series
		7.60% PFC BOND SERIES 160 - Gol Fully Serviced Bond
		7.50% PFC BOND SERIES 163
		7.75% PFC BOND SERIES 164 - Gol Fully Serviced Bond
		7.42% PFC BOND SERIES 165
		7.46% PFC BOND SERIES 166
		7.30% PFC BOND SERIES 167
		7.28% PFC BOND SERIES 168A
		7.44% PFC BOND SERIES 168B
		7.10% PFC BOND SERIES 169A
		7.30% PFC BOND SERIES 169B
		7.35% PFC BOND SERIES 170A
		7.65% PFC BOND SERIES 170B
		7.62% PFC BOND SERIES 171
		7.74% PFC BOND SERIES 172
		7.73% PFC BOND SERIES 173A
		7.73% PFC BOND SERIES 173B
		7.75% PFC BOND SERIES 175
		7.99% PFC BOND SERIES 176B
		7.85% PFC BOND SERIES 177
		5.25% PFC 54 EC BOND SERIES I
<b>6.</b>	<b>Beacon Trusteeship Ltd</b>	8.95% PFC BOND SERIES 178
	4C&D, Siddhivinayak Chambers	8.6 % PFC BOND SERIES 179(A)
	Gandhi Nagar, Opp.MIG Cricket Club	8.64% PFC BOND SERIES 179(B)
	Bandra(E), Mumbai 400051	8.75% PFC BOND SERIES 180
		8.45% PFC BOND SERIES 181
		8.20% PFC BOND SERIES 182
		8.18% PFC BOND SERIES 183
		9.25% PFC SUBORDINATED DEBT BOND SERIES 184(A)
		9.10% PFC SUBORDINATED DEBT BOND SERIES 184(B)
		8.98% PFC SUBORDINATED DEBT BOND SERIES 185
		8.79% PFC BOND SERIES 186
		8.20% PFC BOND SERIES 187(A)
		8.85% PFC BOND SERIES 187(B)
		8.10% PFC BOND SERIES 188
		8.15% PFC BOND SERIES 189
		8.25% PFC BOND SERIES 190
		7.35% PFC BOND SERIES 191
		7.42% PFC BOND SERIES 192
		7.93% PFC BOND SERIES 193
		7.04% PFC BOND SERIES 194
		7.86% PFC BOND SERIES 195
		7.41% PFC BOND SERIES 196
		7.41% PFC BOND SERIES 197
		5.75% PFC 54 EC BOND SERIES II
		5.75% PFC 54 EC BOND SERIES III

## Annexure B of Board's Report

## FORM NO. MGT-9

## EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2020

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

## I. REGISTRATION AND OTHER DETAILS:

i) CIN	L65910DL1986GOI024862										
ii) Registration Date	July 16, 1986										
iii) Name of the Company	Power Finance Corporation Limited										
iv) Category/Sub-Category of the Company	Public Company/Government Company, NBFC, Limited by Shares, Company having share capital										
v) Address of the Registered office and contact details	<table border="0"> <tr> <td><b>Registered Office</b></td> <td><b>Company Secretary</b></td> </tr> <tr> <td>'Urjanidhi',</td> <td>Shri Manohar Balwani</td> </tr> <tr> <td>1, Barakhamba Lane</td> <td>Tel: +91 11 23456020</td> </tr> <tr> <td>Connaught Place,</td> <td>Fax: +91 11 23456786</td> </tr> <tr> <td>New Delhi- 110001</td> <td>e-mail: <a href="mailto:investorsgrievance@pfcindia.com">investorsgrievance@pfcindia.com</a></td> </tr> </table>	<b>Registered Office</b>	<b>Company Secretary</b>	'Urjanidhi',	Shri Manohar Balwani	1, Barakhamba Lane	Tel: +91 11 23456020	Connaught Place,	Fax: +91 11 23456786	New Delhi- 110001	e-mail: <a href="mailto:investorsgrievance@pfcindia.com">investorsgrievance@pfcindia.com</a>
<b>Registered Office</b>	<b>Company Secretary</b>										
'Urjanidhi',	Shri Manohar Balwani										
1, Barakhamba Lane	Tel: +91 11 23456020										
Connaught Place,	Fax: +91 11 23456786										
New Delhi- 110001	e-mail: <a href="mailto:investorsgrievance@pfcindia.com">investorsgrievance@pfcindia.com</a>										
vi) Whether listed company Yes/No	Yes										
vii) Name, Address and Contact details of Registrar and Transfer Agent, if any	<p>KFin Technologies Private Limited Selenium Building, Tower-B, Plot No. 31 &amp; 32, Financial District, Nanakramguda, Serilingampally, Hyderabad-500032, Telangana, India Tel: +91 40 67162222 Email: <a href="mailto:einward.ris@kfintech.com">einward.ris@kfintech.com</a> Website: <a href="http://www.kfintech.com">www.kfintech.com</a></p>										

## II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

Sl. No.	Name and Description of main products/ services	NIC Code of the Product/ Service	% to total turnover of the company
1	Interest on Loans and Income from other services	64920 (Other Financial Services and Activities - Other Credit Granting)	100

## III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name of the company	CIN/GLN	Holding/ subsidiary/ associate	% of shares held	Applicable section
1	PFC Consulting Limited	U74140DL2008GOI175858	Subsidiary	100	Section 2(87) of the Companies Act, 2013
2	Power Equity Capital Advisors Private Limited	U65100DL2008PTC175845	Subsidiary	100	
3	REC Limited (Formerly Rural Electrification Corporation Limited)	L40101DL1969GOI005095	Subsidiary	52.63	
4	Coastal Maharashtra Mega Power Limited	U40102DL2006GOI146953	Subsidiary	100	
5	Sakhigopal Integrated Power Company Limited	U40108DL2008GOI178409	Subsidiary	100	
6	Orissa Integrated Power Limited	U40102DL2006GOI152423	Subsidiary	100	
7	Ghogarpalli Integrated Power Company Limited	U45207DL2008GOI178456	Subsidiary	100	
8	Coastal Karnataka Power Limited	U40102DL2006GOI146109	Subsidiary	100	
9	Tatiya Andhra Mega Power Limited	U40200DL2009GOI189476	Subsidiary	100	



S. No.	Name of the company	CIN/GLN	Holding/ subsidiary/ associate	% of shares held	Applicable section
10	Coastal Tamil Nadu Power Limited	U40102DL2007GOI157615	Subsidiary	100	
11	Deoghar Mega Power Limited	U40300DL2012GOI234839	Subsidiary	100	
12	Chhattisgarh Surguja Power Limited	U40102DL2006GOI146111	Subsidiary	100	
13	Cheyur Infra Limited	U93000DL2014GOI263819	Subsidiary	100	
14	Deoghar Infra Limited	U93000DL2015GOI282164	Subsidiary	100	
15	Odisha Infrapower Limited	U93000DL2014GOI263902	Subsidiary	100	
16	Bihar Infrapower Limited	U93000DL2015GOI282192	Subsidiary	100	
17	Bihar Mega Power Limited	U93000DL2015GOI282653	Subsidiary	100	
18	Jharkhand Infrapower Limited	U40300DL2015GOI288311	Subsidiary	100	
19	Tanda Transmission Company Limited	U74999DL2013GOI257471	Subsidiary	Subsidiaries through PFC Consulting Limited	
20	Shongtong Karcham-Wangtoo Transmission Limited	U40300DL2017GOI310556	Subsidiary		
21	Bijawar- Vidarbha Transmission Limited	U40300DL2017GOI310540	Subsidiary		
22	Vapi II- North Lakhimpur Transmission Limited	U40100DL2018GOI335750	Subsidiary		
23	Koppal-Narendra Transmission Limited	U40106DL2019GOI357628	Subsidiary		
24	Karur Transmission Limited	U40106DL2019GOI357791	Subsidiary		
25	REC Power Distribution Company Ltd	U40101DL2007GOI165779	Subsidiary	Subsidiaries through REC	
26	REC Transmission Projects Company Limited	U40101DL2007GOI157558	Subsidiary		
27	Dinchang Transmission Limited	U40300DL2015GOI288066	Subsidiary		
28	Koderma Transmission Limited	U40300DL2018GOI331192	Subsidiary		
29	Chandil Transmission Limited	U40108DL2018GOI330905	Subsidiary		
30	Mandar Transmission Limited	U40101DL2018GOI331526	Subsidiary		
31	Dumka Transmission Limited	U40300DL2018GOI331490	Subsidiary		
32	Energy Efficiency Services Limited	U40200DL2009PLC196789	JV	47.15 (out of which 24.97% directly and 22.18% through REC)	Section 2(6) of the Companies Act, 2013

#### IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as Percentage of Total Equity)

##### i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
<b>A. Promoter and Promotor Group</b>										
<b>(1) Indian</b>										
a) Individual/ HUF	0	0	0	0.00	0	0	0	0.00	0.00	0.00
b) Central Govt/ State Govt (s)	1558889417	0	1558889417	59.05	1478291778	0	1478291778	55.99	(3.05)	
c) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00	0.00
d) Banks/Fl	0	0	0	0.00	0	0	0	0.00	0.00	0.00
e) Others	0	0	0	0.00	0	0	0	0.00	0.00	0.00
<b>Sub-total (A) (1):-</b>	<b>1558889417</b>	<b>0</b>	<b>1558889417</b>	<b>59.05</b>	<b>1478291778</b>	<b>0</b>	<b>1478291778</b>	<b>55.99</b>	<b>(3.05)</b>	
<b>(2) Foreign</b>										
a) Individuals (NRIs/Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0.00	0.00
b) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00	0.00
c) Institutions	0	0	0	0.00	0	0	0	0.00	0.00	0.00

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
d) Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00	
e) Others	0	0	0	0.00	0	0	0	0.00	0.00	
<b>Sub-total (A) (2):-</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00</b>	<b>0.00</b>	
<b>Total shareholding of Promoter (A) = (A)(1)+(A) (2)</b>	1558889417	0	1558889417	59.05	1478291778	0	1478291778	55.99	(3.05)	
<b>B. Public Shareholding</b>										
<b>1. Institutions</b>										
a) Mutual Funds/ UTI	311547880	0	311547880	11.80	365135276	0	365135276	13.83	2.03	
b) Banks/ FI	18554333	2	18554335	0.70	13436902	2	13436904	0.51	(0.19)	
c) Central Govt/ State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00	
d) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00	
e) Insurance Companies	163827217	0	163827217	6.21	160127605	0	160127605	6.07	(0.14)	
f) FIs	439035837	0	439035837	16.63	499420391	0	499420391	18.92	2.29	
g) Foreign Venture Capital Investors	0	0	0	0.00	0	0	0	0.00	0.00	
h) Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00	
i) Others	0	0	0	0.00	0	0	0	0.00	0.00	
<b>Sub-total (B)(1):-</b>	932965267	2	932965269	35.34	1038120174	2	1038120176	39.32	3.98	
<b>2. Non-Institutions</b>										
a) Bodies Corp.	22221097	0	22221097	0.84	15603969	0	15603969	0.59	(0.25)	
<b>b) Individuals</b>										
i) Individuals holding nominal share capital upto ₹1 lakh	88282914	39650	88322564	3.35	76555351	31307	76586658	2.90	(0.44)	
ii) Individuals holding nominal share capital in excess of ₹1 lakh	24496867	0	24496867	0.93	22367253	0	22367253	0.85	(0.08)	
<b>c) Others</b>										
Clearing Members	5820168	0	5820168	0.22	1204715	0	1204715	0.05	(0.17)	
Directors	116402	0	116402	0.00	0	0	0	0.00	0.00	
IEPF	36835	0	36835	0.00	48123	0	48123	0.00	0.00	
Non Resident Indians	2865120	0	2865120	0.11	2499994	0	2499994	0.09	(0.01)	
NRI Non-repatriation	1020453	0	1020453	0.04	2010113	0	2010113	0.08	0.04	
Qualified Institutional Buyer	0	0	0	0	705375	0	705375	0.03	0.03	
Trusts	3327216	0	3327216	0.13	2643254	0	2643254	0.10	(0.03)	

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
d) Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00	
<b>Sub-total (B)(2):-</b>	148187072	39650	148226722	5.61	123638147	31307	123669454	4.68	(0.93)	
<b>Total Public Shareholding (B)=(B)(1)+ (B)(2)</b>	1081152339	39652	1081191991	40.95	1161758321	31309	1161789630	44.01	3.05	
<b>Total (A) + (B)</b>	2640041756	39652	2640081408	100.00	2640050099	31309	2640081408	100.00	0.00	
<b>C. Shares held by Custodians, against which Depository Receipts have been issued</b>										
(1) Promoter and Promoter Group	0	0	0	0.00	0	0	0	0.00	0.00	
(2) Public	0	0	0	0.00	0	0	0	0.00	0.00	
<b>Grand Total (A+B+C)</b>	2640041756	39652	2640081408	100.00	2640050099	31309	2640081408	100.00		

### (ii) Shareholding of Promoters

Sl No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	President of India	1558889417	59.05	Nil	1478291778	55.99	Nil	(3.05)

### (iii) Change in Promoters' Shareholding

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	<b>President of India</b>				
	At the beginning of the year - Opening balance	1558889417	59.05	1558889417	59.05
	<b>Date</b> <b>Type of Transaction</b>				
	19/07/2019 Sale	(80009707)	(3.03)	1478879710	56.02
	26/07/2019 Purchase [Transferred to CPSE ETF]	3695878	0.14	1482575588	56.16
	04/10/2019 Sale	(4498588)	(0.17)	1478077000	55.99
	18/10/2019 Purchase [Transferred to Bharat 22 ETF]	214778	0.00	1478291778	55.99
	At the End of the year - Closing balance			1478291778	55.99

### (iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Name of Shareholder	Shareholding during the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	<b>HDFC TRUSTEE COMPANY LIMITED - HDFC INFRASTRUCTURE</b>				
	At the beginning of the year	198898595	7.53	198898595	7.53
	Bought during the year	45728428	1.73	244627023	9.27
	Sold during the year	477400	0.02	244149623	9.25
	At the end of the year	244149623	9.25	244149623	9.25

Sl. No.	Name of Shareholder	Shareholding during the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>2</b>	<b>LIC OF INDIA FORTUNE PLUS GROWTH FUND</b>				
	At the beginning of the year	156320146	5.92	156320146	5.92
	Bought during of the year	195000	0.01	156515146	5.93
	Sold during the year	1336932	0.05	155178214	5.88
	At the end of the year	155178214	5.88	155178214	5.88
<b>3</b>	<b>THE WINDACRE PARTNERSHIP MASTER FUND LP</b>				
	At the beginning of the year	0	0.00	0	0.00
	Bought during of the year	128615000	4.87	128615000	4.87
	Sold during the year	0	0	128615000	4.87
	At the end of the year	128615000	4.87	128615000	4.87
<b>4</b>	<b>UBS PRINCIPAL CAPITAL ASIA LTD</b>				
	At the beginning of the year	142238384	5.39	142238384	5.39
	Bought during of the year	26085616	0.99	168324000	6.38
	Sold during the year	81700000	3.09	86624000	3.28
	At the end of the year	86624000	3.28	86624000	3.28
<b>5</b>	<b>RELIANCE CAPITAL TRUSTEE COMPANY LIMITED A/C RELIA</b>				
	At the beginning of the year	93935897	3.56	93935897	3.56
	Bought during of the year	153822096	5.83	247757993	9.38
	Sold during the year	196772412	7.45	50985581	1.93
	At the end of the year	50985581	1.93	50985581	1.93
<b>6</b>	<b>MIRAE ASSET EMERGING BLUECHIP FUND</b>				
	At the beginning of the year	12862054	0.49	12862054	0.49
	Bought during of the year	45935720	1.74	58797774	2.23
	Sold during the year	7913391	0.29	50884383	1.93
	At the end of the year	50884383	1.93	50884383	1.93
<b>7</b>	<b>ABU DHABI INVESTMENT AUTHORITY - PEACOCK</b>				
	At the beginning of the year	11535455	0.44	11535455	0.44
	Bought during of the year	12680556	0.48	24216011	0.92
	Sold during the year	3287927	0.12	20928084	0.79
	At the end of the year	20928084	0.79	20928084	0.79
<b>8</b>	<b>MORGAN STANLEY ASIA (SINGAPORE) PTE.</b>				
	At the beginning of the year	0	0.00	0	0.00
	Bought during of the year	52109174	1.97	52109174	1.97
	Sold during the year	35653578	1.35	16455596	0.62
	At the end of the year	16455596	0.62	16455596	0.62
<b>9</b>	<b>VANGUARD TOTAL INTERNATIONAL STOCK INDEX FUND</b>				
	At the beginning of the year	10344621	0.39	10344621	0.39
	Bought during of the year	1645535	0.06	11990156	0.45
	Sold during the year	272303	0.01	11717853	0.44
	At the end of the year	11717853	0.44	11717853	0.44
<b>10</b>	<b>LSV EMERGING MARKETS EQUITY FUND LP</b>				
	At the beginning of the year	12625500	0.48	12625500	0.48
	Bought during of the year	0	0.00	12625500	0.48
	Sold during the year	1412600	0.05	11212900	0.42
	At the end of the year	11212900	0.42	11212900	0.42

Note:-

1. The shares of the company are traded on a daily basis and hence the date wise increase/decrease in shareholding is not indicated.
2. Shareholding is considered based on PAN of the shareholder.
3. Percentage has been calculated as on March 31, 2020 of total shares of the company.
4. Closing balance has been taken as a base for top 10 shareholders.

**(v) Shareholding of Directors and Key Managerial Personnel:**

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
<b>1.</b>	<b>Rajeev Sharma</b>				
	At the beginning of the year	32574	0.00	32574	0.00
	Increase/Decrease in Shareholding during the year	No change	0.00	32574	0.00
	At the end of the year			32574	0.00
<b>2</b>	<b>N. B. Gupta</b>				
	At the beginning of the year	24584	0.00	24584	0.00
	Increase/Decrease in Shareholding during the year	No change	0.00	24584	0.00
	At the end of the year			24584	0.00
<b>3</b>	<b>P.K. Singh</b>				
	At the beginning of the year	32194	0.00	32194	0.00
	Increase/Decrease in Shareholding during the year	No change	0.00	32194	0.00
	At the end of the year			32194	0.00
<b>4</b>	<b>R.S. Dhillon (w.e.f. 12/06/2019)</b>				
	At the beginning of the year	27050	0.00	27050	0.00
	Increase/Decrease in Shareholding during the year	No change	0.00	27050	0.00
	At the end of the year			27050	0.00
<b>5</b>	<b>R.C. Mishra (w.e.f. 11/07/2019)</b>				
	At the beginning of the year	Nil	0.00	Nil	0.00
	Increase/Decrease in Shareholding during the year	No change	0.00	Nil	0.00
	At the end of the year			Nil	0.00
<b>6</b>	<b>Gouri Chaudhury</b>				
	At the beginning of the year	Nil	0.00	Nil	0.00
	Increase/Decrease in Shareholding during the year	No change	0.00	Nil	0.00
	At the end of the year			Nil	0.00
<b>7</b>	<b>Mritunjay Kumar Narayan (w.e.f. 28/08/2019)</b>				
	At the beginning of the year	Nil	0.00	Nil	0.00
	Increase/Decrease in Shareholding during the year	No change	0.00	Nil	0.00
	At the end of the year			Nil	0.00
<b>8</b>	<b>Sitaram Pareek (upto 06/02/2020)</b>				
	At the beginning of the year	Nil	0.00	Nil	0.00
	Increase/Decrease in Shareholding during the year	No change	0.00	Nil	0.00
	At the end of the year			Nil	0.00
<b>9</b>	<b>Arun Kumar Verma (upto 28/08/2019)</b>				
	At the beginning of the year	Nil	0.00	Nil	0.00
	Increase/Decrease in Shareholding during the year	No change	0.00	Nil	0.00
	At the end of the year			Nil	0.00
<b>10</b>	<b>Chinmoy Gangopadhyay (upto 01/05/2019)</b>				
	At the beginning of the year	21488	0.00	21488	0.00
	Increase/Decrease in Shareholding during the year	No change	0.00	21488	0.00
	At the end of the year			21488	0.00
<b>11</b>	<b>Manohar Balwani</b>				
	At the beginning of the year	Nil	0.00	Nil	0.00
	Increase/Decrease in Shareholding during the year	No change	0.00	Nil	0.00
	At the end of the year			Nil	0.00

**V. INDEBTEDNESS****Indebtedness of the Company including interest outstanding/accrued but not due for payment**

(In ₹ crore)

	Secured Loans excluding deposits	Unsecured Loans*	Unsecured Loans (GoI fully serviced bonds)	Deposits	Total Indebtedness
<b>Indebtedness at the beginning of the financial year</b>					
i) Principal Amount	19,327.84	2,55,742.78	5,000.00	-	2,80,070.62
ii) Interest due but not paid	-	-	-	-	-
iii) Interest accrued but not due	644.47	6,448.65	38.21	-	7,131.33
<b>Total (i+ii+iii)</b>	<b>19,972.31</b>	<b>2,62,191.43</b>	<b>5,038.21</b>	<b>-</b>	<b>2,87,201.95</b>
<b>Change in Indebtedness during the financial year</b>					
Addition	8,831.35	1,02,629.63	38.21	-	1,11,499.19
Reduction	(2,776.40)	(85,907.6)	(38.21)	-	(88,722.21)
Exchange loss	-	3,765.93	-	-	3,765.93
<b>Net Change</b>	<b>6,054.95</b>	<b>20,487.96</b>	<b>-</b>	<b>-</b>	<b>26,542.91</b>
<b>Indebtedness at the end of the financial year</b>					
i) Principal Amount	25,317.28	2,76,096.51	5,000	-	3,06,413.79
ii) Interest due but not paid	-	-	-	-	-
iii) Interest accrued but not due	709.98	6,582.88	38.72	-	7,331.58
<b>Total (i+ii+iii)</b>	<b>26,027.26</b>	<b>2,82,679.39</b>	<b>5,038.72</b>	<b>-</b>	<b>3,13,745.37</b>

## \*Notes

1 Exchange rates relevant for closing of annual accounts are as follows:

	31-03-2020	31-03-2019
USD/INR	75.385900	69.155000
JPY/INR	0.696500	0.624175
EUR/INR	83.049600	77.672500

- 2 In case of principal amount (loan liability), additions represent "borrowing during the year" and reduction represents "repayments during the year"
- 3 In case of interest payments, the rate relevant for the remittance is used for booking interest expense and therefore, no exchange gain/loss arises for the purpose of accounting. Therefore, change in interest is shown as "addition"
- 4 Exchange loss mentioned above is calculated as per "taxation method" for reconciliation; in case loss as per amortisation rule in AS-11 is taken, opening and closing balances of loan liability will not reconcile.

**VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL****A. Remuneration to Managing Director, Whole-time Directors:**

(In ₹)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager					Total Amount
		Rajeev Sharma	N. B. Gupta	P. K. Singh	R.S. Dhillon (w.e.f. 12/06/2019)	Chinmoy Gangopadhyay (upto 30/4/2019)	
<b>1.</b>	<b>Gross salary</b>						
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	88,56,376	80,24,091	70,85,310	38,86,790	21,20,752	2,99,73,319
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	12,28,545	66,888	2,54,309	21,243	2,99,824	18,70,809
(c)	Profits in lieu of salary under section 17(3) Income tax Act, 1961	0	0	0	0	0	0

(In ₹)

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager					Total Amount
		Rajeev Sharma	N. B. Gupta	P. K. Singh	R.S. Dhillon (w.e.f. 12/06/2019)	Chinmoy Gangopadhyay (upto 30/4/2019)	
2.	Stock Option	0	0	0	0	0	0
3.	Sweat Equity	0	0	0	0	0	0
4.	Commission	0	0	0	0	0	0
	- as % of profit	0	0	0	0	0	0
	- others	0	0	0	0	0	0
5.	Others	0	0	0	0	0	0
	<b>Total (A)</b>	1,00,84,921	80,90,979	73,39,619	39,08,033	24,20,576	3,18,44,128

**Ceiling as per the Act \***

\* PFC being a Government Company, the appointment of CMD & Directors and fixation of their remuneration are decided by President of India in terms of the Articles of Association of the Company.

Notes:

- Salary & Allowances have been considered on paid basis for the period working in capacity Director or KMP.
- Above information is as per Income from Salary as Form-16 (Income Tax Act, 1961).

**B. Remuneration to other directors:**

(In ₹)

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount
		Sitaram Pareek (upto 06/02/2020)	Gouri Chaudhry	R.C. Mishra (w.e.f. 11/07/2019)	
1.	Independent Directors*				
	Fee for attending board/committee meetings	5,60,000	6,10,000	4,40,000	16,10,000
	Commission	-	-	-	-
	Others	27,153	49,000	9,562	85,715
	<b>Total (1)</b>	<b>5,87,153</b>	<b>6,59,000</b>	<b>4,49,562</b>	<b>16,95,715</b>
2.	Other Non-Executive Directors #	Arun Kumar Verma (upto 27/08/2019)	Mritunjay Kumar Narayan (w.e.f. 28/08/2019)		
	Fee for attending board/committee meetings	0	0		
	Commission	0	0		
	Others	0	0		
	<b>Total (2)</b>	<b>0</b>	<b>0</b>		
	<b>Total (B)=(1+2)</b>				<b>16,95,715</b>
	<b>Total Managerial Remuneration (A+B)</b>				
	<b>Overall Ceiling as per the Act*</b>				

Note: Others include out of pocket expenses & reimbursement of travelling exp.

\* The Independent Directors were paid the sitting fees i.e. ₹20,000. In December, 2019 the Board of Directors enhanced the fee to ₹40,000/- for attending each Meeting of the Board of Directors and ₹30,000/- for attending each Meeting of Committee of Directors. The sitting fees was paid within the limits as prescribed under the Companies Act, 2013 i.e. ₹1,00,000 for attending each meeting of the Board and Committees of Directors.

# Government nominees are not entitled to any remuneration or sitting fee from the Company.

**C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/ MANAGER/ WTD**

(In ₹)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel	
		Shri Manohar Balwani, CS	Total Amount
1.	Gross salary		
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	46,79,051	46,79,051
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961	3,06,783	3,06,783

Sl. No.	Particulars of Remuneration	Key Managerial Personnel	
		Shri Manohar Balwani, CS	Total Amount
(c)	Profits in lieu of salary under section 17(3) Income tax Act, 1961	0	0
2.	Stock Option	0	0
3.	Sweat Equity	0	0
4.	Commission		
	- as % of profit		
	- others	0	0
5.	Others (Contribution to Superannuation Benefits, Residential Lease & Non Taxable Perquisites)	0	0
	<b>Total</b>	<b>49,85,834</b>	<b>49,85,834</b>

Notes:

- Salary & Allowances have been considered on paid basis for the period working in capacity Director or KMP.
- Above information is as per Income from Salary as Form-16 (Income Tax Act, 1961).

#### VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty /Punishment/ Compounding fees imposed	Authority [RD/ NCLT/COURT]	Appeal made, if any
<b>A. COMPANY</b>					
Penalty					
Punishment			NIL		
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment			NIL		
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment			NIL		
Compounding					



## Annexure C of the Board's Report

### ANNUAL REPORT ON CSR ACTIVITIES FOR THE FY 2019-20

(Pursuant to Rule 9 of Companies (Accounts) Rules, 2014 and Rule 8 of Companies (Corporate Social Responsibility Policy), Rules, 2014)

S. No.	Particulars	Details						
1	A brief outline of PFC's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.	<p>The aim of PFC's Corporate Social Responsibility and Sustainability Policy (CSR and Sustainability Policy) is to ensure that the Company becomes a socially responsible corporate entity committed to improving the quality of life of the society at large by undertaking projects for Sustainable Development, mainly focusing on fulfillment of Power and Energy needs of the society.</p> <p>PFC's CSR and Sustainability Policy approved by the Board of Directors on the recommendation of CSR&amp;SD Committee of Directors is in compliance with the Companies Act, 2013 and DPE guidelines.</p> <p>In line with Section 135 of the Companies Act, 2013, at least 2% of the average Net Profit of the company during the three immediately preceding financial years is allocated every financial year for CSR activities. Net Profit means profit of the Company as per its financial statement prepared and adjusted in accordance with applicable provisions of the Act.</p> <p>PFC has implemented its CSR and Sustainability Policy with all its earnest and zeal. To oversee the activities of CSR, PFC has in place a Board level CSR&amp;SD Committee of Directors headed by an Independent Director.</p> <p>During the year, PFC implemented wide range of activities in the field of Environment Sustainability, Skill development, Sanitation, Healthcare and supporting the differently abled. Further, as per DPE's mandate, PFC has also contributed to thematic areas i.e. School Education and Healthcare with preference given to Aspirational Districts.</p> <p>The details of the PFC's CSR policy and projects/programs are available at the following links:</p> <p><a href="https://pfcindia.com/DocumentRepository/ckfinder/files/CSR/CSRpolicy_07032019.pdf">https://pfcindia.com/DocumentRepository/ckfinder/files/CSR/CSRpolicy_07032019.pdf</a></p> <p><a href="https://pfcindia.com/DocumentRepository/ckfinder/files/CSR/website_update_FY_1920_as_of_31032020.pdf">https://pfcindia.com/DocumentRepository/ckfinder/files/CSR/website_update_FY_1920_as_of_31032020.pdf</a></p>						
2	The Composition of the CSR Committee	<p>PFC has in place a CSR&amp;SD Committee to give directions to the CSR and SD activities and to make recommendations to the Board of Directors for taking up various CSR &amp; SD projects.</p> <p>As on March 31, 2020 the Committee comprised of the following:</p> <table border="0"> <tr> <td>1. Shri R. C. Mishra, Independent Director</td> <td>Chairman</td> </tr> <tr> <td>2. Smt. Gouri Chaudhury, Independent Director</td> <td>Member</td> </tr> <tr> <td>3. Shri Praveen Kumar Singh, Director (Commercial)</td> <td>Member</td> </tr> </table>	1. Shri R. C. Mishra, Independent Director	Chairman	2. Smt. Gouri Chaudhury, Independent Director	Member	3. Shri Praveen Kumar Singh, Director (Commercial)	Member
1. Shri R. C. Mishra, Independent Director	Chairman							
2. Smt. Gouri Chaudhury, Independent Director	Member							
3. Shri Praveen Kumar Singh, Director (Commercial)	Member							
3	Average net profit of PFC for last three financial years	₹6,792.89 crore						
4	Prescribed CSR Expenditure (two per cent of the amount as in item 3 above)	₹135.86 crore						
5	Details of CSR spent during the financial year*:							
a	Total amount to be spent for the financial year;	₹314.74 crore (i.e. ₹135.86 crore for FY 2019-20 and ₹178.88 crore carried forward from previous years)						
b	Amount unspent, if any;	₹217.59 crore^						
c	Manner in which the amount spent during the financial year is detailed below.	During FY 2019-20, ₹97.15 crore has been spent in the following manner:-						

S. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or Programs (1) Local area or other (2) State and district	Amount outlay (budget/sanctioned) project or programs wise (₹crore)	Amount spent (₹crore) in FY 19-20 on the projects or programs Sub heads: (1) Direct expenditure (2) Overheads:	Cumulative expenditure upto the reporting period (₹crore)#	Amount spent: Direct or through Implementing agency
1	Street Lighting/High Mast Light of Kargil Town & District HQ (J&K)	Environmental Sustainability (Solar Applications/Afforestation/Waste Management/Energy efficient LED lighting)	Jammu & Kashmir	3.76	0.04	3.76	Through Implementing agency
2	Relief & Rehabilitation activities in the flood affected areas of Uttarakhand for re-building of infrastructure destroyed during the calamity	Others	Uttarakhand	3.00	0.04	1.56	
3	Supply, Installation and Commissioning of Solar Lighting System in streets of Villages at Giridih, Dhanbad and Bokaro districts of Jharkhand	Environmental Sustainability (Solar Applications/Afforestation/Waste Management/Energy efficient LED lighting)	Jharkhand	1.09	0.21	0.98	
4	Supply, Installation and Commissioning of Grid connected Roof top Solar PV (RTSPV) Projects of aggregate capacity of 500 kWp in Kalinga Institute of Social Science in the city of Bhubaneswar	Environmental Sustainability (Solar Applications/Afforestation/Waste Management/Energy efficient LED lighting)	Odisha	2.13	0.30	2.13	
5	Construction of Toilets in the Government Schools of Andhra Pradesh under Swachh Bharat Swachh Vidyalaya Abhiyan (8,100 toilets)	Sanitation/ Drinking water/ Healthcare	Andhra Pradesh	177.28	1.34	172.84	
6	Construction of Toilets in the Government Schools of Rajasthan under Swachh Bharat Swachh Vidyalaya Abhiyan (1,100 toilets)	Sanitation/ Drinking water/ Healthcare	Rajasthan	18.17	0.05	16.35	
7	Providing services of Automatised Sweeping Collection & Transportation of Municipal Solid Waste (MSW) in Fourteen wards of Varanasi Municipal Area	Sanitation/ Drinking water/ Healthcare	Uttar Pradesh	8.00	2.40	8.00	

S. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or Programs (1) Local area or other (2) State and district	Amount outlay (budget/sanctioned) project or programs wise (₹crore)	Amount spent (₹crore) in FY 19-20 on the projects or programs Sub heads: (1) Direct expenditure (2) Overheads:	Cumulative expenditure upto the reporting period (₹crore)#	Amount spent: Direct or through implementing agency
8	Implementation of 500 nos. of solar based LED Street Lighting System in Pilibhit	Environmental Sustainability (Solar Applications/Afforestation/Waste Management/Energy efficient LED lighting)	Uttar Pradesh	1.27	0.13	1.27	
9	Implementation of 500 nos. of solar based LED Street Lighting System in Basti	Environmental Sustainability (Solar Applications/Afforestation/Waste Management/Energy efficient LED lighting)	Uttar Pradesh	1.27	0.13	1.27	
10	Solar Community Irrigation Schemes for 1,000 Hectares area	Environmental Sustainability (Solar Applications/Afforestation/Waste Management/Energy efficient LED lighting)	Chhattisgarh	24.00	5.77	18.78	
11	500 nos. of solar based LED Street Lighting Systems in Shrawasti	Environmental Sustainability (Solar applications/Afforestation/Waste Management/Energy efficient LED lighting)	Uttar Pradesh	1.12	0.11	1.12	
12	Plantation project in Nagpur Region of NH-7	Environmental Sustainability (Solar applications/Afforestation/Waste Management/Energy efficient LED lighting)	Maharashtra	12.63	4.20	6.31	
13	Providing Cancer Detection & Awareness Mobile Van and related equipments for Sir Sunderlal Hospital, Department of Surgical Oncology, Institute of Medical Sciences (IMS), Banaras Hindu University (BHU), Varanasi	Sanitation/ Drinking water/ Healthcare	Uttar Pradesh	1.17	0.03	0.03	

S. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or Programs (1) Local area or other (2) State and district	Amount outlay (budget/sanctioned) project or programs wise (₹crore)	Amount spent (₹crore) in FY 19-20 on the projects or programs Sub heads: (1) Direct expenditure (2) Overheads:	Cumulative expenditure upto the reporting period (₹crore)#	Amount spent: Direct or through implementing agency
14	Implementation of Solar based LED Street Lighting Systems (SLS) and Solar High Mast Lights (SHMLS) in Deoria region of Uttar Pradesh	Environmental Sustainability (Solar applications/ Afforestation /Waste Management/ Energy efficient LED lighting)	Uttar Pradesh	0.49	0.18	0.38	
15	Implementation of Solar based LED Street Lighting Systems (SLS) and Solar High Mast Lights (SHMLS) in Agra (North), Agra (South) and Firozabad regions	Environmental Sustainability (Solar applications/ Afforestation /Waste Management/ Energy efficient LED lighting)	Uttar Pradesh	2.26	0.45	1.76	
16	Supply and Installation of 500 nos. India Mark II Hand Pumps for Drinking purposes in Villages of Siddharthnagar	Sanitation/ Drinking water/ Healthcare	Uttar Pradesh	2.03	1.22	1.22	
17	Skill Development Programme for unemployed youth belonging to SC/ST/ OBC/PwD/Women & EWS of society in Andhra Pradesh	Education/ Vocational Skill development	Andhra Pradesh	5.00	2.54	2.54	
18	Supply and Installation of 500 nos. India Mark II Hand Pumps for Drinking Water purposes in Rural Areas of Machhalishahar region, Jaunpur	Sanitation/ Drinking water/ Healthcare	Uttar Pradesh	2.18	0.87	2.18	
19	Supply, Installation and Commissioning of 500 nos. of LED based Solar Street Lighting Systems (SLS) in Akbarpur, Kanpur Dehat	Environmental Sustainability (Solar Applications/ Afforestation /Waste Management/ Energy efficient LED lighting)	Uttar Pradesh	1.12	0.63	0.85	
20	Contribution to Sardar Vallabhai Patel Rashtriya Ekta Trust (SVPRET) towards project for 'Statue of Unity'	Others	Gujarat	12.50	12.50	12.50	

S. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or Programs (1) Local area or other (2) State and district	Amount outlay (budget/sanctioned) project or programs wise (₹crore)	Amount spent (₹crore) in FY 19-20 on the projects or programs Sub heads: (1) Direct expenditure (2) Overheads:	Cumulative expenditure upto the reporting period (₹crore)#	Amount spent: Direct or through implementing agency
21	Supply and Installation of 500 nos. India Mark II Hand Pumps for Drinking Water purposes in Chandauli & Varanasi district	Sanitation/ Drinking water/ Healthcare	Uttar Pradesh	2.72	1.63	1.63	
22	422 nos. of Solar based LED Street Lighting Systems (SLS) in Chandauli & Varanasi district	Environmental Sustainability (Solar Applications/ Afforestation /Waste Management/ Energy efficient LED lighting)	Uttar Pradesh	0.27	0.18	0.18	
23	Installation and Commissioning of LED Based Solar Four-arm Lighting Systems (60 nos.) and Solar street Lighting Systems (322 nos.) in Mahabubabad	Environmental Sustainability (Solar Applications/ Afforestation /Waste Management/ Energy efficient LED lighting)	Telangana	1.73	1.73	1.73	
24	Up-gradation of selected primary schools & Kasturba Gandhi Schools (25 No.) in Ghaziabad	Education/ Vocational Skill development	Uttar Pradesh	1.23	1.23	1.23	
25	Skill development programme for unemployed youth/ school Dropouts belonging to SC/ST/ OBC/PwD/Women/ EWS of society for 290 persons in six states of North East	Education/ Vocational Skill development	Six North East State	2.24	1.40	1.40	
26	Supply, installation and commissioning of 500 nos. of LED based Solar Street Lighting System (SLS) in various villages of Shravasti	Environmental Sustainability (Solar Applications/ Afforestation /Waste Management/ Energy efficient LED lighting)	Uttar Pradesh	1.23	0.74	1.23	
27	Display of hoardings of 'Pradhan Mantri Sahaj Bijli Har Ghar Yojana' (SAUBHAGYA) in the state of Jharkhand	Others	Jharkhand	48.75	7.25	48.75	

S. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or Programs (1) Local area or other (2) State and district	Amount outlay (budget/sanctioned) project or programs wise (₹crore)	Amount spent (₹crore) in FY 19-20 on the projects or programs Sub heads: (1) Direct expenditure (2) Overheads:	Cumulative expenditure upto the reporting period (₹crore)#	Amount spent: Direct or through implementing agency
28	Development works in the 3 blocks (Piro, Bihiya, Jagdishpur) of Arrah District, Bihar-Bhojpur Village Development Programme	Others	Bihar	22.89	10.24	18.22	
29	Construction of Building of Brij Mohan School for the Blind in Meerut	Education/ Vocational Skill development	Uttar Pradesh	4.87	2.83	2.83	
30	Providing Renewable Energy systems in various backward villages/blocks of Durgi and Veldurthy Mandals in Guntur District	Environmental Sustainability (Solar Applications/ Afforestation /Waste Management/ Energy efficient LED lighting)	Andhra Pradesh	2.32	0.72	0.72	
31	Supply, Installation and Commissioning of 500 nos. of LED Based Solar Street Lighting Systems in Purnia	Environmental Sustainability (Solar Applications/ Afforestation /Waste Management/ Energy efficient LED lighting)	Bihar	1.13	1.04	1.04	
32	Financial assistance for infrastructure works in Dr.K.B Hegdewar School in Tiswadi, Goa	Education/ Vocational Skill development	Goa	3.00	1.50	1.50	
33	Creating Adarsh Panchayat project in three villages, Bhandari, Manchi and maheshpur of Bhandari Panchayat in Belsand Block, Sitamarhi District of Bihar and transformation of two Government Schools in Bhandari	Others	Bihar	2.56	0.43	0.43	
34	Supply, Installation and Commissioning of 100 Nos of Solar PV Highmast Lighting systems (White LED SHMLS) in various village of Basti	Environmental Sustainability (Solar Applications/ Afforestation /Waste Management/ Energy efficient LED lighting)	Uttar Pradesh	1.15	0.21	0.21	

S. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or Programs (1) Local area or other (2) State and district	Amount outlay (budget/sanctioned) project or programs wise (₹crore)	Amount spent (₹crore) in FY 19-20 on the projects or programs Sub heads: (1) Direct expenditure (2) Overheads:	Cumulative expenditure upto the reporting period (₹crore)#	Amount spent: Direct or through implementing agency
35	Up-gradation of select Government Schools and other Infrastructure Development Works in South Sikkim District	Education/ Vocational Skill development	Sikkim	0.93	0.93	0.93	
36	Supply and Installation of 100 nos. India Mark II Hand Pumps for Drinking Water purposes in Mirzapur	Sanitation/ Drinking water/ Healthcare	Uttar Pradesh	0.98	0.05	0.05	
37	Supply, Installation and Commissioning of 12 Nos of solar High Mast Light Sytem (SHMLS ) in various village/blocks of Khagaria District	Environmental Sustainability (Solar Applications/ Afforestation /Waste Management/ Energy efficient LED lighting)	Bihar	0.13	0.12	0.12	
38	Up-gradation of Government Schools (1,280 nos.) and District Library in Shravasti	Education/ Vocational Skill development	Uttar Pradesh	8.38	5.06	5.06	
39	Supply, Installation and Commissioning of 500 nos. of LED based Solar Street Lighting System (SLS) in various villages of Bikaner district Phase-II	Environmental Sustainability (Solar Applications/ Afforestation /Waste Management/ Energy efficient LED lighting)	Rajasthan	1.40	1.26	1.26	
40	Installation of RO units in 646 Government/ Government aided Schools of Ferozepur District	Sanitation/ Drinking water/ Healthcare	Punjab	6.76	2.85	2.85	
41	Supply, Installation and Commissioning of operating micro scope in BMCHRC, Jaipur	Sanitation/ Drinking water/ Healthcare	Rajasthan	1.36	1.36	1.36	
42	Installation of 20 nos. of portable and Compact Transfer Stations (PCTS) along with the allied civil work across Lucknow city	Sanitation/ Drinking water/ Healthcare	Uttar Pradesh	3.26	1.47	1.47	

S. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or Programs (1) Local area or other (2) State and district	Amount outlay (budget/sanctioned) project or programs wise (₹crore)	Amount spent (₹crore) in FY 19-20 on the projects or programs Sub heads: (1) Direct expenditure (2) Overheads:	Cumulative expenditure upto the reporting period (₹crore)#	Amount spent: Direct or through implementing agency
43	Supply, Installation and Commissioning of 100 nos. of Solar PV High Mast lighting systems (SHMLS) at Giridih	Environmental Sustainability (Solar Applications/Afforestation/Waste Management/Energy efficient LED lighting)	Jharkhand	1.06	0.98	0.98	
44	Upgradation of various Government School in Khammam District	Education/Vocational Skill development	Telangana	9.46	3.60	3.60	
45	Supply, Installation & Commissioning of 500 nos. of LED based solar street lighting system in various village/ block of Banda region	Environmental Sustainability (Solar Applications/Afforestation/Waste Management/Energy efficient LED lighting)	Uttar Pradesh	1.42	0.51	0.51	
46	Providing Health and Fitness equipments in Delhi	Sanitation/ Drinking water/ Healthcare	Delhi	0.75	0.75	0.75	
47	Providing 5,000 nos. SPV LED lanterns for Soldiers of Indian Army	Environmental Sustainability (Solar Applications/Afforestation/Waste Management/Energy efficient LED lighting)	Pan India	0.84	0.84	0.84	
48	Supply, Installation and Commissioning of 500 nos. of Solar PV LED street lighting system in Hamirpur	Environmental Sustainability (Solar Applications/Afforestation/Waste Management/Energy efficient LED lighting)	Himachal Pradesh	1.12	1.02	1.02	
49	Skill development training for unemployed youth belongs to SC/ST/OBC/PwD/Women/EWS section of society-500 persons	Education/Vocational Skill development	Pan India	1.65	0.49	0.50	



S. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or Programs (1) Local area or other (2) State and district	Amount outlay (budget/sanctioned) project or programs wise (₹crore)	Amount spent (₹crore) in FY 19-20 on the projects or programs Sub heads: (1) Direct expenditure (2) Overheads:	Cumulative expenditure upto the reporting period (₹crore)#	Amount spent: Direct or through Implementing agency
50	Upgradation of government schools in Siddharthnagar	Education/ Vocational Skill development	Uttar Pradesh	9.29	3.24	3.24	
51	Construction of 200 Anganwadi centres along with provision of other infrastructural facilities in Ferozepur	Sanitation/ Drinking water/ Healthcare	Punjab	19.06	1.77	1.77	
52	Construction of Building of Govt. Higher Secondary School, Munderi, Kannur	Education/ Vocational Skill development	Kerala	3.00	0.37	0.37	
53	Setting up of Women's Convenience Lounge at Barakhamba Road Metro Station	Others	Delhi	2.18	2.18	2.18	
54	Impact Assessment/ Training/Pay & Allowances etc.	Administrative Overheads	NA	4.03	4.03	4.03	
<b>TOTAL</b>					<b>97.15</b>		

# Including expenditure on activities carried forward from previous years.

6	In case PFC has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, PFC shall provide the reasons for not spending the amount in its Board report.	The projects sanctioned in a year are completed in subsequent years and there is milestone linked payment to various stages of completion of the project.  As per the DPE guidelines, the CSR Budget is non-lapsable and any unspent amount is carried forward to the next year for utilisation for the purpose for which it was allocated.
7	A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the company.	The implementation and monitoring of PFC's CSR and Sustainability Policy is in compliance with CSR objectives and Policy of PFC.

\* Based on utilisation certificates

^ As per the DPE guidelines, the CSR Budget is non-lapsable and any unspent amount is carried forward to the next year for utilisation for the purpose for which it was allocated.

Note: During the FY 2019-20, an amount of ₹62.25 crore (including Administrative Overheads) has been disbursed against CSR activities and the balance amount (including refund, if any) to be disbursed as on March 31, 2020 is ₹192.31 crore.

Sd/  
**(R. S. Dhillon)**  
Chairman & Managing Director  
DIN: 00278074

Sd/-  
**(R. C. Mishra)**  
Chairman, CSR Committee  
DIN: 02469982

## Annexure D of Board's Report

## FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

**Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto**

S. No.	Particulars	Details
<b>1.</b>	<b>Details of contracts or arrangements or transactions not at arm's length basis</b>	
(a)	Name(s) of the related party and nature of relationship	
(b)	Nature of contracts/arrangements/transactions	
(c)	Duration of the contracts/arrangements/transactions	
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	
(e)	Justification for entering into such contracts or arrangements or transactions	NIL
(f)	Date(s) of approval by the Board	
(g)	Amount paid as advances, if any:	
(h)	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	
<b>2.</b>	<b>Details of material contracts or arrangement or transactions at arm's length basis</b>	
(a)	Name(s) of the related party and nature of relationship	
(b)	Nature of contracts/arrangements/transactions	
(c)	Duration of the contracts/ arrangements/transactions	
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any:	NIL
(e)	Date(s) of approval by the Board, if any:	
(f)	Amount paid as advances, if any:	

**For and on behalf of Board of Directors**

Sd/-

**(R. S. Dhillon)**

Chairman and Managing Director

DIN - 00278074

Place : New Delhi  
Dated : 01/09/2020

## Annexure E of Board's Report

# Management Discussion & Analysis Report

The Management of the Company (PFC) is pleased to present its Report on Industry scenario including Company's performance during the FY 2019-20.



### (A) INDUSTRY STRUCTURE AND DEVELOPMENT

Power sector is one of the most important drivers for economic growth and socio-economic development of a nation. Therefore, reliable electricity supply is a precursor for sustainable growth of the power sector and thereby by the Indian economy. Accordingly, Government of India is actively committed to ensuring electricity access to each household.

In this direction, the Government has been taking plethora of initiatives. With an aim to provide electricity distribution infrastructure in the rural areas, GOI launched the "Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY). The scheme is focused on electrification of village and also focusses on

feeder separation from household and agricultural purposes along with strengthening of sub-transmission and distribution system, metering of feeders etc. Under the scheme, 100% electrification of village has been achieved in the year 2018.

Further, supplementing the DDUGJY scheme, the Government introduced the scheme named Pradhan Mantri Sahaj Bijli Har Ghar Yojana (Saubhagya) to provide energy access to all by last mile connectivity by providing electricity connections to all remaining un-electrified households in rural as well as urban area. As on date around 99% of the households have been electrified. The Saubhagya is expected to create an additional power demand of about 28,000 MW.

The continuous electricity supply can be ensured through an extensive and efficient Transmission and Distribution infrastructure. With this objective, the Government of India (GOI) has come out with "Integrated Power Development Scheme". The scheme is focused at strengthening of sub-transmission and distribution networks in urban areas and the IT enablement of the distribution sector. GOI has mandated PFC as the nodal agency for implementation for the scheme.

The concentrated efforts of the Government towards ensuring continuous, uninterrupted and reliable supply of electricity are expected to boost power-based ancillary economic and business activities, which will further increase the demand for power and resulting in inclusive development of the economy.

**IMPACT OF COVID-19 ON PFC**

COVID-19 has come to be known as one of the worst known social and economic crisis globally. The effects of it are also being witnessed by the Indian economy and the Indian power sector is not immune to its impact. So far your Company has been able to smoothly sail through the COVID-19 situation on all fronts.

The effects of COVID-19 started emerging in India in the last two weeks of the March. But, PFC business majorly stayed unaffected during the nationwide lock down. In fact, your Company disbursed more than ₹ 11,000 crore in the month of March itself. Your Company swiftly adapted to the repercussion of pandemic by quickly leveraging its technological capabilities and managed 100% of its operations remotely throughout the lockdown period. Thus, even in the lockdown, PFC is able to continue all its business activities in the usual manner. Therefore, the day to day operations, we are being able to handle.

**No major COVID-related impact on PFC's business.**

**₹11,000 Crore**

**Disbursed in March, 2020 despite of the COVID pandemic**

Also, your Company has been consistently focusing on availability of adequate funding to ensure continuity of PFC's financing business and unbridled financing support to the power sector. During the lockdown, PFC has been able to access the funds market without any difficulty. Further, PFC has sufficient line of credit available from banks. Thus, considering PFC's high credit worthiness and well

established relationship with lenders, the Company believes that would be able to adequately manage its funding need for continuing its business operations and is therefore, confident in having adequate liquidity in future also.

Further, on the future growth, we are hopeful that PFC would be able to sustain its growth level. PFC's major funding is to state sector and we feel that power sector being a critical sector for the economy, government in the current scenario would continue with its investment plans and introduce various measures for the state utilities to see them through these times.

In view of above, the Company believes that there will not be significant impact of this outbreak in continuing its business operations. However, the impact of this pandemic on the Company will continue to be dependent on future developments and is therefore the Company continues to closely monitor any material changes arising out of uncertain future economic conditions and potential impact on its business.

**GENERATION  
Installed Capacity**

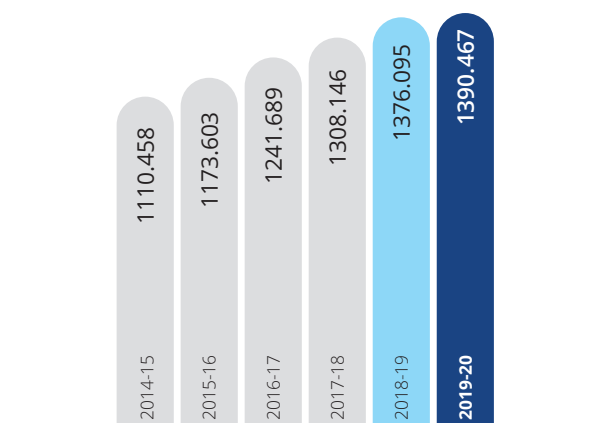
As on March 31, 2020, India's total installed capacity was 3,70,106.46 MW. Thermal sources continued to have a dominant share at around 62% (2,30,599.57 MW), Hydro around 12% (45,699.22 MW), Renewable around 24% (87027.68 MW) and Nuclear around 2% (6780 MW). The installed capacity stood at around 28% (1,03,321.74 MW) in state sector, around 47% (1,73,307.79 MW) in private sector and around 25% (93,476.93 MW) in central sector. The capacity addition target for the FY 2019-20 was set at 12,186.14 MW. However, a capacity addition of 7,065 MW has been achieved during the FY 2019-20.

**India Electricity generation Source-wise Break-up (%)**



■ Thermal 62      ■ Hydro 12  
■ Renewable 24      ■ Nuclear 2

### Power Generation Trend (BU)



### FY 2019-20 Capacity Addition Target v. Achievement (MW)

Target	Achievement
12,186.14	7,065

The Overall generation (Including generation from grid connected renewable sources) in the country has been increased from 1110.458 BU during 2014-15 to 1173.603 BU during the year 2015-16, 1241.689 BU during 2016-17, 1308.146 BU during 2017-18, 1376.095 BU during 2018-19 and 1390.467 BU during 2019-20. The performance of Category wise generation during the year 2019-20 was as follows:-

Thermal Reduced by	2.75 %
Hydro Increased by	15.48 %
Nuclear Increased by	22.90%
Bhutan Import Increased by	31.49 %
Renewables Increased by	9.12 %
Overall Growth rate recorded by	0.95%

### Transmission

Transmission system establishes the link between source of generation on one side and distribution system on the other side. Transmission planning is a continuous process of assessing the need, timing and the requirement for additional transmission systems. The transmission requirements could arise on account of factors like new generation additions in the system, increase in demand etc. Thus, for efficient dispersal of power, strengthening the transmission system network, enhancing the Inter-State power transmission system, augmentation of the National Grid and enhancement of the transmission system network is imperative. An extensive network of transmission lines has been developed over the years for evacuating power produced by different electricity generating stations and distributing the same to the consumers.

## 4,25,017 Ckms

### Transmission Network expense in India as on March 31, 2020

At the end of the fiscal 2020, our country had an extensive transmission network spanning 4,25,017 Ckms (at the 220 kV and above voltage levels). Further against a target of adding 23,621 Ckms of transmission lines for FY 2019-20, 11,664 Ckms have been achieved.

### FY 2019-20 Transmission Lines Addition (Ckms)

Target	Achieved
23,621	11,664

### Distribution

The distribution sector is the most important link in the power sector value chain, which channelises the revenue realisation & provide overall stability to the sector. A strong and efficient distribution sector is crucial for the development of robust, self-sustaining power sector. The state power sector entities play a very vital role in power distribution in India. Government of India is supporting states for strengthening distribution system necessary for providing 24x7 power supply to all households through Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY) and Integrated Power Development Scheme (IPDS). Government have electrified 26 million households in short time frame of 15-18 months under Pradhan Mantri Sahaj Bijli Har Ghar Yojana (Saubhagya). MoP is also working on distribution perspective plan for power distribution sector aimed at integrating the planned reforms and improved processes of operations to serve the consumers.

## 26 million

### Households electrified within 18 months under Saubhagya Yojana

### (B) OPPORTUNITIES & THREATS

#### Opportunities

Your Company is a leading financial institution in India focused on the power sector. PFC provides a comprehensive range of financial products and related advisory and other services from project conceptualisation to the post-commissioning stage to our clients in the power sector, including for generation (conventional and renewable), transmission and distribution projects as well as for related renovation and modernisation projects. PFC provides various fund based financial assistance, including long-term project finance, short-term loans, buyer's line of credit and debt refinancing schemes as well as non-fund based assistance. Your Company also provide various

fee-based technical advisory and consultancy services for power sector projects through our wholly owned subsidiary.

Further, PFC plays a strategic role in the GOI's initiatives for the development of the power sector in India. PFC works closely with GoI, State Governments, and power sector utilities across the value chain for the development and implementation of structural and procedural policies & reforms measure for the power sector. At present PFC is the strategic partner with GoI for various power sector program, including acting as the nodal agency for the UMPP program and the IPDS/(R-APDRP subsumed in it) and as a bid process coordinator through its wholly owned subsidiary PFC Consulting Limited for the ITP scheme. In addition to this, to facilitate liquidity flow to the sector during the COVID times, Government of India recently announced a ₹90,000 crore credit package under Atmanirbhar Bharat Abhiyan to enable DISCOMs to meet their obligations. PFC & REC are the key lending partners for the same.

## ₹90,000 Crore

### Credit package for DISCOMs under Atmanirbhar Bharat Abhiyan

This lending package will not only enable revival of the Power sector but is also an avenue for business growth of PFC. Your Company believes that this will have a positive impact on PFC's business in view of the following:

- 1) Considering that new lending opportunities would be limited in view of the COVID-19 situation, this lending package is a good business opportunity for PFC to maintain its loan asset growth.
- 2) All the loans extended under the package will be backed by State Government Guarantee. This will help maintain and boost PFC's CRAR as all this incremental lending will attract lower risk weight of 20% due to government backed guarantee.

### Threats, Risks & Concerns

In spite of the fact that PFC is a very sound financial player in power sector, its business is not free from risks. Keeping in view its nature of operations, the Company actively identifies evolving risks and takes timely action to address and manage them. The following are some of the risks and concerns faced by your Company:

#### 1. Economic slowdown.

A slowdown in economic growth in India could adversely impact the business of PFC. PFC's

performance and the growth of its business are dependent on the performance of the overall Indian economy.

#### 2. Financial Health of State DISCOM's

Years of populist tariff schemes, considerable AT&C losses and operational inefficiencies have adversely affected the financial health of State DISCOM's form where the money comes ultimately.

#### 3. Credit risks

Credit risk involves the risk of loss arising from the diminution in credit quality of a borrower along with the risk that the borrower will default on contractual repayments under a loan or an advance.

#### 4. Legal risk

Legal risk arises from the uncertainty of the enforceability of contracts relating to the obligations of our borrowers. This could be on account of delay in the process of enforcement or difficulty in the applicability of the contractual obligations.

#### 5. Interest rate risks

The risk that changes in market interest rates will adversely affect the Company's financial condition. The primary interest rate-related risks that the Company faces are from timing differences. Interest rates are dynamic and dependent on various internal and external factors including cost of borrowing, liquidity in the market, competitors' rates, movement of benchmarks such as AAA bond/GSEC yields and RBI policy changes.

#### 6. Changes in legislation

PFC is a listed Government Company and a public financial institution under the Companies Act. It is registered with the RBI as a non-deposit taking systemically important NBFC and was classified as an IFC in July 2010. As a result various legislations are applicable to PFC like Companies Act, 2013, Securities and Exchange Board of India Regulations, DPE's Guidelines for CPSEs, RBI act and guidelines,



Tax regulations etc. Changes in these legislations could affect our Company's results/operations.

### **(C) SEGMENT-WISE OR PRODUCT-WISE PERFORMANCE**

Company's main business is to provide financial assistance to the power sector and Company does not have any separate reportable segments.

### **(D) OUTLOOK**

Amid the COVID-19 lockdown, the DISCOMs are seeing reduction in revenues collection, which is leading to strain on their cash flows. This is having a cascading impact on the entire power sector value chain. Therefore, to facilitate liquidity flow in the power sector, Govt. of India recently announced a ₹90,000 crore credit package to enable DISCOMs to meet their obligations. PFC & REC have been mandated as the key lending partners for the same.

PFC has always been a strategic partner of Government in implementing power sector initiatives and this is one of many such initiatives. We believe this a positive step by the Government as it will strengthen the entire power sector value chain. Further, it is expected that this liquidity infusion would help PFC borrowers to continue to their business operations without any business interruptions.

### **(E) INTERNAL CONTROL SYSTEM AND ITS ADEQUACY**

The Company is having an internal control system including suitable monitoring procedures commensurate with its size of operations. Internal Auditor of the Company works on a continuous basis, covering the financial and other matters. In order to ensure that all checks and balances are in place and all internal control systems are in order, regular and exhaustive internal audits are conducted by experienced firms of Chartered Accountants in close co-ordination with Company's own internal audit department. Further, the findings of the different audits are also periodically reviewed by the Audit Committee of the Board.

Our outsourced Internal Auditor M/s ASA & Associates LLP, Chartered Accountants, has evaluated and certified that the Company maintains an adequate system of internal financial controls which takes care of requirements under Companies Act, 2013 and Guidance Note of Institute of Chartered Accountants of India (ICAI). The Statutory Auditors of the Company i.e. Gandhi Minocha & Co., Chartered Accountants and Dass Gupta & Associates, Chartered Accountants and have also given their Report on the Internal Financial Controls stating that the Company has, in

all material respects, an internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020 based on internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.

PFC is an ISO certified Company. These stringent internal control processes and credit review mechanisms reduce the number of defaults and ultimately contribute in gaining the faith of all the stakeholders.

### **(F) DISCUSSION ON FINANCIAL PERFORMANCE WITH RESPECT TO OPERATIONAL PERFORMANCE**

Your Company continued to accomplish a healthy growth during the FY 2019-20. The total income stood at ₹33,371.06 crore as compared to ₹28,766.31 crore in FY 2018-19. During the FY 2019-20, your Company earned a net profit of ₹5,655.14 crore.

Further, Net Worth (share capital plus all reserves) of the Company grew by 4% in FY 2019-20 to ₹45,164 crore as compared to ₹43,288 crore in FY 2018-19 and the loan assets as at March 31, 2020 grew by 8.77% to ₹3,44,905 crore from ₹3,14,667 crore as at March 31, 2019.

The Return on average net worth was 12.79% in FY 2019-20 as compared to 17.33% in FY 2018-19. Return on assets was 1.60% in FY 2019-20 as compared to 2.33% in FY 2018-19. The Debt Equity Ratio have slightly gone up from 6.66 times in FY 2018-19 to 6.72 times in FY 2019-20.

In the preparation of financial statements, the Company has followed Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) with effect from April 1, 2018, issued by the Ministry of Corporate Affairs, to the extent applicable.

### **(G) MATERIAL DEVELOPMENTS IN HUMAN RESOURCES / INDUSTRIAL RELATIONS FRONT**

Your Company has put in place an effective human resource acquisition and maintenance function, which is benchmarked with best corporate practices designed to meet the organisational needs. An active HR function coupled with other strategic interventions leads to an effective management of Human Resources leading to high



level of productivity. Commitment of the workforce is ensured through an effective package of welfare measures which include comprehensive insurance, medical facilities and other amenities which lead to a healthy workforce. Your Company considers its employees as most valuable resources and lays great emphasis on their continuous development including their skill enhancement. As part of the overall human resource development plan, the Company has an annual training plan system to assess the training needs of its employees. Requisite skills are also imparted across all level of employees through customised training intervention.

The Company has very cordial and harmonious relationship with its employees. There were no man-days lost during the period under review. Total number of employees on the rolls of the Company as on March 31, 2020 are 484.

**(H) CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABLE DEVELOPMENT (CSR&SD)**

Your Company, through its Corporate Social Responsibility and Sustainable Development initiatives, aims to become a socially responsible corporate entity committed to improve the quality of life of the society at large. In line with this, your company's Corporate Social Responsibility and Sustainability Policy (CSR and Sustainability Policy) ensures that your Company becomes a socially responsible corporate entity by undertaking projects for Sustainable Developments.

During the year, PFC implemented wide range of activities in the field of Environment Sustainability, Skill development, Sanitation, Healthcare and supporting the differently abled. For the FY 2019-20, the Board of Directors had approved the CSR budget of ₹135.86 crore.

**(I) RENEWABLE AND CLEAN DEVELOPMENT MECHANISM**

The World is gradually transitioning towards a clean and efficient energy sources. Currently, there is a large latent demand for energy services that needs to be fulfilled in order for people to have reasonable incomes and a decent quality of life. Ministry of Power, through Bureau of Energy Efficiency (BEE), has initiated a number of energy efficiency initiatives in the areas of household lighting, commercial buildings, standards and labeling of appliances, demand side management in agriculture/municipalities, SME's and large industries including the initiation of the process for development of energy consumption norms for industrial sub sectors, capacity building of SDA's etc.

Keeping in view the Government thrust in clean energy sources, PFC is also focusing more and more on finance to clean/renewable energy projects. During FY 2019-20, PFC issued sanctions of ₹8,642 crore to Hydro Generation (>25MW) and disbursed ₹5,846 crore. Further, PFC sanctioned ₹10,231 crore to renewable energy projects and disbursed an amount of ₹6,150 crore during the same period.

**Green Power Generation Project Sanctions and Disbursement**

**Hydro Power Generation Projects (>25MW)**

<b>Sanctioned</b>	₹8,642 Crore
<b>Disbursed</b>	₹5,846 Crore

**Renewable Energy Projects**

<b>Sanctioned</b>	₹10,231 Crore
<b>Disbursed</b>	₹6,150 Crore

**Cautionary Note**

*Certain statements in the "Management Discussion and Analysis" section may be forward looking and are stated as required by applicable laws and regulations. Many factors may affect the actual results, which could be different from what the Management envisages in terms of future performance and outlook. Readers are cautioned not to place undue reliance on these forward-looking statements.*



## Annexure F of Board's Report

# Integrated Reporting

Every organisation depends on various capitals for success and it is very important to know how these capitals particularly non-financial parameters create value for the organisation and all the stakeholders.

Integrated reporting framework, enables your Company to not only highlight its non-financial performance but also the connections between the financial and the non-financial performance. This disclosure is structured using the capitals model of value creation, adopted by the International Integrated Reporting Council (IIRC) in the International Framework and explains our dependence and impact on the forms of capital that are fundamental to our ability to create value over the long term.

The capitals are categorised in the above said framework as

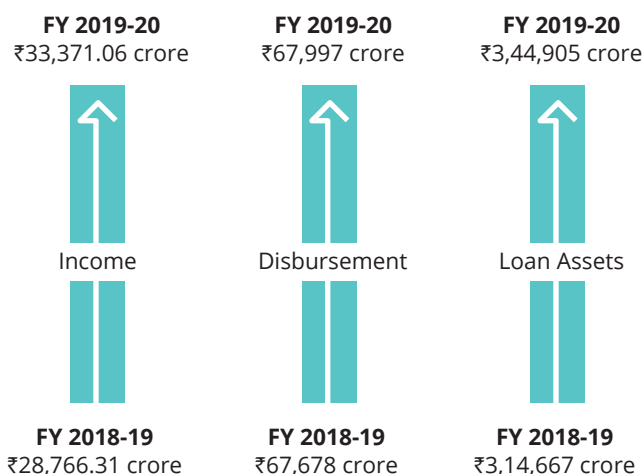




## FINANCIAL CAPITAL

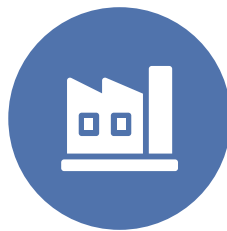
Financial capital is broadly understood as the pool of funds available to an organisation. This is a very important capital because it also serves as a medium of exchange that can obtain value through conversion into other forms of capital.

The accrued financial capital is given to shareholders as dividend and interest on debt instruments. Different taxes are paid to the government thereby promoting the overall growth of our country. Main financials of your Company are as below:



The above volumes speak for themselves.

PFC through its financial capital is contributing in creating superior value for its stakeholders especially by playing the role of a pioneer in power sector funding and as a result contributing to the development of power sector of the country. By using the financial capital, PFC is also creating other capitals like Human capital and Social and relationship capital.



## MANUFACTURED CAPITAL

PFC is not a Manufacturing Company and offers financial assistance to Power Sector projects only. Hence this Capital has limited applicability in PFC. However, PFC contributes to manufactured capital by way of its tangible and intangible infrastructure.

**PFC is headquartered in New Delhi and has state-of-the-art infrastructure, cutting-edge technology and a customer-centric approach. PFC also maintains regional offices to facilitate its business operations.**

PFC invests in physical assets, which includes physical infrastructure, IT systems & infrastructure to improve efficiency and delivery mechanism, which ultimately leads to better services to all the associated stakeholders.

Existing manufactured capital enables PFC to be able to be responsive to market or social needs. By creating this limited Manufactured Capital, PFC reduces resource use at national level and focuses more on human creativity, thus enhancing both efficiency and sustainable development of our country.

Manufactured capital is also helping PFC in focusing on creating other forms of capital more particularly Human Capital.



## INTELLECTUAL CAPITAL

Intellectual capital is broadly understood as Intangibles that provide competitive advantage, including intellectual property, such as patents, copyrights, software and organisational systems, procedures and protocols and intangibles that are associated with the brand and reputation that an organisation has developed.

PFC works closely with Government of India, State Governments, power sector utilities, other power sector intermediaries and private sector clients for the development and implementation of policies and structural and procedural reforms for the power sector in India. In addition, PFC is involved in various Govt programs for the power sector, including acting as the nodal agency for the UMPP program and the IPDS/R-APDRP and as a bid process coordinator through our wholly owned subsidiary PFC Consulting Limited for the ITP scheme. As nodal agency for various programmes of the government, your company is contributing towards development of power sector and improving financial health of Distribution Utilities.

Keeping in view the role of PFC in development of Indian power sector, PFC has developed sound organisational systems, procedures, software and protocols which are proving PFC a competitive edge and helping it in developing brand and reputation in the market.

Since Intellectual capital mainly relates to human resource, PFC has put in place effective systems to meet the organisational needs.

Through these organisational systems, procedures and protocols i.e. Intellectual Capital, PFC has acquired the knowledge and intellect necessary for its operation and processes.

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**PFC continues to prepare its talent pool and create Intellectual capital to embrace disruptions, to innovate, to be able to adapt to the changes brought by transformed business models.**

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## HUMAN CAPITAL

Human capital refers to the skills and know-how of an organisation's professionals as well as their commitment and motivation and their ability to lead, cooperate or innovate.

Your Company has put in place effective human resource acquisition and maintenance system, which is benchmarked with best corporate practices designed to meet the organisational needs. This apart from other strategic interventions leads to an effective management of Human Resources thereby ensuring high level of productivity.

PFC is having highly skilled, professionally qualified and experienced workforce. PFC follows best management practices. The employees of the Company have access to the Top Management officials thereby contributing effectively in the management and growth of the Company. PFC believes that employees become empowered only when they are aware of the policies and processes that impact them, therefore, PFC has institutionalised key policies relating to human resource, which ensures commitment of the workforce through an effective package of welfare measures which include medical facilities, Child Care Leave and other amenities which lead to a healthy workforce.

The relations within the Company have been very cordial and harmonious with the employees committing themselves entirely to the objectives of the Company. The reason being, PFC has been consistent in holistic personality development of its employees through facilities like Gymnasium, participation of employees in various sports, cultural and literary activities. PFC also organises various events like essay writing competition, Slogan writing competition and linguistic fest from time to time. The participation in such activities results in a greater level of team spirit and fitness among the employees.

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**PFC has been able to create a strong Human Capital and as a result of this highly motivated workforce, PFC could achieve the outstanding growth year by year.**

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The growth of PFC is contributing in the growth of country and creating value to its stakeholders. This highly motivated workforce is bringing change in the society at large.



## SOCIAL AND RELATIONSHIP CAPITAL

Social and relationship capital refers to the resources and value created by the relationship between an organisation and all its stakeholders. These relationships include ties with the community, government relations, customers and supply chain partners.

PFC always wants to bring change in the lives of the people and the society at large. PFC consistently strives towards meeting the expectations of the society so as to help in achieving a real and lasting reduction of social and economic disparities as well as protecting the environment. PFC continues to support activities that aim at improving the quality of life of both present and future generations and at the same time safeguarding the capacity of the earth to support life in all its diversity.

PFC has a CSR and Sustainability policy in place. The aim of the policy is to ensure that the Company becomes socially responsible corporate entity committed to improving the quality of life of the society at large. For the FY 2019-20, the Board approved the CSR budget of ₹135.86 crore.

**During the year, PFC implemented wide range of activities in the field of Environment Sustainability, Skill development, Sanitation, Healthcare and supporting the differently abled. Further, as per DPE's mandate, PFC has also contributed to thematic areas i.e. School Education and Healthcare with preference given to Aspirational Districts.**

## ₹135.86 Crore

**FY 2019-20 CSR Budget**

PFC as a part of its social responsibility makes all efforts to ensure compliance of the Directives and Guidelines issued by the Government of India from time to time pertaining to the welfare of SC/ ST/ OBC/ PwD employees. The steps taken include due reservations and relaxation as applicable under the various directives for direct recruitment as well as for promotions.



## NATURAL CAPITAL

Natural capital refers to all renewable and non-renewable environment resources such as water, land, energy on which an organisation depends to operate.

PFC always endeavors to protect environment by minimising consumption of natural resources and also by minimising wastage of the same. PFC endeavors to reduce its paper consumption through IT solutions by digitalising processes, wherever possible.

**PFC, being a Financial Institution, has limited applicability of mechanism to recycle products and waste, however, the Company has installed an Organic Composting machine in the office premises for recycling organic waste generated on routine basis in the office building kitchen/pantry etc.**

PFC, while doing its business, considers it imperative to follow an environment friendly approach. In line with its responsible lending strategy and practices, PFC's renewable business has reached to newer heights. PFC along with Power Grid, NTPC and REC incorporated Energy Efficiency Services Limited (EESL) on December 10, 2009 for implementation of Energy Efficiency projects in India and abroad.

Your Company through such measures contributes in preservation and enhancing natural capital. Through investment in renewable products, promoting renewable energy and works towards integrating positive environmental action in business, PFC is committed to create Natural Capital and by doing so also making its brand visible world over.

## Annexure G of Board's Report

# Report on Corporate Governance

Corporate governance is the system of rules, practices, and processes by which a company is directed and controlled. Corporate governance essentially involves balancing the interests of a company's many stakeholders, such as shareholders, senior management executives, customers, suppliers, financiers, the government, and the community. Since corporate governance also provides the framework for attaining a company's objectives, it encompasses practically every sphere of management, from action plans and internal controls to performance measurement and corporate disclosure.

Your Company has always endeavored to implement and maintain high standards of Corporate Governance norms and has been practicing the principles of good Corporate Governance since its incorporation.

A Report in line with the requirements of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Guidelines on Corporate Governance for Central Public Sector Enterprises issued by Department of Public Enterprises (DPE) is given below as a part of the Director's Report along with a Certificate issued by a Practicing Company Secretary regarding compliance with the provisions of Corporate Governance.

### 1. BRIEF STATEMENT ON COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Your Company's Corporate Governance philosophy is based on two core principles. These are:

- i. Management must have the executive freedom to drive the enterprise forward for sustainable growth without undue restraints; and
- ii. This freedom of management should be exercised within the framework of regulatory environment and effective accountability.

Your Company's corporate structure, conduct of business and disclosure practices have been accordingly aligned to its Corporate Governance Philosophy.

The Board of your Company also firmly endorses the principles of governing disclosures and obligations as provided in Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 as guiding force.

### 2. BOARD OF DIRECTORS

The Board of Directors of your Company provides leadership, objective judgment and strategic guidance to the Company. The Board Charter can be said to be governed within the framework set out in the Companies Act, Memorandum of Association, Articles of Association of the company, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and internal codes/procedures of the company etc.

It reviews corporate policies, overall performance, accounting and reporting standards and other significant areas of management, corporate governance and regulatory compliance. Your Company's Board consists of eminent individuals with diverse experience and expertise.

#### Composition

PFC is a Government Company within the meaning of Section 2 (45) of the Companies Act, 2013 as the President of India as on March 31, 2020 holds 55.99% of the total paid-up share capital of the Company and as per Articles of Association of the Company, the power to appoint Directors vests in the President of India. Further, in terms of Articles of Association of the Company, the number of Directors of the Company shall not be less than three and not more than fifteen.

As on March 31, 2020 the Company's Board comprised of seven Directors which includes four whole time functional Directors, one part time Government Nominee Director and two non-official part time (Independent) Directors. A brief profile of all the Directors is provided in this Annual report.

During the FY 2019-20, the following changes took place in the composition of the Board of Directors of the Company: -

- (i) Consequent upon reaching the age of superannuation, Shri Chinmoy Gangopadhyay, Director (Projects), ceased to be a Member of the Board w.e.f. May 1, 2019.
- (ii) Consequent upon appointment by Ministry of Power, Government of India, Shri Ravinder Singh Dhillon assumed the charge of Director (Projects) w.e.f. June 12, 2019.

- (iii) Consequent upon appointment by Ministry of Power, Government of India, Shri R.C Mishra assumed the charge of Independent Director w.e.f. July 11, 2019.
- (iv) Shri Mritunjay Kumar Narayan, Joint Secretary, Ministry of Power was nominated by Ministry of Power, Government of India as Government Nominee Director on the board w.e.f. August 28, 2019 vice Shri Arun Kumar Verma, Joint Secretary, who was earlier nominated on the Board of PFC.
- (v) Consequent upon completion of tenure, Shri Sitaram Pareek, Independent Director, ceased to be a Member of the Board w.e.f. February 6, 2020.

Further, consequent upon reaching the age of superannuation, Shri Rajeev Sharma, Chairman and Managing Director and Shri N. B. Gupta, Director (Finance), ceased to be Members of the Board w.e.f. June 1, 2020 and July 1, 2020 respectively. Consequent upon appointment by Ministry of Power, Government of India, Shri Ravinder Singh

Dhillon, Director (Projects) assumed the charge of Chairman and Managing Director w.e.f. June 1, 2020. and Smt. Parminder Chopra assumed the charge of Director (Finance) w.e.f. July 1, 2020.

During the year, in absence of requisite number of Independent Directors on the Board of the Company, the composition of the Board of Directors was not in conformity with the provisions of the Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Guidelines on Corporate Governance for CPSEs issued by DPE.

The Company has already requested Ministry of Power, Government of India, the appointing authority, to expedite appointment of the requisite number of Independent Directors on the Board of the Company to enable the company to comply with the applicable provisions of the Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and DPE Guidelines on Corporate Governance.

The composition of Board of Directors as on March 31, 2020 was as follows:

**Whole Time Directors**

- i) Shri Rajeev Sharma Chairman and Managing Director, Chief Executive Officer and Key Managerial Personnel
- ii) Shri N.B Gupta Director (Finance), Chief Finance Officer and Key Managerial Personnel
- iii) Shri Ravinder Singh Dhillon Director (Projects) and Key Managerial Personnel
- iv) Shri Praveen Kumar Singh Director (Commercial) and Key Managerial Personnel

**Government Nominee Director**

- v) Shri Mritunjay Kumar Narayan Director (Government Nominee)

**Non-Official Part Time (Independent) Director**

- vi) Smt. Gouri Chaudhury Independent Director
- vii) Shri R.C Mishra Independent Director

Your Company has under the RBI's Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit Taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, formulated a Fit and Proper Policy for ascertaining the fit and proper status of the directors of the Company. The Nomination and Remuneration Committee of the Company has in terms of the said policy ascertained the Functional and Independent Directors on the Board of the Company as fit and proper for the FY 2019-20.

Further, pursuant to the requirements under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, your Company has obtained a certificate from a Practicing Company Secretary that none of the directors on the board of the

company have been debarred or disqualified from being appointed or continuing as directors of company by the Board/Ministry of Corporate Affairs or any such statutory authority.

Since, PFC is a Government Company, the Directors on the Board of the Company are appointed by the Government of India through Ministry of Power. Further, PFC being an NBFC engaged in the business of Financing Power Sector, the Ministry of Power ensures that the Directors appointed on the Board of the Company have the requisite skills and expertise in the areas required to conduct affairs of the Company i.e. finance and technical etc. The list of core skills, expertise, and competencies of the Members of the Board are detailed hereinafter in the report.

### Board Meetings

The meetings of the Board are generally held at the registered office of the company and are scheduled well in advance. The Board of PFC meets regularly. The meetings of Board are governed by a structured agenda and any member of the Board is free to recommend inclusion of any subject matter in the agenda for deliberations. Detailed agenda papers including explanatory notes are circulated in advance on all major issues to facilitate the Board to take well-informed and independent decisions. Your Company follows Secretarial Standard-1 on Meetings of the Board of Directors as issued by Institute of Company Secretaries of India in its true letter and spirit.

During the year under review, the Board met 13 times on the following dates:

(i) May 17, 2019 (ii) May 29, 2019 (iii) June 24, 2019 (iv) July 30, 2019 (v) August 13, 2019 (vi) August 27, 2019 (vii) September 20, 2019 (viii) October 22, 2019 (ix) November 14, 2019 (x) December 24, 2019 (xi) February 12, 2020 (xii) March 9, 2020 and (xiii) March 21, 2020.

### Annual General Meeting

The last Annual General Meeting of the Company was held on August 27, 2019.

**Directors' attendance at the Board Meetings held during the FY 2019-20 and at the last Annual General Meeting, number of directorships in other companies and Membership/Chairmanship in the committees of other companies, core skills, expertise, and competencies of the Members of the Board etc. are as follows:**

Name and Designation	Board Meetings		No of other Directorships as on March 31, 2020*	Chairmanship/ Membership in the committees of other companies as on March 31, 2020**		Attendance at the last AGM held on August 27, 2019	Core skills, expertise, and competencies
	Held during the tenure	Attended		Member	Chairman		
<b>Shri Rajeev Sharma</b> Chairman and Managing Director	13	13	2	Nil	Nil	Present	<ul style="list-style-type: none"> <li>B. Tech (Electrical) from G. B. Pant University and Master's Degree in Engineering from IIT Roorkee and also Master's Degree in Business Administration from FMS, Delhi University.</li> <li>More than 35 years of experience in Power Sector.</li> </ul>
<b>Shri N.B. Gupta</b> Director (Finance)	13	12	8 <sup>a</sup>	Nil	Nil	Present	<ul style="list-style-type: none"> <li>Member of the Institute of Chartered Accountants of India.</li> <li>More than 33 years of experience in Power Sector.</li> </ul>

Name and Designation	Board Meetings		No of other Directorships as on March 31, 2020*	Chairmanship/ Membership in the committees of other companies as on March 31, 2020**		Attendance at the last AGM held on August 27, 2019	Core skills, expertise, and competencies
	Held during the tenure	Attended		Member	Chairman		
<b>Shri Praveen Kumar Singh</b> Director (Commercial)	13	13	7 <sup>#b</sup>	Nil	Nil	Present	<ul style="list-style-type: none"> <li>• B. Tech in Electrical Engineering from IIT-BHU</li> <li>• M. Tech (Energy and Environment Management), IIT New Delhi.</li> <li>• Global Energy MBA Program, Bayer College of Business, University of Houston, USA.</li> <li>• More than 35 years of experience in Power Sector.</li> </ul>
<b>Shri R.S Dhillon</b> Director (Projects) (w.e.f. June 12, 2019)	11	11	1	Nil	Nil	Present	<ul style="list-style-type: none"> <li>• Electrical Engineer with post-graduation in Power Systems from IIT Delhi</li> <li>• More than 35 years of experience in Power Sector</li> </ul>
<b>Shri Chinmoy Gangopadhyay</b> Director (Projects) (upto April 30, 2019)	0	0	NA	NA	NA	NA	<ul style="list-style-type: none"> <li>• B. Tech (Electrical), IIT Kharagpur and also Master's Degree in Business Administration from FMS, Delhi University.</li> <li>• More than 38 years of experience in Power Sector</li> </ul>
<b>Shri Mrityunjay Kumar Narayan</b> Director (Government Nominee) (w.e.f. August 28, 2019)	7	5	2 <sup>#c</sup>	Nil	Nil	NA	<ul style="list-style-type: none"> <li>• An Indian Administrative Service (IAS) officer of 1995 Uttar Pradesh Cadre and Joint Secretary in Ministry of Power.</li> </ul>



Name and Designation	Board Meetings		No of other Directorships as on March 31, 2020*	Chairmanship/ Membership in the committees of other companies as on March 31, 2020**		Attendance at the last AGM held on August 27, 2019	Core skills, expertise, and competencies
	Held during the tenure	Attended		Member	Chairman		
<b>Dr. Arun Kumar Verma</b> Director (Government Nominee) (upto August 27, 2019)	6	3	NA	NA	NA	Not Present	<ul style="list-style-type: none"> <li>• B. Tech and M. Tech in Electrical Engineering from Indian Institute of Technology (IIT), Kanpur.</li> <li>• M.Sc. in Public Policy and Management from King's College London and also a law graduate.</li> </ul>
<b>Smt Gouri Chaudhury</b> Independent Director	13	11	Nil	Nil	Nil	Present	<ul style="list-style-type: none"> <li>• M.A. in English</li> <li>• Sangeet Prabhakar (Sitar)</li> <li>• Social Worker</li> </ul>

Name and Designation	Board Meetings		No of other Directorships as on March 31, 2020*	Chairmanship/ Membership in the committees of other companies as on March 31, 2020**		Attendance at the last AGM held on August 27, 2019	Core skills, expertise, and competencies
	Held during the tenure	Attended		Member	Chairman		
<b>Shri R.C Mishra</b> Independent Director (w.e.f. July 11, 2019)	10	9	Nil	Nil	Nil	Present	<ul style="list-style-type: none"> <li>Indian Administrative Service (IAS) in 1978.</li> <li>Master degree in Science (M.Sc.) from University of Allahabad and Master degree in Business Administration (M.B.A) from University of Ljubljana, Slovenia.</li> </ul>
<b>Shri Sitaram Pareek</b> Independent Director (upto February 5, 2020)	10	10	NA	NA	NA	Present	<ul style="list-style-type: none"> <li>B.Com, FCA, DISA</li> <li>Member of the Institute of Chartered Accountants of India</li> <li>Founder partner of M/s SARDA &amp; PAREEK, Chartered Accountants, Mumbai</li> </ul>

\* Does not include Directorship in Private Companies, Section 8 Companies under the Companies Act, 2013 and Foreign Companies.

\*\* Does not include Chairmanship/Membership in Board Committees other than Audit Committee and Shareholders'/Investors' Grievance Committee.

#### Details of Directorship in Listed Entities

<sup>#a</sup> Nominee Director of PFC in PTC India Limited

<sup>#b</sup> Nominee Director of PFC in REC Limited

<sup>#c</sup> Government Nominee Director in REC Limited and PTC India Limited.

None of the Directors on the Board is a member of more than 10 Committees and Chairman of more than 5 Committees, across all the companies in which he is a Director. None of the Directors of the Company are in any way related to each other.

#### Separate Meeting of Independent Directors

The Separate Meeting of Independent Directors was held on January 4, 2020 in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, Schedule IV of Companies Act, 2013 and as per the Guidelines issued by DPE on Role & Responsibilities of Non-Official Directors (Independent Directors) of CPSEs. All the Independent Directors attended the said Meeting.

#### Declaration by Independent Directors

All the Independent Directors in the first meeting of the Board of the FY 2019-20 held on

May 17, 2019, gave a declaration that they meet the criteria of independence as provided under Section 149(6) of the Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and DPE's Guidelines on Corporate Governance for CPSEs.

Further, all the Independent Directors in the first meeting of the Board of the FY 2020-21 held on May 11, 2020 gave a declaration that they meet the criteria of independence as provided under Section 149(6) of the Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and DPE's Guidelines on Corporate Governance for CPSEs. The Board of Directors in the said meeting confirmed that the Independent Directors of the Company fulfill the conditions

specified in Companies Act, 2013, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and DPE's Guidelines on Corporate Governance for CPSEs and are independent of the management. No Independent Director has resigned during the FY 2019-20.

In the opinion of the Board, the Independent Directors possess the requisite expertise and experience and are the persons of high integrity and repute. The Independent Directors have registered themselves for the online proficiency test and shall be taking it within the prescribed period.

### Familiarization programme for Independent Directors

The details of familiarization programmes imparted to Independent Directors are displayed on the Company's website after completion of the programme. The details posted on the website can be accessed following the weblink:

[http://www.pfcindia.com/DocumentRepository/ckfinder/files/Investors/Equities/Disclosure/12042019/Disclosure\\_SEBI\\_46\\_2.pdf](http://www.pfcindia.com/DocumentRepository/ckfinder/files/Investors/Equities/Disclosure/12042019/Disclosure_SEBI_46_2.pdf)

### 3. COMMITTEES OF THE BOARD OF DIRECTORS

In terms of the regulatory requirements and in order to facilitate expeditious consideration and focused decision making on the affairs of the company, the Board has constituted Board level committees with distinct role, accountability and authority. The board had accepted the recommendations of committees of the board which is mandatorily required, in the relevant financial year. The Board Level Committees are as follows:

- i) Audit Committee of Directors
- ii) Nomination and Remuneration Committee
- iii) Stakeholder Relationship and Shareholders'/ Investors' Grievance Committee
- iv) Risk Management Committee
- v) CSR & Sustainable Development Committee of Directors

The details of the meetings attended by members during the FY 2019-20 are as follows:

Name of the Members	Designation	No. of Meetings	
		Held during the tenure	Attended
Shri R.C Mishra (w.e.f. August 13, 2019)	Independent Director	3	3
Smt Gouri Chaudhury	Independent Director	7	7

- vi) Loans Committee of Functional Directors
- vii) Investment Committee of Directors
- viii) HR Committee
- ix) ALM Committee of Functional Directors

### 3.1 Audit Committee of Directors

As per the requirements under the Companies Act, DPE's Guidelines on Corporate Governance for CPSEs, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and RBI's Corporate Governance norms, the Board of Directors of the company has constituted an Audit Committee of Directors.

The Audit Committee of the company constituted by the Board comprises of two independent directors and one functional Director. The meetings of the committee, during the year, were chaired by an independent director.

As on March 31, 2020, the Audit Committee comprised of the following:

Name of Member	Designation
Shri R.C Mishra	Chairman
Smt. Gouri Chaudhury	Member
Shri R.S Dhillon	Member

The Company Secretary continued to be the Secretary to the Committee. The role, terms of reference, scope and authority of Audit Committee are as provided under the relevant provisions of Companies Act, DPE's Guidelines on Corporate Governance for CPSEs, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and RBI's Corporate Governance norms.

During the FY 2019-20, seven meetings of the Audit Committee were held i.e. (i) May 16, 2019 (ii) May 29, 2019 (iii) July 29, 2019 (iv) August 13, 2019 (v) September 20, 2019 (vi) November 14, 2019 and (vii) February 12, 2020.

Name of the Members	Designation	No. of Meetings	
		Held during the tenure	Attended
Shri R.S Dhillon (from. June 12, 2019 to August 12, 2019) (w.e.f. February 6, 2020)	Director (Projects)	3	3
Shri Sitaram Pareek (upto February 5, 2020)	Independent Director	6	6
Shri Chinmoy Gangopadhyay (upto April 30, 2019)	Director (Projects)	0	0

Director (Finance) and Director (Commercial) are permanent invitees to the meetings of the said committee.

Further, the head of internal audit, independent Internal Auditors and representative of the statutory auditor(s) were invited to the Audit Committee Meetings for interacting with the members of the committee.

### 3.2 Nomination and Remuneration Committee

Your company is a Central Public Sector Undertaking, and accordingly the appointment of CMD & Directors and fixation of their remuneration are decided by President of India in terms of the Articles of Association of the Company. However, your company has constituted a Nomination and Remuneration Committee pursuant to the provisions of the Companies Act, 2013, DPE's Guidelines on Corporate Governance for CPSEs, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and RBI's Corporate Governance norms.

As on March 31, 2020 the Nomination and Remuneration Committee comprised of the following:

Name of Member	Designation
Shri R.C Mishra	Chairman
Smt Gouri Chaudhury	Member
Shri Mritunjay Kumar Narayan	Member

Director (Finance), Director (Commercial) and Director (Projects) are permanent invitees to the meetings of the said committee.

The Role and Terms of Reference of the Nomination and Remuneration Committee are as provided under the relevant provisions of Companies Act, DPE's Guidelines on Corporate Governance for CPSEs, Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and RBI's Corporate Governance norms.

During the FY 2019-20, three meetings of the Nomination and Remuneration Committee were held i.e. (i) June 24, 2019 (ii) July 29, 2019 and (iii) September 20, 2019.

The detail of the meeting attended by members during the FY 2019-20 is as follows:

Name of the Members	Designation	No. of Meetings	
		Held during the tenure	Attended
Shri R.C Mishra (w.e.f. August 13, 2019)	Independent Director	1	1
Smt Gouri Chaudhury	Independent Director	3	3
Shri Mritunjay Kumar Narayan (w.e.f. February 6, 2020)	Govt. Nominee Director	0	0
Shri Sitaram Pareek (upto February 5, 2020)	Independent Director	3	3
Shri P.K Singh (upto August 12, 2019)	Director (Commercial)	2	2

### Remuneration Policy

Your Company is a Central Public Sector Undertaking in which all members of the Board are appointed by the President of India through the administrative ministry i.e. Ministry of Power, Government of India, which, inter-alia, fixes the

remuneration of such Whole Time Directors through their respective appointment orders/pay fixation orders. The appointment and remuneration of other employees of the Company is done as per the DPE guidelines. The members of the Board, apart from receiving Directors' remuneration, in case of

CMD and Whole Time Directors, do not have any material pecuniary relationship or transaction with the company, its promoters or its subsidiary, which in the judgment of Board may affect independence of judgment of Directors. PFC being a government company, the evaluation of performance of all the members of the Board including Independent Directors is undertaken by administrative ministry i.e. Ministry of Power, Government of India.

The Ministry of Corporate Affairs vide its notification dated June 5, 2015 has inter-alia exempted the Government Companies in case the Directors are evaluated by the Ministry or Department of the Central Government which is administratively in charge of the Company, as per its own evaluation methodology. Accordingly, PFC being a Government company is exempted in terms of above notification as the evaluation of performance of all the members of the Board including Independent Directors is undertaken by administrative ministry i.e. Ministry of Power, Government of India.

Further, MCA vide Notification dated July 5, 2017 prescribed that the provisions relating to review of performance of Independent Directors and evaluation mechanism, prescribed in Schedule IV of the Companies Act, 2013, is also not applicable to Government Companies.

Similar exemption has been requested by some of the PSUs through Department of Public Enterprises, from SEBI under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Independent Directors in their separate meeting held on January 4, 2020 evaluated the performance of Non-Independent Directors, Chairman and the Board as a whole under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 in line with SEBI's Guidance Note on Board Evaluation dated January 5, 2017.

### Remuneration of Whole Time Directors

The remuneration paid to whole time directors including the Chairman & Managing Director was as per the terms and conditions of their appointment.

Details of remuneration of Whole Time Directors of the company during FY 2019-20 are given below:

Name of the Director	Salary (₹)	Benefits (₹)	Bonus/ Commission ex-gratia (₹)	Performance linked incentives (₹)	Stock Options (₹)	Total (₹)
<b>RAJEEV SHARMA</b>	41,24,393	25,74,863	0	33,85,665	0	1,00,84,921
<b>C. GANGOPADHYAY</b> (upto April 30, 2019)	20,26,937	3,93,639	0	0	0	24,20,576
<b>N.B. GUPTA</b>	43,38,369	12,37,195	0	25,15,415	0	80,90,979
<b>P.K.SINGH</b>	37,64,197	13,90,174	0	21,85,248	0	73,39,619
<b>R.S.DHILLON</b> (w.e.f June 12, 2019)	29,84,048	9,23,985	0	0	0	39,08,033
<b>TOTAL</b>	<b>1,72,37,944</b>	<b>65,19,856</b>	<b>0</b>	<b>80,86,328</b>	<b>0</b>	<b>3,18,44,128</b>

#### Notes:

1. The performance linked incentives are paid as per the Performance Related Pay (PRP) System of the Company.
2. The appointment of Directors and terms of appointment including remuneration, notice period, severance fees, if any etc. are decided by President of India.
3. Salary & Allowances have been considered on paid basis for the period working in capacity Director or KMP.
4. Above information is as per Income from Salary as Form-16 (Income Tax Act, 1961)

### Remuneration of Non-Executive Directors/ Independent and Government Nominee Directors

The Independent & Government Nominee Directors do not have any material pecuniary relationship or transactions with the Company. However, the Independent Directors were paid the sitting fees i.e. ₹20,000. In December, 2019 the Board of Directors enhanced the fee to ₹40,000/- for attending each Meeting of the Board of Directors and ₹30,000/- for attending each Meeting of Committee of Directors.

Government nominee director is not entitled to any remuneration or sitting fee from the Company.

As on March 31, 2020, Smt Gouri Chaudhury, Independent Director, Shri R.C Mishra, Independent Director and Shri Mritunjay Kumar Narayan, Government Nominee Director hold nil shares in the Company.

### 3.3 Stakeholder Relationship and Shareholders'/ Investors' Grievance Committee

The Company has set up a Stakeholders Relationship and Shareholders'/Investors' Grievance Committee to look into the redressal of the complaints of investors as per the requirement of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

As on March 31, 2020 the Stakeholders Relationship and Shareholders'/Investors' Grievance Committee comprised of the following:

Name of Member	Designation
Smt Gouri Chaudhury	Chairman
Shri N. B. Gupta	Member
Shri R.S Dhillon	Member

Shri Manohar Balwani, Company Secretary acts as the Compliance Officer of the Company.

During the FY 2019-20, four meetings of the Stakeholder Relationship and Shareholders'/Investors' Grievance Committee were held i.e. (i) May 17, 2019 (ii) August 13, 2019 (iii) November 14, 2019 and (iv) February 12, 2020

The detail of the meeting attended by members during the FY 2019-20 is as follows:

Name of the Members	Designation	No. of Meetings	
		Held during the tenure	Attended
Smt. Gouri Chaudhury	Independent Director	4	4
Shri N. B. Gupta	Director (Finance)	4	4
Shri R S Dhillon (w.e.f. June 12, 2019)	Director (Projects)	3	3
Shri Chinmoy Gangopadhyay (upto April 30, 2019)	Director (Projects)	0	0

Information on investor complaints for the year ended March 31, 2020 is as follows:

Particulars	Equity	Bonds
Pending at the beginning of the year	0	0
Received during the year	499	3,006
Disposed off during the year	499	3,006
Lying unresolved at the end of the year	0	0

### 3.4 Risk Management Committee

Risk Management Committee has been constituted to monitor and review the risk management plan of the Company and to make recommendations to the Board of Directors for taking up various risk management activities.

As on March 31, 2020 the Risk Management Committee comprised of the following:

Name	Designation
Shri N. B. Gupta	Chairman
Shri R.S Dhillon	Member

During the FY 2019-20, three meetings of the Risk Management Committee were held on (i) April 25, 2019 (ii) September 11, 2019 and (iii) March 23, 2020.

The detail of the meetings attended by members during the FY 2019-20 is as follows

Name of the Members	Designation	No. of Meetings	
		Held during the tenure	Attended
Shri N. B. Gupta	Director (Finance)	3	3
Shri R.S Dhillon (w.e.f. June 12, 2019)	Director (Projects)	2	2
Shri Chinmoy Gangopadhyay (upto April 30, 2019)	Director (Projects)	1	1

### 3.5 CSR & Sustainable Development Committee of Directors

CSR & Sustainable Development Committee has been constituted to give direction to the CSR and SD activities of the Company and to make recommendations to the Board of Directors for taking up various CSR & SD projects.

As on March 31, 2020 the CSR & Sustainable Development Committee comprised of the following:

Name	Designation
Shri R.C Mishra	Chairman
Smt Gouri Chaudhury	Member
Shri P. K. Singh	Member

During the FY 2019-20, seven meetings of the CSR & Sustainable Development Committee of Directors were held on (i) May 14, 2019 (ii) July 16, 2019 (iii) July 29, 2019 (iv) September 12, 2019 (v) October 22, 2019 (vi) December 4, 2019 and (vii) February 3, 2020.

The detail of the meetings attended by members during the FY 2019-20 is as follows:

Name of the Members	Designation	No. of Meetings	
		Held during the tenure	Attended
Shri R.C Mishra (w.e.f. August 13, 2019)	Independent Director	4	3
Shri Sitaram Pareek (upto February 5, 2020)	Independent Director	7	7
Smt Gouri Chaudhury (w.e.f. February 6, 2020)	Independent Director	0	0
Shri P. K. Singh	Director (Commercial)	7	7
Shri R.S Dhillon (from. June 12, 2019 to August 12, 2019 )	Director (Projects)	2	2
Shri Chinmoy Gangopadhyay (upto April 30, 2019)	Director (Projects)	0	0

### 3.6 Loans Committee of Functional Directors

During FY 2019-20, the Loans Committee of Directors & Committee of Functional Directors were subsumed into a new 'Loans Committee of Functional Directors' for sanctioning of financial assistance upto ₹500 crore to individual schemes or projects including enhancement of financial and lease assistance and relaxation of eligibility conditions.

As on March 31, 2020 the Loans Committee of Functional Directors comprised of the following:

Name	Designation
Shri Rajeev Sharma	Chairman
Shri N. B. Gupta	Member
Shri P. K. Singh	Member
Shri R.S Dhillon	Member

During the FY 2019-20, twelve meetings of the Loans Committee of Functional Directors were held on (i) September 13, 2019 (ii) October 7, 2019 (iii) October 31, 2019 (iv) November 27, 2019 (v) December 16, 2019 (vi) December 30, 2019 (vii) January 7, 2020 (viii) March 9, 2020 (ix) March 12, 2020 (x) March 23, 2020 (xi) March 28, 2020 and (xii) March 30, 2020. In addition, one meeting of the Loans Committee of Directors was held on June 21, 2019.

The detail of the meetings attended by members during the FY 2019-20 is as follows:

Name of the Members	Designation	No. of Meetings	
		Held during the tenure	Attended
Shri Rajeev Sharma	Chairman and Managing Director	12	12
Shri N.B Gupta	Director (Finance)	12	12
Shri P. K. Singh	Director (Commercial)	12	12
Shri R.S Dhillon	Director (Projects)	12	12

### 3.7 Investment Committee of Directors

The Investment Committee of Directors has been constituted for approving equity investment in IPOs of Central Power Sector Undertakings and also other related matters like exit/sale decisions, the number of shares to be applied through IPO, individual investment limit in each company on case to case basis, etc.

As on March 31, 2020 the Investment Committee of Directors comprised of the following:

Name	Designation
Shri Rajeev Sharma	Chairman
Shri N. B. Gupta	Member
Shri P. K. Singh	Member
Shri R.S Dhillon	Member
Shri R.C Mishra	Member

During the FY 2019-20 three meeting of the Investment Committee of Directors were held on (i) June 4, 2019 (ii) August 9, 2019 and (iii) February 12, 2020.

The detail of the meetings attended by members during the FY 2019-20 is as follows:

Name of the Members	Designation	No. of Meetings	
		Held during the tenure	Attended
Shri Rajeev Sharma	CMD	3	3
Shri N. B. Gupta	Director (Finance)	3	3
Shri P. K. Singh	Director (Commercial)	3	3
Shri R.S Dhillon	Director (Projects)	2	2
(w.e.f. June 12, 2019)			
Shri R.C Mishra	Independent Director	1	1
(w.e.f. February 6, 2020)			
Shri Sitaram Pareek	Independent Director	0	0
(from August 13, 2019 to February 5, 2020)			

### 3.8 HR Committee

HR Committee has been constituted to consider and submit their recommendations to the Board of Directors on all HR related matters before they are submitted to the Board for approval.

As on March 31, 2020 the HR Committee comprised of the following:

Name	Designation
Shri P. K. Singh	Chairman
Shri N. B. Gupta	Member
Shri R.S Dhillon	Member



During the FY 2019-20, three meetings of the HR Committee were held on (i) May 14, 2019 (ii) November 11, 2019 and (iii) December 13, 2019.

The detail of the meetings attended by members during the FY 2019-20 is as follows:

Name of the Members	Designation	No. of Meetings	
		Held during the tenure	Attended
Shri P.K Singh	Director (Commercial)	3	3
Shri N.B Gupta	Director (Finance)	3	3
Shri R.S Dhillon (w.e.f. June 12, 2019)	Director (Projects)	2	2

### 3.9 ALM Committee of Functional Directors

ALM Committee of Functional Directors has been constituted pursuant to RBI's Master Direction - Non-Banking Financial Company - Systemically Important Non-Deposit Taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

As on March 31, 2020 the ALM Committee of Functional Directors comprised of the following:

Name	Designation
Shri N. B. Gupta	Chairman
Shri R.S Dhillon	Member

During the FY 2019-20, one meetings of the ALM Committee of Functional Directors was held on March 23, 2020.

The detail of the meeting attended by members during the FY 2019-20 is as follows:

Name of the Members	Designation	No. of Meetings	
		Held during the tenure	Attended
Shri N.B Gupta	Director (Finance)	1	1
Shri R.S Dhillon	Director (Projects)	1	1

## 4. OTHER COMMITTEES

### IT Strategy Committee

Pursuant to RBI's Master Directions for Information Technology Framework for NBFCs, the Board of Directors of the Company constituted the IT Strategy Committee comprising of Shri R. C. Mishra, Independent Director, Chief Information Officer/ Chief Technology Officer and Chief Information Security Officer of the Company. The terms of reference and roles and responsibilities of

the said IT Strategy Committee include approving IT strategy and policy documents, monitoring the method that management uses to determine the IT resources needed to achieve strategic goals and provide high-level direction for sourcing and use of IT resources; Ensuring proper balance of IT investments for sustaining PFC's growth and becoming aware about exposure towards IT risks and controls etc.

## 5 GENERAL BODY MEETING

The details of the last three Annual General Meetings of the company are as under:

AGM	Date	Day	Time	Location	Special Resolution
31 <sup>st</sup>	September 20, 2017	Wednesday	11.00A.M.	Talkatora Indoor Stadium, Talkatora Garden, New Delhi – 04.	<ul style="list-style-type: none"> <li>For Raising funds upto ₹65,000 crore through issue of Bonds/ Debentures/ notes/ debt securities on Private Placement basis in India and/or outside India.</li> </ul>
32 <sup>nd</sup>	September 11, 2018	Tuesday	10:30 A.M.	Talkatora Indoor Stadium, Talkatora Garden, New Delhi – 04.	<ul style="list-style-type: none"> <li>Appoint Smt. Gouri Chaudhury, 76 years, as an Independent Director of the Company.</li> <li>For Raising funds upto ₹65,000 crore through issue of Bonds/ Debentures/ notes/ debt securities on Private Placement basis in India and/or outside India.</li> <li>Approve scheme of arrangement for Amalgamation of PFC Green Energy Limited with PFC and their respective shareholders and creditors under Sections 230-232 of Companies Act, 2013.</li> </ul>
33 <sup>rd</sup>	August 27, 2019	Tuesday	11.00A.M.	Talkatora Indoor Stadium, Talkatora Garden, New Delhi – 04.	<ul style="list-style-type: none"> <li>For Raising funds upto ₹70,000 crore through issue of Bonds/Debentures/ notes/debt securities on Private Placement basis in India and/or outside India.</li> </ul>

### Postal Ballot

No Special Resolution was passed last year through Postal Ballot. Further, no special resolution is proposed to be conducted through postal ballot upto the ensuing AGM.

## 6. DISCLOSURES

The Company has not entered into any materially significant related party transaction that may have any potential conflict with the interest of the Company. Further, the Company did not enter into any significant related party transactions with board members where they had personal interest. Further, pursuant to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the company has formulated a "Policy on Related Party Transaction" and the same is available at

[http://www.pfcindia.com/Default/ViewFile/?id=1561552784406\\_Final%20Policy%20on%20RPT%2017052019.pdf&path=Page](http://www.pfcindia.com/Default/ViewFile/?id=1561552784406_Final%20Policy%20on%20RPT%2017052019.pdf&path=Page)

Neither any penalty nor any stricture has been imposed by SEBI, Stock Exchanges or any other Statutory Authority on any matter relating to capital market during the last three years. However, during FY 2019-20, the Company was in receipt of notices of penalty from National Stock Exchange and Bombay Stock Exchange for non-compliance of the requirement of composition of the Board.

The Company has in place an Internal Complaints committee to examine the cases related to sexual harassment under the "Sexual Harassment of Women at Work Place (Prevention, Prohibition and Redressal) Act 2013. During the FY 2019-20, the status of complaint under the said Act is as follows:

- Number of complaints filed during FY 2019-20: 01
- Number of complaints disposed of during FY 2019-20: Nil
- Number of complaints pending as on end of FY 2019-20: 01

In terms of the requirements under Section 177 of the Companies Act, 2013 read with the relevant Rules and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Company is required to, inter-alia, establish a 'Vigil Mechanism'/ 'Whistle Blower Policy' for Directors and Employees to report their genuine concerns or grievances, about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. As an integral part of such Vigil Mechanism, the Whistle Blower Policy of PFC has been put in place and it is affirmed that no personnel has been denied access to the Audit Committee. The same is available at [http://www.pfcindia.com/Default/ViewFile/?id=1490188785276\\_WBP.pdf&path=Page](http://www.pfcindia.com/Default/ViewFile/?id=1490188785276_WBP.pdf&path=Page).

Pursuant to the requirements under Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the company has formulated a "Policy on Material Subsidiary" and the same is available at

[http://www.pfcindia.com/Default/ViewFile/?id=1561552854274\\_Final%20Policy%20for%20Material%20Subsidiary17052019.pdf&path=Page](http://www.pfcindia.com/Default/ViewFile/?id=1561552854274_Final%20Policy%20for%20Material%20Subsidiary17052019.pdf&path=Page)

No item of expenditure was debited in books of accounts which was not for the purpose of the business. Further, no expense was incurred which was personal in nature and was incurred for the Board of Directors and Top Management.

Your Company has broadly complied with all the requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Guidelines on Corporate Governance for Central Public Sector Enterprises issued by Ministry of Heavy Industries and Public Enterprises, Department of Public Enterprises, Government of India. Information on adoption / non-adoption of the non-mandatory requirements is given at **Annexure I** of this Report.

The Company has laid down the procedures to inform the board about the risk assessment and minimization. The Board of Directors of the company periodically reviews these procedures to ensure risks are managed through a properly defined framework.

The total fee paid by your company to the Statutory Auditors is ₹1.26 crore.

In the preparation of financial statements, the Company has followed Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) with effect from April 1, 2018, issued by the Ministry of Corporate Affairs, to the extent applicable.

## 7. MEANS OF COMMUNICATION

The company recognizes communication as a key element of the overall Corporate Governance framework and therefore emphasizes continuous, efficient and relevant communication to public at large. The Company communicates with its shareholders through its annual report, general meeting, newspapers and disclosures through website. The Company also communicates with its institutional shareholders through investor conferences, conference calls etc. While the

Quarterly/Annual Financial results are published in national newspapers like The Times of India, Economic Times, Business Standard, Business Standard (Hindi), The Financial Express, Jansatta, Dainik Jagran (Hindi), Pioneer, Indian Express, etc., the same are also available on the website of the Company, viz. [www.pfcindia.com](http://www.pfcindia.com) and are also submitted to stock exchanges for wider dissemination.

All important information pertaining to the Company is mentioned in the Annual Report of the Company containing inter-alia audited accounts, consolidated financial statements, directors' report, auditors' report, report on corporate governance which is circulated to the members and other entitled persons for each financial year.

## 8. CEO/CFO CERTIFICATION

As required by SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Certificate duly signed by CEO i.e. Chairman & Managing Director and CFO i.e. Director (Finance) was placed before the Board of Directors at its meetings held on June 24, 2020 (Copy enclosed at **Annexure II** of this Report).

## 9. COMPLIANCE WITH APPLICABLE LAWS

The company has a robust Compliance monitoring system in place. The Board periodically reviews the status of compliances to ensure proper compliance of all laws applicable to the company.

## 10. CODE OF CONDUCT

The Code of Business Conduct and Ethics for the Board Members and Senior Management is a comprehensive code applicable to all Directors and Members of Senior Management of your Company. It is in alignment with Company's vision and values to achieve the Mission & Objectives and aims at enhancing ethical and transparent process in managing the affairs of the Company. A copy of the Code has been made available on the website of the Company i.e. [www.pfcindia.com](http://www.pfcindia.com).

Based on the affirmation received from Board Members and Senior Management Personnel, declaration regarding compliance of Code of Conduct made by the Chairman & Managing Director is enclosed at **Annexure III** of this Report.

## 11. CODE FOR PREVENTION OF INSIDER TRADING

In pursuance of Securities and Exchange Board of India (Prohibition of Insider Trading) (Amendment) Regulations, 2018, your Company has formulated

the comprehensive Code i.e. "Code of Practices & Procedures for Fair Disclosure of Unpublished Price Sensitive Information and Conduct for Regulating, Monitoring & Reporting of Trading in the Securities of Power Finance Corporation Limited" to preserve the confidentiality and to prevent misuse of un-published price sensitive information. All Designated Employees and other Connected Persons as mentioned in the Code have a duty to safeguard the confidentiality of all such information obtained in the course of his or her assignment at the company and not to misuse his or her position or information to gain personal benefit or to provide benefit to any third party. The code lays down guidelines and procedures to be followed and disclosures to be made while dealing with the securities of the Company and the consequences of non-compliance. The Company Secretary has been appointed as Compliance Officer and is responsible for ensuring adherence of the said Code.

In line with the requirement of the said Code, trading window was closed from time to time, whenever some price sensitive information was submitted to the Board. The Compliance Officer notified the closure of trading window on the website of the company well in advance restraining all the designated persons and their relatives not to deal in the securities of the Company when the trading window is closed.

The copy of the "Code of Practices & Procedures for Fair Disclosure of Unpublished Price Sensitive Information and Conduct for Regulating, Monitoring & Reporting of Trading in the Securities of Power Finance Corporation Limited" is also available on the company website [http://www.pfcindia.com/Default/ViewFile/?id=1558715955387\\_Insider%20Trading%20Code.pdf&path=Page](http://www.pfcindia.com/Default/ViewFile/?id=1558715955387_Insider%20Trading%20Code.pdf&path=Page)

## 12. Shareholders' Information

### a) Annual General Meeting

Date	Time	Venue
29 September, 2020	12.30 p.m.	Through Video Conferencing (VC)

### b) Financial calendar for FY 2020-21 (Tentative)

Particulars	Date
Financial year	April 1, 2020 to March 31, 2021
Un-audited financial results for the first three quarters	Will be announced within 45 days from the end of each quarter.
Audited Financial Results	Audited Financial Results will be announced on or before May 30, 2021.
<b>AGM (Next year)</b>	August 2021

### c) Date of Book Closure

The Register of Members and Share Transfer Books of the Company will remain closed from September 24, 2020 to September 29, 2020 inclusive of both days.

### d) Payment of Dividend

Interim Dividend of ₹9.5 per share was paid on March 12, 2020 on the paid up equity share capital of the Company.

Pursuant to Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the company has formulated a "Dividend Distribution Policy", annexed herewith at **Annexure IV** and the same is available at

[http://www.pfcindia.com/Default/ViewFile/?id=1546009180778\\_DividendDistribution.pdf&path=Page](http://www.pfcindia.com/Default/ViewFile/?id=1546009180778_DividendDistribution.pdf&path=Page)

### e) Dividend History

Year	Total Paid-up Capital (₹ in crore)	Total Amount of Dividend paid (₹ in crore)	Rate of Dividend (%)	Date of Payment (Interim & Final)
2014-15	1,320.04 (Interim)	1,122.04	85	March 13, 2015
	1,320.04 (Final)	79.20	6	October 8, 2015
	<b>Total</b>	<b>1,201.24</b>	<b>91</b>	-
2015-16	1,320.04 (1 <sup>st</sup> Interim)	1161.64	88	January 4, 2016
	1,320.04 (2 <sup>nd</sup> Interim)	594.02	45	February 24, 2016
	1,320.04 (Final)	79.20	6	September 1, 2016
<b>Total</b>	<b>1,834.86</b>	<b>139</b>	-	-
2016-17	2,640.08 (Interim)	1,320.04	50	April 7, 2017
	<b>Total</b>	<b>1,320.04</b>	<b>50</b>	-
2017-18	2,640.08 (1 <sup>st</sup> Interim)	1,584.05	60	November 23, 2017
	2,640.08 (2 <sup>nd</sup> Interim)	475.21	18	March 19, 2018
	<b>Total</b>	<b>2,059.26</b>	<b>78</b>	-
2019-20	2,640.08 (Interim)	2,508.07	95	March 12, 2020
	<b>Total</b>	<b>2,508.07</b>	<b>95</b>	-

**f) Listing on Stock Exchanges**

PFC shares are listed on the following stock exchanges:

**National Stock Exchange of India Limited (NSE)**

Exchange Plaza,  
Bandra – Kurla Complex, Bandra (E)  
Mumbai – 400 051  
Scrip Code: PFC EQ

**Bombay Stock Exchange Limited (BSE)**

Floor – 25, PJ Towers, Dalal Street,  
Mumbai – 400 001  
Scrip Code: 532810

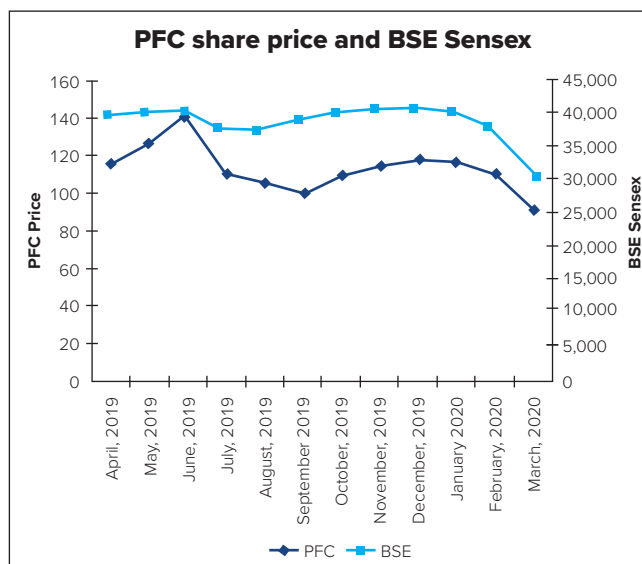
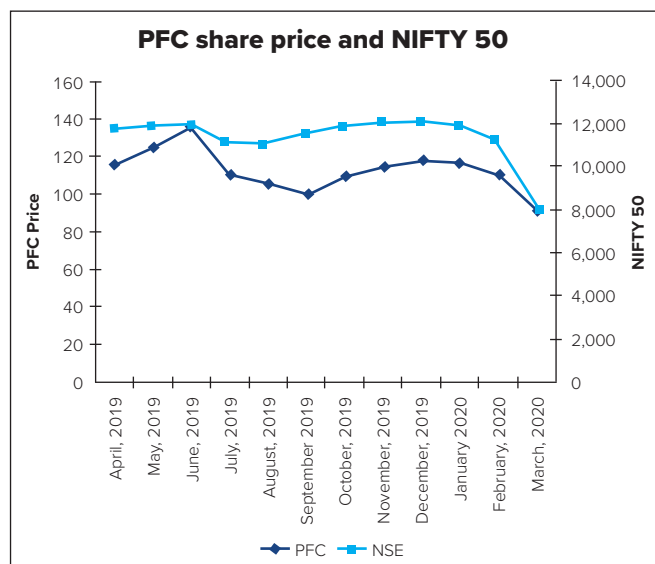
Stock Code (ISIN) : INE134E01011

The annual listing fees for the FY 2019-20 have been paid to NSE and BSE.

**g) Market Price Data**

Month	High (₹)		Low (₹)		Closing (₹)	
	NSE	BSE	NSE	BSE	NSE	BSE
April'19	124.00	123.75	113.05	113.15	115.60	115.95
May'19	125.30	125.15	104.80	104.90	124.30	124.15
June'19	138.75	138.80	122.85	123.00	134.20	134.10
July'19	135.25	135.20	106.50	106.55	109.75	109.80
August'19	112.50	112.40	97.70	97.75	104.80	104.95
September'19	113.10	113.00	97.30	97.35	99.40	99.25
October'19	110.25	110.20	90.45	90.50	109.15	109.10
November'19	119.90	119.90	108.10	108.05	114.50	114.45
December'19	118.80	118.75	107.20	107.25	117.90	117.80
January'20	125.50	125.45	103.85	103.90	116.65	116.60
February'20	133.40	133.30	108.35	108.10	109.45	109.30
March'20	115.50	115.35	78.50	78.70	91.95	92.15

**h) Performance in comparison to indices**



**i) Registrar and Transfer Agent for Equity Shares**

**Communication Address**

KFin Technologies Private Limited  
Selenium Building, Tower-B,  
Plot No. 31 & 32,  
Financial District, Nanakramguda, Serilingampally,  
Hyderabad-500032, Telangana, India  
Tel: +91 40 67162222  
Email: einward.ris@kfintech.com  
Website: [www.kfintech.com](http://www.kfintech.com)

**j) Share Transfer System**

Transfer of equity shares in electronic form are done through the depositories with no involvement of the Company. Share transactions are simpler and faster in electronic form. After a confirmation of a sale/purchase transaction from the broker, shareholders should approach the depository participant with a request to debit or credit the account for the transaction. The depository participant will immediately arrange to

complete the transaction by updating the account. There is no need for separate communication to the Company to register the transfer.

SEBI, effective April 1, 2019, barred physical transfer of shares of listed companies and mandated transfers only through demat. However, investors are not barred from holding shares in physical form.

### k) Details of Demat Suspense Account

The details of shares in the Demat Suspense account as on March 31, 2020 is as follows:

Description	No. of Cases	No. of Shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year i.e. April 1, 2019	3	1432
Number of shareholders who approached the Company for transfer of shares from suspense account during the year 2019-20	0	0
Less: Number of shareholders to whom shares were transferred from suspense account during the year 2019-20	0	0
Less: Number of shares which were transferred to IEPF Account during the year 2019-20	0	0
Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year i.e. March 31, 2020.	3	1432

The voting rights in respect of the said shares will be frozen till the time rightful owner claims such shares.

### l) Distribution of shareholding

• Distribution of shareholding as on March 31, 2020

S. No	Amount	No. of shareholders	% of shareholders	Amount (₹)	% of shares
1	1-5000	2,16,723	85.85	30,31,73,540	1.15
2	5001-10000	21,025	8.33	16,82,64,050	0.64
3	10001-20000	8,307	3.29	12,38,75,920	0.47
4	20001-30000	2,218	0.88	56,73,93,30	0.21
5	30001-40000	985	0.39	35,65,23,90	0.13
6	40001-50000	707	0.28	33,28,55,80	0.13
7	50001-100000	1,192	0.47	86,53,06,30	0.33
8	100001 & Above	1,283	0.51	25,59,32,92,640	96.94
<b>Total</b>		<b>2,52,440</b>	<b>100</b>	<b>26,40,08,14,080</b>	<b>100</b>

• Shareholding pattern as on March 31, 2020

Category	Total No. of shares	% to Equity
President of India	1,47,82,91,778	55.99
Foreign Portfolio Investors	49,89,99,840	18.90
Mutual Funds	36,51,35,276	13.83
Insurance Companies	16,01,27,605	6.06
Resident Individuals	9,22,37,417	3.49
Bodies Corporate	1,44,87,512	0.55
Indian Financial Institutions	78,09,414	0.30
Banks	56,27,490	0.21
HUF	54,76,776	0.21
Trusts	26,43,254	0.10
Non Resident Indians	24,99,994	0.09
Non Resident Indian non repatriable	20,10,113	0.08
Employees	12,39,718	0.05
Clearing Members	12,04,715	0.05
NBFC's	11,16,457	0.04
Qualified Institutional Buyers	7,05,375	0.03
Foreign Institutional Investors	4,20,551	0.02
IEPF	48,123	0.00
<b>Total</b>	<b>2,64,00,81,408</b>	<b>100</b>

**m) Dematerialization of shares**

Number of shares held in dematerialized form with NSDL, CDSL and physical mode as on March 31, 2020.

Description	No. of Shares	% to total Capital Issued
NSDL	2,58,87,32,576	98.06
CDSL	5,13,17,523	1.94
Physical	31,309	0.00
<b>Total</b>	<b>2,64,00,81,408</b>	<b>100</b>

**n) Outstanding GDR and ADR Warrants or any convertible instruments, conversion date and likely impact on equity**

No GDR and ADR Warrants/Convertible Instruments have been issued by the Company.

**o) Commodity price risk or foreign exchange risk and hedging activities**

Your Company has put in place Currency Risk Management (CRM) policy to manage risks associated with foreign currency borrowings. The Company enters into hedging transactions to cover exchange rate and interest rate risk through various instruments like forwards, options and swaps.

**p) Address for correspondence**

**Registered Office**

'Urjanidhi', 1, Barakhamba Lane,  
Connaught Place,  
New Delhi- 110001

**Company Secretary**

Shri Manohar Balwani  
Tel: +91 11 23456020  
Fax: +91 11 23456786  
e-mail: [investorsgrievance@pfcindia.com](mailto:investorsgrievance@pfcindia.com)

**q) Credit Ratings**

**Domestic**

- During the FY 2019-20, Company's both long term & short term domestic borrowing programme (including bank loans) continued to be the highest rating.

- **Domestic Rating assigned by CRISIL, ICRA and CARE**

- Long term domestic borrowing programme Rating - CRISIL AAA, ICRA AAA and CARE AAA

- Short term domestic borrowing programme Rating - CRISIL A1+, ICRA A1+ and CARE A1+

- **International Rating**

The Company's international credit ratings continue to be Baa3 and BBB- assigned by International Credit Rating Agencies Moody's and Fitch respectively.

**r) Preferential Allotment/Qualified Institutions placement**

During the year, company has not raised any money by way of Preferential Allotment/Qualified Institutions placement of shares or other convertible securities.

## Annexure I of Report on Corporate Governance

### Non-Mandatory Requirements

The status of non-mandatory requirements pertaining to Corporate Governance Section of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is as follows:

1. **The Board:** The Company is headed by an executive Chairman.
2. **Shareholder Rights:** The quarterly financial results of the Company are published in leading newspapers as mentioned under the heading "Means and Communication" of the Corporate Governance report and also displayed on the website of the Company.
3. **Modified opinion(s) in audit report:** It is always Company's endeavour to move towards a regime of financial statements with unmodified audit opinion.
4. **Reporting of Internal Auditor:** The Internal auditors of the company are invited to the Meetings of the Audit Committee and regularly interact with the members of the Audit committee.

## Annexure II of Report on Corporate Governance

### Certificate to the Board of Directors under Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

#### We hereby certify to the Board of Directors that:

We have reviewed financial statements and the cash flow statement for the year ended 31.03.2020 and that to the best of our knowledge and belief:

- i) These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
- ii) These statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.

There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or violative of the Company's code of conduct.

We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

We have indicated to the auditors and the Audit Committee:-

- i) Significant changes in internal control over financial reporting during the year;
- ii) Significant changes in accounting policies during the year and that the same have been disclosed in the notes to the financial; and
- iii) Fraud committed by two borrowers of the Company with outstanding principal amount of ₹664.02 crore as on 31.03.2020 have been detected and reported to Fraud Monitoring Cell of RBI during the FY 2019-20. To the best of our knowledge, neither management nor employee of PFC having a significant role in PFC's internal control system over financial reporting was involved in the said fraud.

Sd/  
**N. B. Gupta)**  
 Director (Finance) / CFO  
 DIN - 00530741

Sd/  
**(R. S, Dhillon)**  
 Chairman & Managing Director / CEO  
 DIN - 00278074

## Annexure III of Report on Corporate Governance

### Declaration as required under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and DPE's Guidelines on Corporate Governance:

"All the members of the Board and Senior Management Personnel have affirmed compliance of the 'Code of Business Conduct & Ethics for Board Members and Senior Management' for the financial year ended on March 31, 2020."

Sd/-  
**(R. S, Dhillon)**  
 Chairman & Managing Director  
 DIN - 00278074



## Annexure IV of Report on Corporate Governance

### DIVIDEND DISTRIBUTION POLICY OF POWER FINANCE CORPORATION LIMITED

#### I BACKGROUND

Pursuant to Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, which requires top five hundred listed entities based on market capitalization (calculated as on March 31 of every financial year) to formulate a dividend distribution policy which shall be disclosed in their annual reports and on their websites.

Since PFC is amongst the top 500 listed entities as per the criteria as at March 31, 2016, the dividend distribution policy has been formulated.

#### II POLICY FRAMEWORK

The policy has been framed broadly in line with the provisions of the Companies Act and also taking into consideration, guidelines on "Capital Restructuring of Central Public Sector Enterprises" issued by Department of Investment and Public Asset Management (DIPAM), Ministry of Finance, Department of Public Enterprises, SEBI and other guidelines, to the extent applicable.

#### III FACTORS IN CONSIDERATION

PFC has been consistently paying dividends and is committed to deliver sustainable value to all stakeholders. Dividend is declared at the Annual General Meeting of the shareholders of the Company, based on the recommendations of the Board of Directors. It is at the discretion of the Board to recommend dividend. The Board may also declare interim dividend.

The decision regarding dividend pay-out is a crucial decision as it balances the amount of profit to be distributed among shareholders of the company with the requirement of deployment of internal accruals for its sustenance and growth plans. The factors generally considered before recommending/declaring dividend are as follows:

##### A. Circumstances under which the shareholders of the Company may or may not expect dividend

The factors that may generally be considered by the Board before making any recommendations for the dividend include, but are not limited to, future capital expenditure plans, profits earned during the financial year, cost of raising funds

from alternate sources, cash flow position and applicable taxes including tax on dividend, subject to the guidelines as applicable from time to time.

##### B. Financial Parameters that shall be considered while declaring dividend

Being a Central Public Sector Enterprise, the Company endeavors to declare the dividend as per the guidelines on "Capital Restructuring of Central Public Sector Enterprises" issued by DIPAM, Govt. of India on 27.05.2016, mandating every CPSE to pay a minimum annual dividend of 30% of PAT or 5% of the net-worth, whichever is higher subject to the maximum dividend permissible under the extant legal provisions.

Nonetheless, Company is expected to pay the maximum dividend permissible under the Act under which it has been set up, unless lower dividend proposed to be paid is justified on a case to case basis at the level of Ministry of Power after considering the following financial parameters:

- (i) Net-worth and Capacity to borrow;
- (ii) Long-term borrowings;
- (iii) CAPEX/Business Expansion needs;
- (iv) Retention of profit for further leveraging in line with the CAPEX needs; and
- (v) Cash and bank balance.

##### C. Internal and External factors that shall be considered for declaration of dividend

###### C.1 Internal Factors

###### C.1.1 Capital to Risk-weighted Assets Ratio

Being an IFC, PFC is required to maintain a CRAR at a certain level. Accordingly, the expected figure for CRAR is also taken into consideration while declaring dividend so that it does not breach the prescribed figure.

###### C.1.2 Net Worth of the Company

As per the extant guidelines issued by DIPAM, Govt. of India, every CPSE would pay a minimum annual dividend of 30% of PAT or 5% of the net-worth, whichever is higher subject to the maximum dividend permissible under the extant legal provisions. Being a Government Company, PFC is required to comply with these guidelines.

Apart from the above parameters, the Company may also consider various other internal factors, which inter alia include:

- Present & future capital requirements of the existing businesses;
- Additional investments in subsidiaries/associates of the Company;
- Any other factor as deemed fit by the Board.

### **C.2 External Factors**

#### **C.2.1 Economic Environment**

In case of uncertain or recessionary economic and business conditions, the Company will endeavor to retain larger part of profits to build up reserves to sustain future updowns.

#### **C.2.3 Statutory Provisions and Guidelines**

The Company will adhere to the restraints imposed by Companies Act with regard to declaration of dividend. Further, being a Government Company, the Company shall also consider the guidelines in force in respect of dividend declaration as issued from time to time by the Govt. of India or by any other statutory bodies.

### **D. Utilization of Retained Earnings**

The Company is engaged into financing the power sector. The retained earnings will be deployed in

line with the objects of the company as detailed in the Memorandum of Association of the company, thus contributing to the growth of the business and operations of the Company.

### **E. Parameters to be adopted with regard to various classes of shares**

The holders of the equity shares of the Company, as on the record date, are entitled to receive dividends. Since the Company has issued only one class of equity shares with equal voting rights, all the members of the Company are entitled to receive the same amount of dividend per share. The policy shall be suitably revisited at the time of issue of any new class of shares depending upon the nature and guidelines thereof.

#### **Other provisions**

In case of any subsequent changes in any Statutory Act, Rules, Regulations etc. which makes any of the provisions in this policy inconsistent with them, then the provisions of the Statutory Act, Rules, Regulations etc. would prevail over the policy.

CMD is authorized to approve any minor modifications/ deviations to the policy and will be the competent authority for any interpretation regarding the policy.

## Certificate on Corporate Governance

### The Members, Power Finance Corporation Limited

We have examined the compliance of conditions of Corporate Governance by **Power Finance Corporation Limited** for the year ended 31<sup>st</sup> March, 2020, as prescribed in Regulations 17 to 27, 46 (2) (b) to (i) and para C and D of Schedule V of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter called as "SEBI (LODR) Regulations, 2015") and Guidelines on Corporate Governance for Central Public Sector Enterprises issued by Department of Public Enterprises (DPE), Government of India.

The compliance of conditions of Corporate Governance is the responsibility of the management of the Company. Our examination has been limited to review of procedures and implementations thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance as stipulated in the said clause and guidelines. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and based on representations made by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Regulations 17 to 27, 46 (2) (b) to (i) and para C and D of Schedule V of SEBI (LODR) Regulations, 2015 and DPE Guidelines on Corporate Governance except:

- (i) *Regulation 17(1)(a) & 17(1)(b) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Clause 3.1.2 & 3.1.4 of the DPE Guidelines on Corporate Governance for Central Public Sector Enterprises, with regard to composition of the Board of Directors of the Company.*
- (ii) *Regulation 17 (10) of SEBI (LODR) Regulations, 2015, the performance evaluation of Independent Directors shall be done by the entire Board of Directors.*
- (iii) *Regulation 19 (4) read with Schedule II Part D (A) of SEBI (LODR) 2015, the Nomination and Remuneration Committee shall formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees and formulate the criteria for evaluation of performance of Independent Directors and the Board of Directors.*

We further report that the National Stock Exchange of India Limited and BSE Limited have levied monetary fines for non-compliance with Regulation 17 (1) and 19(1)/19(2) of the Securities and Exchange Board of India (Listing Obligations and Disclosure requirements) Regulations, 2015 against which the Company made representations to Stock Exchanges.

We further state that such compliance certificate is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **Agarwal S. & Associates,**  
Company Secretaries,  
ICSI Unique Code: P2003DE049100

Sd/-  
**CS Sachin Agarwal**  
Partner  
FCS No.: 5774  
C.P No. : 5910

Date: 01.09.2020  
Place: New Delhi  
UDIN: F005774B000641431

## Annexure H of Board's Report

# Business Responsibility Report

## SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

Corporate Identity Number (CIN) of the Company	L65910DL1986GOI024862
Name of the Company	Power Finance Corporation Limited
Registered address	'Urjanidhi', 1, Barakhamba Lane, Connaught Place, New Delhi-110001
Website	<a href="http://www.pfcindia.com">www.pfcindia.com</a>
E-mail id	<a href="mailto:mb@pfcindia.com">mb@pfcindia.com</a>
Financial Year reported	2019-20
Sector(s) that the Company is engaged in (industrial activity code-wise)	64920 (Other Financial Services and Activities - Other Credit Granting)
List three key services that the Company provides	(i) Rupee Term Loan (RTL) (ii) Short Term Loan (STL) (iii) Buyer's Line of credit (BLC)
Total number of locations where business activity is undertaken by the Company	
i. Number of International Locations	None
ii. Number of National Locations	3
Markets served by the Company - Local/State/National/International	National

## SECTION B: FINANCIAL DETAILS OF THE COMPANY (AS ON MARCH 31, 2020)

Paid up Capital (INR)	₹2,640.08 crore
Total Turnover (INR) (Revenue from Operations)	₹33,362.90 crore
Total profit after taxes (INR)	₹5,655.14 crore
Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	1.72% (₹97.15 crore) of Profit After Tax (PAT) during FY 2019-20
List of CSR activities in which expenditure has been incurred	Annexure I of this Report

## SECTION C: OTHER DETAILS

Does the Company have any Subsidiary Company/Companies?	Yes
Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company?	No
Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with; participate in the BR initiatives of the Company?	No

## SECTION D: BR INFORMATION

### 1. Details of Director responsible for BR

#### a) Details of the Director responsible for implementation of the BR policies

Particulars	Details
DIN Number	03548218
Name	P K Singh
Designation	Director (Commercial)

#### b) Details of the BR head

Particulars	Details
DIN Number (if applicable)	NA
Name	Shri Manohar Balwani
Designation	Company Secretary
Telephone number	011- 23456749
E-mail id	<a href="mailto:mb@pfcindia.com">mb@pfcindia.com</a>

### 2. Principle-wise (as per NVGs and NGRBC) BR policies

The National Voluntary Guidelines (NVGs) and National Guidelines on Responsible Business Conduct (NGRBC) released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility. These briefly are as under:

P1 - Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

P2 - Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

P3 - Businesses should promote the well-being of all employees.

P4 - Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

P5 - Businesses should respect and promote human rights.

P6 - Businesses should respect, protect and make efforts to restore the environment.

P7- Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

P8- Businesses should promote inclusive growth and equitable development.

P9- Businesses should engage with and provide value to their customers and consumers in a responsible manner.

Sl. No.	Questions	Business Ethics	Product Responsibility	Wellbeing of Employees	Stakeholder Engagement	Human Rights	Environment	Public Policy	CSR	Customer Relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	<b>Do you have a policy/policies for....</b>	Y	PFC being an NBFC, this principle has limited applicability	Y	Y	The policy is embedded in company's HR policies and practices	The policy is embedded in company's various policies and practices	The policy is embedded in company's various policies and practices	Y	Y
2.	<b>Has the policy being formulated in consultation with the relevant stakeholders?</b>	Y	-	Y	Y	-	-	-	Y	Y
3.	<b>Does the policy conform to any national/ international standards?</b>	Y	-	Y	Y	-	-	-	Y	Y
4.	<b>Has the policy being approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?</b>	Y	-	Y	Y	-	-	-	Y	Y
5.	<b>Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?</b>	Y	-	Y	Y	-	-	-	Y	Y
6.	<b>Indicate the link for the policy to be viewed online?</b>	#	-	Policy being an internal document is accessible to employees only	#	-	-	-	#	#
7.	<b>Has the policy been formally communicated to all relevant internal and external stakeholders?</b>	Y	-	Y	Y	-	-	-	Y	Y
8.	<b>Does the company have in-house structure to implement the policy/policies?</b>	Y	-	Y	Y	-	-	-	Y	Y

Sl. No.	Questions	Business Ethics	Product Responsibility	Wellbeing of Employees	Stakeholder Engagement	Human Rights	Environment	Public Policy	CSR	Customer Relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
9.	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Y	-	Y	Y	-	-	-	Y	Y
10.	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Y	-	Y	Y	-	-	-	Y	Y

#The relevant explanation/ information/ links are mentioned at Annexure II to this Report.

**(b). If answer to S.No. 1 against any principle, is 'No', please explain why:**

Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The company has not understood the Principles									
2.	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3.	The company does not have financial or manpower resources available for the task									
4.	It is planned to be done within next 6 months									
5.	It is planned to be done within the next 1 year									
6.	Any other reason									

**NOT APPLICABLE**

**3. Governance related to BR**

- Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company.

The BR activities of the Company are overseen by a Functional Director and the Board also reviews the Business Responsibility Report as part of Directors' Report on annual Basis.

- Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The Business Responsibility Report is published as a part of Annual Report from FY 2012-13 onwards. The current Report shall form a part of Annual Report for FY 2019-20 and shall be available on company's website: [www.pfcindia.com](http://www.pfcindia.com).

**SECTION E: PRINCIPLE-WISE PERFORMANCE**

**Principle 1**

- 1. Does the policy relating to ethics, bribery and corruption cover only the Company? Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**

Power Finance Corporation Ltd. (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 the Indian power sector. It plays a major role in channelizing investment into the power sector and acts as a vehicle for development of this sector. Its clients include state power utilities, central power sector utilities, power departments, private power sector utilities (including independent power producers), joint sector power utilities etc. PFC has developed the Fair Practices Code (FPC) for its lending operations based on the RBI guidelines, which intends to provide assurance to all the borrowers of the Company's commitment to fair dealing and transparency in its businesses transactions.

PFC also considers Corporate Governance as an integral part of good management and is committed to act professionally, fairly and with integrity in all its dealings. In this direction, Company has an established Code of Business Conduct & Ethics for Board Members & Senior Management.

The Code of Business Conduct and Ethics for the Board Members and Senior Management is a comprehensive code applicable to all Directors and Members of Senior Management of the

Company. It is in alignment with Company's vision and values to achieve the Mission & Objectives and aims at enhancing ethical and transparent process in managing the affairs of the Company.

The Company has also adopted an Anti-Fraud policy so as to provide a system of detection and prevention of fraud in the Company. It aims to promote consistent legal and ethical organizational behavior by assigning responsibility for the development of controls and providing guidelines for reporting of fraud/suspected fraud and conduct of investigation of suspected fraudulent behavior. The scope of policy extends to reporting and investigating the fraud or suspected fraud in the Company involving employees (including contractual employees) as well as shareholders, consultants, vendors, suppliers, service providers, contractors, lenders, borrowers, outside agencies and/or any other parties having business relationship with the Company.

**2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?**

Under the Anti-Fraud Policy, the Company had not received any complaint during the FY 2019-20.

The company had received a total of 3,505 complaints from the shareholders and bondholders of the Company during the FY 2019-20. All of which 3,505 (100%) were resolved by March 31, 2020.

Under PFC's Citizen Charter, total 20 complaints were received from customers/consumers during the FY 2019-20 in addition to 9 complaints pending at the beginning of the year. Out of which 27 (93.10%) were resolved by March 31, 2020 leaving 2 complaints pending.

**Principle 2**

**1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**

PFC has financial products like term loan, buyer's line of credit, lease financing etc. including financing of renewable energy projects which are sustainable and environmentally benign. While sanctioning loans, PFC stipulates conditions including *inter alia* environmental clearances.

**2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product:**

Since PFC is not a Manufacturing Company and offers financial assistance to Power Sector projects

only, following questions mentioned below are generally applicable to manufacturing sector:

**i. Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?**

Not Applicable.

**ii. Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

Not Applicable.

**3. Does the company have procedures in place for sustainable sourcing (including transportation)?**

Not Applicable.

**4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

PFC, being a Financial Institution, is relatively less resource intensive in terms of material inputs. We are also following the Government of India's directives, issued from time to time, in respect of reservation for Micro, Small & Medium Enterprises in procurements.

**5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so?**

The Company, being a Financial Institution, has limited applicability of mechanism to recycle products and waste. However, the Company has installed an Organic Composting machine in the office premises for recycling organic waste generated on routine basis in the office building kitchen/pantry etc.

**Principle 3**

**1. Please indicate the total number of employees.**

As on March 31, 2020 there were 484 employees in PFC.

**2. Please indicate the total number of employees hired on temporary/contractual/casual basis.**

There were 68 employees hired on contractual basis in PFC as on March 31, 2020.

**3. Please indicate the number of permanent women employees.**

As on March 31, 2020, there were 101 permanent women employees on the rolls of the company.

**4. Please indicate the number of permanent employees with disabilities.**

As on March 31, 2020, there were 14 differently abled employees on the rolls of the company.

**5. Do you have an employee association that is recognized by management?**

PFC has PFC Employees Union, PFC SC/ST/OBC Welfare Association and PFC Executive Association.

**6. What percentage of your permanent employees is members of this recognized employee association?**

100% of the permanent employees are members of these recognized employee associations.

**7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

Sl. No.	Category	No of complaints filed during the financial year 2019-20	No of complaints pending as on March 31, 2020
1	Child labour /forced labour/involuntary labour	Nil	Nil
2	Sexual harassment	1	1
3	Discriminatory employment	Nil	Nil

**8. What percentage of your under mentioned employees were given safety & skill up-gradation training in the last year?**

• Permanent Employees	75%
• Permanent Women Employees	79%
• Casual/Temporary/Contractual Employees	Nil
• Employees with Disabilities	64%

**2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

The details of stakeholder complaints during FY 2019-20 are given herein below

Particulars	No. of Complaints			
	Equity Shareholders	Bondholders	Under Anti- Fraud Policy	Under Citizen Charter
Pending at the beginning	0	0	0	9
Received during the year	499	3,006	0	20
Disposed off during the year	499	3,006	0	27
Lying unresolved at the end of the year	0	0	0	2
% of Complaints resolved	100%	100%	0	93.10%

**Principle 4**

**1. Has the company mapped its internal and external stakeholders?**

Yes

**2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalized stakeholders?**

All reserved category employees (SC/ST/OBC/PwBD & Minorities) are identified as disadvantaged, vulnerable & marginalized stakeholders.

**3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders?**

All Government of India directives are followed for engagement at various levels of career progression for all reserved category employees (SC/ST/OBC/PwBD) & Minorities. Various infrastructure arrangements were made for benefits of PwBD persons. Meritorious awards are being given to children of these categories along with other children by giving special relaxation in percentage of marks. Separate Liaison Officers are in place to look after the welfare of the employees in the ambit of this category. It is ensured that a person of reserved category of appropriate level is nominated as member in various selection and promotion committees to look into the interest of the employees of reserved categories.

**Principle 5**

**1. Does the policy of the company on human rights cover only the company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**

PFC does not have any specific policy on human rights. However, it is embedded in company's various HR policies and practices.



## Principle 6

### 1. Does the policy related to Principle 6 cover only the company or extends to the Group/ Joint Ventures/Suppliers/Contractors/NGOs/ others?

The policy is embedded in company's various policies and practices and covers the Company as a whole.

### 2. Does the company have strategies/initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.

PFC is a socially conscious organization and fully endorses the nine principles of Global Compact enunciated by the United Nations Organization (UNO) which encompass areas of human rights, environmental protection and labour rights. These principles of Global Compact are embedded in various organizational policies of the Company thereby facilitating their implementation in a natural way.

PFC consistently strives towards meeting the expectations of the society through proper planning and decision making that will help in achieving a real and lasting reduction of social and economic disparities as well as protecting the environment. PFC continues to support activities that aim at improving the quality of life of both present and future generations and at the same time safeguarding the capacity of the earth to support life in all its diversity.

### 3. Does the company identify and assess potential environmental risks?

Since PFC is not a Manufacturing Company and offers financial products only, the question is not applicable to the Company.

### 4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?

The above question is not applicable to PFC as it is not a manufacturing company. However, your Company funds renewable energy projects and energy saving projects at special rates of interest in State and Private Sectors.

### 5. Has the company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy, etc. Y/N? If yes, please give hyperlink for web page etc.

Yes. The Company has undertaken various Clean Technology/Renewable energy/Energy Efficiency

etc. initiatives as mentioned at Annexure I of this Report. In FY 2019-20, PFC has disbursed ₹10.17 crore under 'Solar Application'.

### 6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Not Applicable.

### 7. Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on March 31, 2020.

Not Applicable.

## Principle 7

### 1. Is your company a member of any trade and chamber or association? If yes, name only those major ones that your business deals with.

Yes, PFC is a member of the following associations:-

1. SCOPE,
2. FICCI,
3. Central Board of Irrigation and Power,
4. ASSOCHAM,
5. Confederation of Indian Industry (CII),
6. World Energy Council.

### 2. Have you advocated/lobbied through above associations for the advancement or improvement of public good?

PFC supports the initiatives taken by above associations in their endeavors for the advancement or improvement of public good.

## Principle 8

### 1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle 8? If yes details thereof.

PFC has a CSR and Sustainability policy in place. The aim of the policy is to ensure that the Company becomes a socially responsible corporate entity committed to improving the quality of life of the society at large.

As a socially responsible corporate entity, PFC endeavors to:

- Promote and Leverage green technologies to produce goods and services that contribute to social and environmental sustainability.
- Take up projects that provide energy, water and sanitation facilities to the communities.

- Take up activities to support “Differently abled persons” and the “Health sector”.
  - Take up issues which are of foremost concern in the national development agenda, like safe drinking water for all, provision of toilets especially for girls, health and sanitation, education, etc.
  - Contribute to inclusive growth and equitable development in society through education, capacity building measures, empowerment of the marginalized and underprivileged sections/communities.
- The objective of the PFC CSR Policy is to:
- Ensure an increased level of commitment at all levels in the Organization, to operate its business in an economically, socially & environmentally sustainable manner, while recognizing the interests of its stakeholders.
- Generate a societal goodwill for PFC through CSR activities and help reinforce a positive and socially responsible image of PFC as a corporate.

## 2. Are the programmes/projects undertaken through in-house team/own foundation/ external NGO/government structures/any other organization?

All the projects undertaken under CSR & SD policy were executed by Govt./Semi Govt./Quasi-Govt. implementing agencies and other reputed organisations.

## 3. Have you done any impact assessment of your initiative?

The company shall mandatorily conduct Impact Assessment for projects/programmes sanctioned above ₹5 crore. For rest of the projects/programmes, the assessment is to be done on a case to case basis.

The Impact Assessment Study being conducted (sanction-wise) in FY 2019-20 is as tabulated:

Sl. No	Particulars	Area
1	Impact assessment study through Administrative Staff College of India (ASCI), Hyderabad on 'Impact on Project for Skill Development Programme for Unemployed youth of SC/ST/OBC/EWS of society categories during FY 2016-17& FY 2017-18'	All over India
2	Impact assessment study through Indo German Institute of Advance Technology (IGIAT), on "Impact of Construction of toilets constructed in Govt. Schools of Andhra Pradesh under Swachh Bharat Swachh Vidyalaya Abhiyan".	Andhra Pradesh
3	Impact assessment study through Centre of Energy Studies and Research (CESR), DAVV, Indore, on 'Impact of Solar Community Irrigation Schemes for 1000 Hectares area in Chhattisgarh State'	Chhattisgarh

## 4. What is your company's direct contribution to community development projects-Amount in INR and the details of the projects undertaken?

During the year 2019-20, PFC undertook various Community Development projects in the field of sanitation, skill development and education, solar application, environment and health sector. PFC's contribution in terms of amount sanctioned and disbursed are as given below:

Nature of Activities	Sanctioned (₹ in crore)	Disbursement (₹ in crore)
Sanitation/Waste Management/Drinking Water	4.92	6.35
Skill Development and Education	24.21	20.30
Solar Application	5.32	10.17
Environment/Tree Plantation	0.00	0.34
Health Sector	74.68	12.85
Others (Impact Studies, Admin. Overheads, Saubhagya, Arrah and Sitamarhi district village Dev. programmes & restoration of Kedarnath & its surrounding areas)	32.86	12.24
<b>Total</b>	<b>141.99</b>	<b>62.25</b>

Spread across various CSR initiatives (inclusive of Community Development projects), PFC disbursed ₹62.25 crore (including Administrative overheads) and received ₹0.19 crore as refund during the FY 2019-20.

**5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community?**

The projects sanctioned by PFC are implemented by Govt./Semi Govt./Quasi-Govt. Implementing agencies and other reputed organisations. During Skill development training programmes, placement of around 70% is ensured. In projects such as environment sustainability, renewable energy etc. assets are created, transferred to beneficiaries and also monitored by PFC by various activities such as site visits, tour reports etc.

**Principle 9**

**1. What percentage of customer complaints/consumer cases apart from shareholders and bondholders are pending as at the end of financial year?**

Under PFC's Citizen Charter, total 20 complaints were received from customers/consumers during the FY 2019-20 in addition to 9 complaints pending at the beginning of the year. Out of which 27 (93.10%) were resolved by March 31, 2020 leaving 2 complaints pending.

**2. Does the company display product information on the product label, over and above what is mandated as per local laws?**

Not Applicable.

**3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on March 31, 2020.**

Not Applicable.

**4. Did your company carry out any consumer survey/consumer satisfaction trends?**

In PFC, customer complaints are obtained through structured meetings held periodically with Power Utilities, periodic visits undertaken by PFC executives to the customers' offices/project sites, through regular written/telephonic correspondence during the appraisal, loan documentation and disbursement stages of various projects/loans, customers visiting PFC office etc.

Based on the responses, the complaints are recorded and a Corrective and Preventive Action Record (CAPR) is initiated for each complaint. The concerned customer is intimated about the corrective action being taken to resolve the complaint and prevent its further occurrence.

## Annexure I to Business Responsibility Report

### List of activities in which expenditure has been incurred:

Sl. no	Name of Projects (Details of Rs. 97.15 Crore)
1	Street Lighting/High Mast Light of Kargil Town & District HQ (J&K)
2	Relief & Rehabilitation activities in the flood affected areas of Uttarakhand for re-building of infrastructure destroyed during the calamity
3	Supply, Installation and Commissioning of Solar Lighting System in streets of Villages at Giridih, Dhanbad and Bokaro districts of Jharkhand
4	Supply, Installation and Commissioning of Grid connected Roof top Solar PV (RTSPV) Projects of aggregate capacity of 500 kWp in Kalinga Institute of Social Science in the city of Bhubaneswar
5	Construction of Toilets in the Government Schools of Andhra Pradesh under Swachh Bharat Swachh Vidyalaya Abhiyan (8,100 toilets)
6	Construction of Toilets in the Government Schools of Rajasthan under Swachh Bharat Swachh Vidyalaya Abhiyan (1,100 toilets)
7	Providing services of Automatized Sweeping Collection & Transportation of Municipal Solid Waste (MSW) in Fourteen wards of Varanasi Municipal Area
8	Implementation of 500 nos. of solar based LED Street Lighting System in Pilibhit
9	Implementation of 500 nos. of solar based LED Street Lighting System in Basti
10	Solar Community Irrigation Schemes for 1,000 Hectares area in Chhattisgarh
11	500 nos. of solar based LED Street Lighting Systems in Shrawasti
12	Plantation project in Nagpur Region of NH-7
13	Providing Cancer Detection & Awareness Mobile Van and related equipments for Sir Sunderlal Hospital, Department of Surgical Oncology, Institute of Medical Sciences (IMS), Banaras Hindu University (BHU), Varanasi
14	Implementation of Solar based LED Street Lighting Systems (SLS) and Solar High Mast Lights (SHMLS) in Deoria region of Uttar Pradesh
15	Implementation of Solar based LED Street Lighting Systems (SLS) and Solar High Mast Lights (SHMLS) in Agra (North), Agra (South) and Firozabad regions
16	Supply and Installation of 500 nos. India Mark II Hand Pumps for Drinking purposes in Villages of Siddharthnagar
17	Skill Development Programme for unemployed youth belonging to SC/ST/OBC/PwD/Women & EWS of society in Andhra Pradesh
18	Supply and Installation of 500 nos. India Mark II Hand Pumps for Drinking Water purposes in Rural Areas of Machhalishahar region, Jaunpur
19	Supply, Installation and Commissioning of 500 nos. of LED based Solar Street Lighting Systems (SLS) in Akbarpur, Kanpur Dehat
20	Contribution to Sardar Vallabhai Patel Rashtriya Ekta Trust (SVPRET) towards project for 'Statue of Unity'
21	Supply and Installation of 500 nos. India Mark II Hand Pumps for Drinking Water purposes in Chandauli & Varanasi district
22	422 nos. of Solar based LED Street Lighting Systems (SLS) in Chandauli & Varanasi district
23	Installation and Commissioning of LED Based Solar Four-arm Lighting Systems (60 nos.) and Solar street Lighting Systems (322 nos.) in Mahabubabad
24	Up-gradation of selected primary schools & Kasturba Gandhi Schools (25 No.) in Ghaziabad
25	Skill development programme for unemployed youth/ school Dropouts belonging to SC/ST/OBC/PwD/Women/ EWS of society for 290 persons in six states of North East
26	Supply, installation and commissioning of 500 nos. of LED based Solar Street Lighting System (SLS) in various villages of Shrawasti
27	Display of hoardings of 'Pradhan Mantri Sahaj Bijli Har Ghar Yojana' (SAUBHAGYA) in the state of Jharkhand
28	Development works in the 3 blocks (Piro, Bihiya, Jagdishpur) of Arrah District, Bihar-Bhojpur Village Development Programme
29	Construction of Building of Brij Mohan School for the Blind in Meerut
30	Providing Renewable Energy systems in various backward villages/blocks of Durgi and Veldurthy Mandals in Guntur District
31	Supply, Installation and Commissioning of 500 nos. of LED Based Solar Street Lighting Systems in Purnia
32	Financial assistance for infrastructure works in Dr.K.B Hegdewar School in Tiswadi, Goa
33	Creating Adarsh Panchayat project in three villages, Bhandari, Manchi and maheshpur of Bhandari Panchayat in Belsand Block, Sitamarhi District of Bihar and transformation of two Government Schools in Bhandari

Sl. no	Name of Projects (Details of Rs. 97.15 Crore)
34	Supply, Installation and Commissioning of 100 Nos of Solar PV Highmast Lighting systems (White LED SHMLS) in various village of Basti
35	Up-gradation of select Government Schools and other Infrastructure Development Works in South Sikkim District
36	Supply and Installation of 100 nos. India Mark II Hand Pumps for Drinking Water purposes in Mirzapur
37	Supply, Installation and Commissioning of 12 Nos of solar High Mast Light Sytem (SHMLS ) in various village/blocks of Khagaria District
38	Up-gradation of Government Schools (1,280 nos.) and District Library in Shravasti
39	Supply, Installation and Commissioning of 500 nos. of LED based Solar Street Lighting System (SLS) in various villages of Bikaner district Phase-II
40	Installation of RO units in 646 Government/Government aided Schools of Ferozepur District
41	Supply, Installation and Commissioning of operating micro scope in BMCHRC, Jaipur
42	Installation of 20 nos. of portable and Compact Transfer Stations (PCTS) along with the allied civil work across Lucknow city
43	Supply, Installation and Commissioning of 100 nos. of Solar PV High Mast lighting systems (SHMLS) at Giridih
44	Upgradation of various Government School in Khammam District
45	Supply, Installation & Commissioning of 500 nos. of LED based solar street lighting system in various village/ block of Banda region
46	Providing Health and Fitness equipments in Delhi
47	Providing 5,000 nos. SPV LED lanterns for Soldiers of Indian Army
48	Supply, Installation and Commissioning of 500 nos. of Solar PV LED street lighting system in Hamirpur
49	Skill development training for unemployed youth belongs to SC/ST/OBC/PwD/Women/EWS section of society-500 persons
50	Upgradation of government schools in Siddharthnagar
51	Construction of 200 Anganwadi centres along with provision of other infrastructural facilities in Ferozepur
52	Construction of Building of Govt. Higher Secondary School, Munderi, Kannur
53	Setting up of Women's Convenience Lounge at Barakhamba Road Metro Station
54	Impact Assessment/Training/Travelling/Pay & Allowances etc.

## Annexure II to Business Responsibility Report

The links of relevant policies approved by the Board of Directors of the Company are given below:-

Name of the Policy	Web links	
	English	Hindi
CSR and Sustainability Policy	<a href="http://www.pfcindia.com/DocumentRepository/ckfinder/files/CSR/CSR_Policy_26082016.pdf">http://www.pfcindia.com/DocumentRepository/ckfinder/files/CSR/CSR_Policy_26082016.pdf</a>	<a href="http://pfcindia.com/hnsite/DocumentRepository/ckfinder/files/CSR/PFC_CSR_POLICY_HND_20092016.pdf">http://pfcindia.com/hnsite/DocumentRepository/ckfinder/files/CSR/PFC_CSR_POLICY_HND_20092016.pdf</a>
Fair Practice Code	<a href="http://www.pfcindia.com/Home/VS/62">http://www.pfcindia.com/Home/VS/62</a>	<a href="http://pfcindia.com/hnsite/Home/VS/62">http://pfcindia.com/hnsite/Home/VS/62</a>
Code of Business Conduct and Ethics	<a href="http://www.pfcindia.com/Home/VS/63">http://www.pfcindia.com/Home/VS/63</a>	<a href="http://pfcindia.com/hnsite/Home/VS/63">http://pfcindia.com/hnsite/Home/VS/63</a>
Anti-Fraud Policy	<a href="http://www.pfcindia.com/Home/VS/65">http://www.pfcindia.com/Home/VS/65</a>	<a href="http://pfcindia.com/hnsite/Home/VS/65">http://pfcindia.com/hnsite/Home/VS/65</a>
Whistle Blower Policy	<a href="http://www.pfcindia.com/Default/ViewFile/?id=1490188785276_WBP.pdf&amp;path=Page">http://www.pfcindia.com/Default/ViewFile/?id=1490188785276_WBP.pdf&amp;path=Page</a>	<a href="http://pfcindia.com/hnsite/Default/ViewFile/?id=1490268719103_wbpHND.pdf&amp;path=Page">http://pfcindia.com/hnsite/Default/ViewFile/?id=1490268719103_wbpHND.pdf&amp;path=Page</a>
Policy on Related Party Transactions	<a href="http://www.pfcindia.com/Default/ViewFile/?id=1490186033556_Policy on Related Party Transactions.pdf&amp;path=Page">http://www.pfcindia.com/Default/ViewFile/?id=1490186033556_Policy on Related Party Transactions.pdf&amp;path=Page</a>	<a href="http://pfcindia.com/hnsite/Default/ViewFile/?id=1490267088709_PFC_Policy_Hindi.pdf&amp;path=Page">http://pfcindia.com/hnsite/Default/ViewFile/?id=1490267088709_PFC_Policy_Hindi.pdf&amp;path=Page</a>
Policy on Material Subsidiary	<a href="http://www.pfcindia.com/Default/ViewFile/?id=1546008961743_Policyon.pdf&amp;path=Page">http://www.pfcindia.com/Default/ViewFile/?id=1546008961743_Policyon.pdf&amp;path=Page</a>	<a href="http://pfcindia.com/hnsite/Default/ViewFile/?id=1490266955530_material_subsideiry_HND.pdf&amp;path=Page">http://pfcindia.com/hnsite/Default/ViewFile/?id=1490266955530_material_subsideiry_HND.pdf&amp;path=Page</a>
Dividend Distribution Policy	<a href="http://www.pfcindia.com/Default/ViewFile/?id=1500569967022_Dividend Distribution Policy of Power Finance Corporation Limited-Final Version.pdf&amp;path=Page">http://www.pfcindia.com/Default/ViewFile/?id=1500569967022_Dividend Distribution Policy of Power Finance Corporation Limited-Final Version.pdf&amp;path=Page</a>	<a href="http://pfcindia.com/hnsite/Default/ViewFile/?id=1500987575423_Dividend Distribution_Policy_of_pfc_hindi.pdf&amp;path=Page">http://pfcindia.com/hnsite/Default/ViewFile/?id=1500987575423_Dividend Distribution_Policy_of_pfc_hindi.pdf&amp;path=Page</a>
Code of Practices & Procedures for Fair Disclosure of Unpublished Price Sensitive Information and Conduct for regulating, monitoring & reporting of trading in the securities of Power Finance Corporation Limited	<a href="http://www.pfcindia.com/Default/ViewFile/?id=1471519901217_PFCs_Code_of_Conduct_for_regulating_reporting_trading_by_insiders_and_for_fair_disclosure_2015.pdf&amp;path=Page">http://www.pfcindia.com/Default/ViewFile/?id=1471519901217_PFCs_Code_of_Conduct_for_regulating_reporting_trading_by_insiders_and_for_fair_disclosure_2015.pdf&amp;path=Page</a>	<a href="http://pfcindia.com/hnsite/Default/ViewFile/?id=1490270610504_CODE_OF_CONDUCT_FOR_INSIDER_TRADING_HND.pdf&amp;path=Page">http://pfcindia.com/hnsite/Default/ViewFile/?id=1490270610504_CODE_OF_CONDUCT_FOR_INSIDER_TRADING_HND.pdf&amp;path=Page</a>
Policy for Determination of Materiality of Events	<a href="http://www.pfcindia.com/Default/ViewFile/?id=1472556452570_Circular%20Policy%20for%20Determination%20of%20Materiality%20of%20Events.pdf&amp;path=Page&amp;Name=Policy for Determination of Materiality of Events">http://www.pfcindia.com/Default/ViewFile/?id=1472556452570_Circular%20Policy%20for%20Determination%20of%20Materiality%20of%20Events.pdf&amp;path=Page&amp;Name=Policy for Determination of Materiality of Events</a>	<a href="http://pfcindia.com/hnsite/DocumentRepository/ckfinder/files/Statutory_investor/DoMEvents_hi.pdf">http://pfcindia.com/hnsite/DocumentRepository/ckfinder/files/Statutory_investor/DoMEvents_hi.pdf</a>

*The other policies are internal documents and accessible only to employees of the organization.*

## Annexure I of Board's Report

### Form MR-3

#### SECRETARIAL AUDIT REPORT

##### For the financial year ended 31<sup>st</sup> March, 2020

{Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 24A of the Securities and Exchange Board of India (Listing Obligations & Disclosure requirements) Regulations, 2015}

**To,  
The Members,  
Power Finance Corporation limited .**

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Power Finance Corporation Limited** (hereinafter called PFC/the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on our test basis verification of the PFC's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial period ended on 31<sup>st</sup> March, 2020 complied with the statutory provisions listed hereunder and also that the Company has proper Board- processes and Compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by PFC for the financial year ended on 31<sup>st</sup> March, 2020 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

- (v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'): -
  - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulation, 2011;
  - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
  - (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
  - (e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
  - (f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
  - (g) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
- (vi) The Reserve Bank of India Act, 1934 and Regulations framed thereunder for Non-Banking Financial Companies.
- (vii) Prevention of Money Laundering Act, 2002.

We have also examined compliance with the applicable clauses of the following:

- (a) Secretarial Standards issued by the Institute of Company Secretaries of India - *Generally complied with.*
- (b) The Securities and Exchange Board of India (Listing Obligations & Disclosure requirements) Regulations, 2015.
- (c) DPE Guidelines on Corporate Governance for CPSE (DPE Guidelines) .

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above, subject to the following observations:

### Observation No. 1

*Non-compliance of Regulation 17(1)(a) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Clause 3.1.2 of the DPE Guidelines on Corporate Governance for Central Public Sector Enterprises The Board of Directors of the Company shall have an optimum combination of executive and non-executive directors with at least one-woman director and **not less than fifty percent of the Board of Directors comprising of non-executive directors.***

Non-Compliance of Regulation 17(1)(b) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Clause 3.1.4 of the DPE Guidelines on Corporate Governance for Central Public Sector Enterprises, Where the Chairman of the Board is a non-executive director, at least one-third of the Board should comprise of independent directors and in case the company does not have a regular non-executive Chairman, **at least half of the Board should comprise of independent directors.**

Non-compliance of Section 149(4) of the Companies Act, 2013, every listed public company shall have. **at least one-third of the total number of directors as independent directors.**

### Observation No. 2

*Non-compliance of Regulation 17 (10) of SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, **the Company has not carried out the performance evaluation of the directors.***

### Observation No. 3

In terms of Regulation 19 (4) read with Schedule II Part D (A) of SEBI (LODR) 2015, the Nomination and Remuneration Committee shall:

- (a) formulate the criteria for determining qualifications, positive attributes and independence of a director

and recommend to the Board of Directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;

- (b) formulate the criteria for evaluation of performance of Independent Directors and the Board of Directors;

**We further report that** the Board of Directors of the Company has to be constituted in terms of the provisions of the Companies Act, 2013, DPE Guidelines and Regulation 17(1) of the Securities and Exchange Board of India (Listing Obligations & Disclosure Requirements) Regulations, 2015. The number of Non-executive directors and independent directors on the Board is less than 50% of the original strength of the Board. At present, there are three non-executive and two Independent Directors on the Board of the Company. The Company is not compliant with provisions of appointment of requisite number of Directors.

Generally, adequate notice is given to all Directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. In case of convening of meeting including sending of agenda at shorter notice, consent of members present in the meeting were taken.

All the decisions made in the Board/Committee meeting(s) were carried out with unanimous consent of all the Directors/Members present during the meeting.

**We further report that** there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

For **Agarwal S. & Associates,**  
Company Secretaries,  
ICSI Unique Code: P2003DE049100

Sd/-

**CS Sachin Agarwal**

Partner

FCS No.: 5774

C.P No. : 5910

Date: 28.07.2020

Place: New Delhi

UDIN: F005774B000517263

This report is to be read with our letter of even date which is annexed as "Annexure A" and forms an integral part of this report.



## Annexure A

**To,  
The Members,  
Power Finance Corporation Limited**

Our report of even date is to be read along with this letter.

- (i) Maintenance of secretarial records is the responsibility of the management of the Company. Our Responsibility is to express an opinion on these secretarial records, based on our inspection of records produced before us for Audit.
- (ii) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
- (iii) We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company and our report is not covering observations/comments/ weaknesses already pointed out by the other Auditors.
- (iv) Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulation and happening of events etc.
- (v) The Compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis and to give our opinion whether Company has proper Board-processes and Compliance-mechanism in place or not.
- (vi) The Secretarial Audit Report is neither an assurance as to future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.
- (vii) The prevailing circumstances in the Country on account of Lockdown/restrictions on movements and COVID 19 have impacted physical verification of the records/ documents of the Company .

For **Agarwal S. & Associates,**  
Company Secretaries,  
*ICSI Unique Code: P2003DE049100*

Sd/-  
**CS Sachin Agarwal**  
Partner  
FCS No.: 5774  
C.P No. : 5910

Date: 28.07.2020  
Place: New Delhi

## Annexure-II

## Observations of the Secretarial Auditor alongwith explanations to the same by the Management

Sl. no.	Observation	Explanation
1.	<p><i>Non-compliance of Regulation 17(1)(a) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Clause 3.1.2 of the DPE Guidelines on Corporate Governance for Central Public Sector Enterprises The Board of Directors of the Company shall have an optimum combination of executive and non-executive directors with at least one-woman director and <b>not less than fifty percent of the Board of Directors comprising of non-executive directors.</b></i></p> <p><i>Non-Compliance of Regulation 17(1)(b) of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Clause 3.1.4 of the DPE Guidelines on Corporate Governance for Central Public Sector Enterprises, Where the Chairman of the Board is a non-executive director, at least one-third of the Board should comprise of independent directors and in case the company does not have a regular non-executive Chairman, <b>at least half of the Board should comprise of independent directors.</b></i></p> <p><i>Non-compliance of Section 149(4) of the Companies Act, 2013, every listed public company shall have <b>at least one-third of the total number of directors as independent directors.</b></i></p>	<p>In terms of clause 86 of Articles of Association (AoA) of PFC, the members of the Board of PFC are appointed by President of India. Accordingly, the Company has from time to time requested Ministry of Power, Government of India to expedite appointment of Independent Director(s) on the Board of the Company to enable it to comply with the requisite clauses of Companies Act, 2013, SEBI (LODR), Regulations 2015 and DPE guidelines.</p>
2	<p><i>Non-compliance of Regulation 17 (10) of SEBI (Listing Obligations &amp; Disclosure Requirements) Regulations, 2015, <b>Evaluation of independent directors shall be done by entire board of Directors.</b></i></p>	<p>In terms of clause 86 of Articles of Association (AoA) of the Company, the members of the Board of PFC are appointed by President of India. The terms &amp; conditions of such appointment including remuneration and evaluation vests with the Government of India.</p>
3	<p>In terms of Regulation 19 (4) read with Schedule II Part D (A) of SEBI (LODR) 2015, the Nomination and Remuneration Committee shall:</p> <p>(a) formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board of Directors a policy relating to, the remuneration of the directors, key managerial personnel and other employees;</p> <p>(b) formulate the criteria for evaluation of performance of Independent Directors and the Board of Directors;</p>	<p>In terms of Clause 86 of Articles of Association of the Company, the members of the Board are appointed by the President of India. Terms and conditions of such appointment including remuneration and evaluation vests with the Government of India. Further, Article 91(3) of Articles of Association of the Company provides that Notwithstanding anything contained in any of these Articles, the President may from time to time issue such directives or instructions as may be considered necessary in regard to conduct of business and affairs of the company and in like manner may vary and annul any such directive or instruction. The Directors shall give immediate effect to the directives or instructions so issued.</p> <p>As regards policy relating to the remuneration of the Functional directors, key managerial personnel and other employees, the Company is following the Presidential Directives issued from time to time.</p> <p>The Independent Directors in their 7<sup>th</sup> Separate Meeting held on 4<sup>th</sup> January, 2020 having noted that all the members of the Board are appointed by Government of India after thorough evaluation and are subjected to periodic performance review and that the Company's performance is also periodically reviewed with reference to annual MoU signed between PFC and Government, decided to undertake evaluation in line with SEBI's Guidance Note on Board Evaluation dated January 5, 2017.</p>

## **121-372 Financial Statements**

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# Independent Auditors' Report

To the Members of Power Finance Corporation Limited

## REPORT ON THE AUDIT OF THE STANDALONE IND AS FINANCIAL STATEMENTS

### OPINION

We have audited the standalone Ind AS financial statements of Power Finance Corporation Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and Notes to the Standalone Ind AS Financial Statements, including a summary of Significant Accounting Policies and other explanatory information (hereinafter referred to as "the Standalone Ind AS Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS Financial Statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards specified under Section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ('Ind AS') and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its profit (including other comprehensive income), the changes in equity and its cash flows for the year ended on that date.

### BASIS FOR OPINION

We conducted our audit of the Standalone Ind AS Financial Statements in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Ind AS Financial

Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Standalone Ind AS Financial Statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Standalone Ind AS Financial Statements.

### Emphasis of matter

We draw attention to Note No. 57 of the Standalone Ind AS Financial Statements regarding the impact of COVID-19 pandemic on the Company. Management is of the view that there are no reasons to believe that the pandemic will have any significant impact on the ability of the Company to continue as a going concern. Nevertheless, the impact in sight of evolution of pandemic in future period is uncertain and could impact the impairment allowance in future years.

Our opinion is not modified in respect of the matter.

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of these Standalone Ind AS Financial Statements of the current period. These matters were addressed in the context of our audit of the Standalone Ind AS Financial Statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report:

Sr. No.	Key Audit Matter	Auditors' Response
1.	<p><b>Credit impairment of financial instruments—Loan Assets</b></p> <p>The Company follows a Board approved methodology wherein assessment for allowance is carried out by an external agency for impairment based on certain guidelines and procedures in respect of criterion/framework classifying the assets into various stages depending upon credit risk and level of evidence of impairment.</p> <p>Impairment loss measurement requires use of statistical models to estimate the Probabilities of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD). These models are key driver to measure Impairment loss.</p>	<p><b>Our audit procedures included:</b></p> <ul style="list-style-type: none"> <li>Company has availed services of independent expert to estimate the carrying value of the loan assets. We verified the criterion/ framework with various regulatory updates along with Company's internal guidelines and procedures in respect of the impairment allowance as well as the completeness and accuracy of the data shared with the independent experts.</li> <li>Recoveries are verified applying the standard audit procedures. Loan balances are confirmed and quality of the borrower is evaluated and tested with key control parameters.</li> <li>We have reviewed the underlying assumptions and broad methodology of ECL assessment and shared our inputs.</li> </ul>

Sr. No.	Key Audit Matter	Auditors' Response
	<p>The key indicators underlying for assessment of impairment allowance are appraised on the ongoing basis by the management.</p> <p>The most significant areas where we identified greater levels of management judgement are:</p> <p>Significant Increase in Credit Risk (SICR) – Company has classified SICR based on the indicator defined in Ind AS, estimate the Probabilities of Default (PD), Loss Given Default (LGD) and Individually assessed Stage 3 carrying value – the carrying value of loans and advances to borrowers may be materially misstated if individual impairments are not appropriately estimated based upon future cash flow and asset valuations.</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that the value of ECL has a high degree of estimation &amp; uncertainty. In view of the significance of the amount of loan assets in the standalone Ind AS Financial Statements as % of total assets, impairment of loan assets there on has been considered as Key Audit Matter in our audit.</p>	<ul style="list-style-type: none"> <li>• Components and calculations in the study for impairment allowance carried out by the third party are test checks, discussed with management and relied upon by us.</li> </ul> <p>We considered the credit impairment charge and provision recognised and the related disclosures to be acceptable &amp; satisfactory.</p>
2.	<p><b>Fair Valuation of Derivative financial instruments</b></p> <p>Company enters into derivative contracts in accordance with RBI guidelines to mitigate its currency and interest rate risk in accordance with Company's board approved currency risk management policy.</p> <p>Derivative contracts are either categorised at FVTPL or under cash flow hedge (Hedge Accounting). Mark to market gain/loss on derivatives categorised at FVTPL is recognised in P&amp;L and that of Hedge Accounting is recognised in the other comprehensive income.</p> <p>We consider the valuation of the derivative financial instruments and hedge accounting as a key audit matter due to material exposure and the fact that the inappropriate application of these requirements/assumptions/estimate by contracting bank could lead to a material effect on the income statement.</p>	<p><b>Our audit procedures included:</b></p> <p>Discussing and understanding management's perception and studying policy of the Company for risk management.</p> <p>Verification of fair value of derivative in term of Ind AS 109.</p> <p>Evaluation of key internal control over classification of derivative instruments.</p> <p>Company obtains fair value of derivative from the counterparty banks. Our procedure includes evaluation of details of various financial derivative contracts outstanding as on March 31, 2020 and fair value thereon. Additionally, we verified the accounting of gain or loss on mark to market basis of derivative contracts in profit and loss account and other comprehensive income in case of derivatives contracts under cash flow hedge.</p> <p>We did not find any material misstatement in measuring derivative contracts at fair value obtained from counterparty banks.</p>
3.	<p><b>Alternate audit procedure carried out in light of COVID- 19 outbreaks</b></p> <p>Due to the outbreak of COVID-19 pandemic, the consequent nationwide lockdown and travel restrictions imposed by the Government/local administration during the period commencing from March 25, 2020 onwards, the audit processes could not be carried out physically at the Company's premises.</p> <p>The statutory audit was conducted via making arrangements to provide requisite documents/ information through electronic medium as an alternative audit procedure.</p> <p>We have identified such alternative audit procedure as a key audit matter.</p>	<p>As a part of alternative audit procedure, the Company has made available the following information/ records/ documents/ explanations to us through e-mail and remote secure network of the Company: -</p> <ol style="list-style-type: none"> <li>a) Scanned copies of necessary records/documents deeds, certificates and the related records made available electronically through e-mail or remote secure network of the Company; and</li> <li>b) By way of enquiries through video conferencing, dialogues and discussions over phone, e-mails and similar communication channels.</li> </ol> <p>It has also been represented by the management that the data and information provided electronically for the purpose of our audit are correct, complete, reliable and are directly generated from the accounting system of the Company, extracted from the records and files, without any further manual modifications so as to maintain its integrity, authenticity, readability and completeness. In addition, based on our review of the various internal audit reports/inspection reports, nothing has come to our knowledge that make us believe that such alternate audit procedure would not be adequate.</p>

### Other Matters

1. The Company has recognised expected credit loss in respect of loan assets and undisbursed letter of comfort as required under Ind AS 109, on the basis of documents provided by independent expert agency appointed by the Company. Since the calculation parameters require certain technical and professional expertise, we have relied on the expected credit loss calculation as provided by the said independent expert agency.
2. The Standalone Ind AS Financial Statements of the Company for the year ended March 31, 2019 were audited by the then joint auditors of the Company one of whom is the predecessor audit firms, and have expressed an unmodified opinion dated May 29, 2019 on such Ind AS financial statements.

Our opinion on the standalone Ind AS financial statements is not modified in respect of above matters.

### Information Other than the Standalone Ind AS Financial Statements and Auditor's Report Thereon

The Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, Management Discussion and Analysis, Business Responsibility Report and Report on Corporate Governance but does not include the Standalone Ind AS Financial Statements and our auditors' report thereon. The above-referred information is expected to be made available to us after the date of this audit report.

Our opinion on the Standalone Ind AS Financial Statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Standalone Ind AS Financial Statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Standalone Ind AS Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions necessitated by the circumstances and the applicable laws and regulations.

### RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE STANDALONE IND AS FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Act with respect to the preparation of these Standalone Ind AS Financial Statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Standalone Ind AS Financial Statements, management and Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

### AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE IND AS FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatement in the Standalone Ind AS Financial Statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonable knowledgeable user of the Ind AS financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) Planning the scope of our audit work and in evaluating the results of our work: and (ii) to evaluate

the effect of any identified misstatements in the Ind AS financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

#### **REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS**

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Companies Act, 2013, we give in "Annexure-A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. The Comptroller and Auditor General of India has issued the directions indicating the areas to be examined in term of sub-section 5 of Section 143 of the Act, the compliance of which is set out in "Annexure B".
3. As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - b) In our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

- c) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and Statement of Cash flow, dealt with by this Report are in agreement with the books of account;
- d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Ind AS specified under Section 133 of the Act read with relevant rules;
- e) As per notification number G.S.R. 463(E) dated June 5, 2015 issued by Ministry of Corporate Affairs, Section 164(2) of the Act regarding the disqualifications of Directors is not applicable to the Company, since it is a Government Company;
- f) With respect to the adequacy of the internal financial controls with reference to Standalone Ind AS Financial Statements and the operating effectiveness of such controls, refer to our separate report in "Annexure C";
- g) As per notification number G.S.R. 463 (E) dated June 5, 2015 issued by Ministry of Corporate Affairs, Section 197 of the Act regarding remuneration to director is not applicable to the Company, since it is being a Government Company; and
- h) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone Ind AS Financial Statements – Refer Note 42 to the Standalone Ind AS Financial Statements;
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

### FOR GANDHI MINOCHA & CO.

Chartered Accountants  
Firm's Registration No.: 000458N

Sd/-

**CA Manoj Bhardwaj**

Partner

Membership No.: 098606

UDIN: 20098606AAAABY6975

Dated: June 24, 2020

Place: New Delhi

### FOR DASS GUPTA & ASSOCIATES

Chartered Accountants  
Firm's Registration No.: 000112N

Sd/-

**CA Ashok Kumar Jain**

Partner

Membership No.: 090563

UDIN: 20090563AAAAAR7259



## Annexure A

to Independent Auditors' Report on the Audit of the Standalone Ind AS Financial Statements (Referred to in Para 1 under the heading 'Report on other Legal and Regulatory Requirements' of our report of even date to The Members of Power Finance Corporation Limited on the standalone Ind AS financial statements for the year ended March 31, 2020)

- i. (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 

investment, guarantees and securities which may be covered under Section 185 and 186 of the Companies Act, 2013.
- (b) As explained to us, the management carries out the physical verification of fixed assets once in a year. In our opinion, the frequency of physical verification is reasonable having regard to the size of the Company and nature of its assets. As explained to us, no material discrepancies were noticed by the management on such physical verification necessitating any adjustment.
 

v. According to the information and explanations given to us, the Company has not accepted any deposit from public during the year within the meaning of section 73 to 76 or any other relevant provision of the companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.
- (c) According to information and explanations given to us, the records examined by us and based on the examination of conveyance deeds/registered sale deed provided to us, we report that, the title deeds, comprising all immovable properties of land and buildings which are free hold, are held in the name of the Company as at the balance sheet date. Further, in respect of immovable properties of land and building that have been taken on lease, the lease agreements are in the name of the Company.
 

vi. The Central Government has not prescribed the maintenance of cost records under sub-section 1 of Section 148 of the Act, for any of the services rendered by the Company. Accordingly, clause 3(vi) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.
- ii. The Company is a Non-Banking Finance Company and does not have any inventory. Thus, clause 3(ii) of the Companies (Auditor's Report) Order, 2016 is not applicable.
 

vii. In respect of statutory dues, on the basis of information and explanations given to us and on the basis of our examination of the records of the Company, we report that:

  - (a) The Company is regular in depositing with appropriate authorities, undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Goods & Service Tax and other material statutory dues as applicable to it and there is no undisputed amount payable in respect of aforesaid dues outstanding for a period of more than six months from the date they become payable as on March 31, 2020, as per the accounts of the Company.
  - (b) According to the information and explanations given to us and as certified by the management on which we have relied upon, the disputed statutory dues aggregating to ₹ 21.84 crore have not been deposited on account of matters pending before appropriate authorities as detailed below:
- iii. As explained to us and verified from books and records, the Company has not granted any loans, secured or unsecured to Companies, firms or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, clauses 3(iii) (a), (b) and (c) of the Companies (Auditor's Report) Order, 2016 are not applicable to the Company.
- iv. As per the information and explanations provided to us the Company has not given any loans,

Name of the Statute	Nature of the Dues	Total Disputed Amount (₹)	Amount paid under protest (₹)	Pending Amount (₹)	Period to which the amount relates	Forum where dispute is pending
Chapter V of Finance Act, 1994	Service Tax and Penalty	86,55,830.00	5,90,170.00	80,65,660.00	April 1, 2011 to December 31, 2015	CESTAT Delhi
		16,91,418.00	Nil	16,91,418.00	January 1, 2016 to November 30, 2016	Commissioner CE & ST LTU New Delhi
		13,56,179.00	Nil	13,56,179.00	December 1, 2016 to June 30, 2017	Principal Commissioner CE & ST LTU New Delhi

Name of the Statute	Nature of the Dues	Total Disputed Amount (₹)	Amount paid under protest (₹)	Pending Amount (₹)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	17,64,18,418	11,60,08,439	6,04,09,979.00	AY 2016-17	CIT (Appeal)-22 Delhi
Income Tax Act, 1961	Income Tax Penalty	25,91,23,160	11,22,44,267	1,46,878,893.00	AY 2104-15	CIT (Appeal)-22 Delhi

- viii. According to information and explanations given to us and on the basis of our examination of the records of the Company the Company has not defaulted in repayment of loans or borrowing to a financial institution bank Government or dues to debenture holders as at the Balance Sheet date.
- ix. The Company did not raise any money by way of initial public offer or further public offer. Money raised by the Company by way of all types of debt instruments and term loans during the year was applied for the purposes for which it was raised.
- x. To the best of our knowledge and according to the information and explanations given to us no fraud by the Company or any fraud on the Company by its officers and employees has been noticed or reported during the year nor have been we informed of any such case by the management.
- xi. According to information and explanations given to us being a Government Company Section 197 of Companies Act, 2013 does not apply to the Company. Accordingly, clause 3(xi) of the Companies (Auditor's Report) Order 2016 is not applicable.
- xii. According to information and explanations given to us the Company is not a Nidhi Company. Hence the Nidhi Rules 2014 are not applicable to the Company. Accordingly, clause 3(xii) of the
- Companies (Auditor's Report) Order 2016 is not applicable to the Company.
- xiii. According to information and explanations given to us and on the basis of our examination of the records of the Company all transactions with the related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013 where applicable. The details have been disclosed in the Ind AS Financial Statements as per the requirement of the applicable accounting standard.
- xiv. According to information and explanations given to us and on the basis of our examination of the records of the Company the Company has not made any preferential allotment or private placement of shares or fully/partly convertible debentures during the year.
- xv. According to information and explanations given to us and on the basis of our examination of the records of the Company the Company has not entered into any non-cash transactions with directors or persons connected with them which are covered under Section 192 of Companies Act, 2013.
- xvi. The Company is a Non-Banking Finance Company and has obtained registration under Section 45-IA of the Reserve Bank of India Act, 1934.

**FOR GANDHI MINOCHA & CO.**

Chartered Accountants  
Firm's Registration No.: 000458N

Sd/-

**CA Manoj Bhardwaj**

Partner

Membership No.: 098606

UDIN: 20098606AAAABY6975

Dated: June 24, 2020

Place: New Delhi

**FOR DASS GUPTA & ASSOCIATES.**

Chartered Accountants  
Firm's Registration No.: 000112N

Sd/-

**CA Ashok Kumar Jain**

Partner

Membership No.: 090563

UDIN: 20090563AAAAAR7259

## Annexure B

to the Independent Auditors' Report on the Audit of the Standalone Ind AS Financial Statements (Referred to in Para 2 under the heading 'Report on other Legal and Regulatory Requirements' of our report of even date to The Members of Power Finance Corporation Limited on the standalone Ind AS financial statements for the year ended March 31, 2020)

As required under Section 143(5) of the Companies Act, 2013 with respect to the directions issued by The Comptroller & Auditor General of India, we report that:

Directions	Replies
Whether the Company has system in place to process all the accounting transactions through IT system? If yes the implications of processing of accounting transactions outside IT system on the integrity of the accounts along with the financial implications if any may be stated.	Yes, the Company has system in place to process all the accounting transactions through IT system. Based on the verification carried out by us during the course of our audit and based on the information and explanations given to us we have not come across any instance having significant implications on the integrity of accounts.
Whether there is any restructuring of an existing loan or cases of waiver/ write-off of debts/ loans/ interest etc. made by a lender to the Company due to the Company's inability to repay the loan? If yes the financial impact may be stated;	There are no such cases and company is regular in servicing its debts and borrowing obligations.
Whether funds received/ receivable for specific schemes from Central/ State agencies were properly accounted for/ utilised as per its term and conditions? List the cases of deviation.	Funds released by Ministry of Power for the projects/schemes sanctioned under Integrated Power Development Scheme (R-APDRDP subsumed) have been properly accounted for and released onward to the beneficiaries as per guidelines and terms & conditions of sanction.

### FOR GANDHI MINOCHA & CO.

Chartered Accountants  
Firm's Registration No.: 000458N

Sd/-

**CA Manoj Bhardwaj**

Partner

Membership No.: 098606

UDIN: 20098606AAAABY6975

Dated: June 24, 2020

Place: New Delhi

### FOR DASS GUPTA & ASSOCIATES.

Chartered Accountants  
Firm's Registration No.: 000112N

Sd/-

**CA Ashok Kumar Jain**

Partner

Membership No.: 090563

UDIN: 20090563AAAAAR7259

## Annexure C

to the Independent Auditors' Report on the Audit of the Standalone Ind AS Financial Statements (Referred to in Para 3(f) under the heading 'Report on other Legal and Regulatory Requirements' of our report of even date to The Members of Power Finance Corporation Limited on the standalone Ind AS financial statements for the year ended March 31, 2020)

### **Report on the Internal Financial Controls with reference to standalone Ind AS Financial Statements under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls with reference to the Ind AS financial statements of Power Finance Corporation Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the Standalone Ind AS Financial Statements of the Company for the year ended on that date.

#### **MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design implementation and maintenance of adequate internal financial controls with reference to Ind AS financial statements that were operating effectively for ensuring the orderly and efficient conduct of its business including adherence to company's policies the safeguarding of its assets the prevention and detection of frauds and errors the accuracy and completeness of the accounting records and the timely preparation of reliable financial information as required under the Act.

#### **AUDITORS' RESPONSIBILITY**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI prescribed under sub-section 10 of Section 143 of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls

over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

#### **MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of the Management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Ind AS financial statements.

#### **INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over



financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

#### **OPINION**

In our opinion, the Company has, in all material respects, an internal financial controls system over financial reporting and such internal financial controls

over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

#### **FOR GANDHI MINOCHA & CO.**

Chartered Accountants  
Firm's Registration No.: 000458N

Sd/-

**CA Manoj Bhardwaj**

Partner  
Membership No.: 098606  
UDIN: 20098606AAAABY6975

Dated: June 24, 2020

Place: New Delhi

#### **FOR DASS GUPTA & ASSOCIATES.**

Chartered Accountants  
Firm's Registration No.: 000112N

Sd/-

**CA Ashok Kumar Jain**

Partner  
Membership No.: 090563  
UDIN: 20090563AAAAAR7259

# Non-Banking Financial Companies Auditors' Report

for the year ended March 31, 2020

To,  
Board of Directors  
Power Finance Corporation Limited  
Urjanidhi, 1, Barakhamba Lane,  
Connaught Place, New Delhi – 110 001

## Dear Sir,

We have audited the Standalone Ind AS financial statements of Power Finance Corporation Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and Notes to the standalone financial statements, including a summary of Significant Accounting Policies and other explanatory information (hereinafter referred to as "the Standalone financial statements")

As required by the "Non-Banking Financial Companies Auditor's Report (Reserve Bank) Directions, 2016" issued by the Reserve Bank of India, on the matters specified in Chapter – II of the said Directions to the extent applicable to the Company, and according to the explanations given to us for the purpose of the audit, we report that:

1. The Company is engaged in the business of Non-Banking Financial Institution, having valid certificate of registration as an Infrastructure Finance Company issued by Reserve Bank of India vide No. B- 14.00004 dated 28-07-2010 in lieu of earlier certificate No. 14.00004 dated 10.02.1998. Further, the Company is entitled to continue to hold such registration in terms of its asset/income pattern as on 31.03.2020.
2. The Company is meeting the requirement of net owned funds applicable to an Infrastructure Finance Company as contained in Master Direction – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.
3. The Company is registered as Non-deposit accepting Infrastructure Finance Company with RBI. The Board of Directors has passed resolution in its meeting held on 12.02.2020 for non-acceptance of any public deposit during financial year 2019-20.
4. The Company has not accepted any public deposits during the financial year 2019-20.
5. The financial statements of the Company for the year 2019-20 have been prepared in accordance with the recognition and measurement principle of Ind AS prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued there under. Accordingly, the Company is following Board approved methodology for computation of Impairment Allowance towards provisioning for its loan assets and classification thereof. In view of regulatory compliance of Companies Act, 2013 for adoption of a mechanism for preparation of financial statements the Company is required to make provision of impairment loss as per Ind AS 109 and not required to follow the Prudential norms relating to income recognition, accounting standards, asset classification and provisioning (IRACP norms) for Bad and Doubtful debts in terms of Directions 2016. In this regard, in compliance of RBI Notification No. DOR(NBFC). CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020, the Company has calculated provision required under IRACP Norms (Including standard assets provisions) and company is not required to appropriate any amount to "impairment reserve".



6. As per information and explanations given to us, the statement of capital funds, risk assets/ exposures and risk asset ratio (NBS-7 return) has been filed by company for all the quarters of FY2019-20 based on provisional financial results of respective quarters, drawn on the date of filing

with in the stipulated period including CRAR, in compliance with RBI norms. Further, CRAR based on audited financial statements for the year ended 31.03.2020 has been correctly arrived at and it is in compliance with minimum prescribed CRAR by RBI.

**FOR GANDHI MINOCHA & CO.**

Chartered Accountants  
Firm's Registration No.: 000458N

Sd/-

**CA Manoj Bhardwaj**

Partner  
Membership No.: 098606  
UDIN: 20098606AAAABY6975

Dated: June 24, 2020

Place: New Delhi

**FOR DASS GUPTA & ASSOCIATES.**

Chartered Accountants  
Firm's Registration No.: 000112N

Sd/-

**CA Ashok Kumar Jain**

Partner  
Membership No.: 090563  
UDIN: 20090563AAAAAR7259

# Comments of the Comptroller and Auditor General of India

Under Section 143(6)(B) of the Companies Act, 2013 on the Financial Statements of Power Finance Corporation Limited for the Year Ended March 31, 2020

The preparation of financial statements of Power Finance Corporation Limited for the year ended March 31, 2020 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 139 (5) of the Act are responsible for expressing opinion on the financial statements under Section 143 of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143 (10) of the Act. This is stated to have been done by them vide their Audit Report dated June 24, 2020.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the

financial statements of Power Finance Corporation Limited for the year ended March 31, 2020 under Section 143 (6) (a) of the Act. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report under Section 143 (6) (b) of the Act.

For and on behalf of the  
**Comptroller & Auditor General of India**

Sd/-  
**(D. K. Sekar)**  
Director General of Audit (Energy),  
New Delhi

Place: New Delhi  
Date: August 13, 2020



# Standalone Balance Sheet

as at March 31, 2020

(₹ in crore)				
Sr. No.	Particulars	Note No.	As at 31.03.2020	As at 31.03.2019
<b>ASSETS</b>				
<b>1</b>	<b>Financial Assets</b>			
	(a) Cash and Cash Equivalents	7	182.52	310.09
	(b) Bank Balance other than included in Cash and Cash Equivalents	8	16.47	13,890.52
	(c) Derivative Financial Instruments	9	1,863.42	567.98
	(d) Loans	10	3,34,112.60	3,03,210.36
	(e) Investments	11	16,473.32	16,586.20
	(f) Other Financial Assets	12	5,339.12	5,330.96
	<b>Total Financial Assets (1)</b>		<b>3,57,987.45</b>	<b>3,39,896.11</b>
<b>2</b>	<b>Non-Financial Assets</b>			
	(a) Current Tax Assets (Net)	13	651.31	498.42
	(b) Deferred Tax Assets (Net)	37	2,952.12	4,060.73
	(c) Property, Plant and Equipment	14	31.35	27.74
	(d) Intangible Assets	14	0.41	0.59
	(e) Right-of-use Assets	15	35.75	-
	(f) Other Non-Financial Assets	16	128.87	242.09
	<b>Total Non-Financial Assets (2)</b>		<b>3,799.81</b>	<b>4,829.57</b>
	<b>Total Assets (1+2)</b>		<b>3,61,787.26</b>	<b>3,44,725.68</b>
<b>LIABILITIES AND EQUITY</b>				
<b>LIABILITIES</b>				
<b>1</b>	<b>Financial Liabilities</b>			
	(a) Derivative Financial Instruments	9	599.82	505.59
	(b) Debt Securities	17	2,21,847.67	2,05,584.49
	(c) Borrowings (other than Debt Securities)	18	79,116.06	80,344.69
	(d) Subordinated Liabilities	19	9,310.95	9,309.70
	(e) Other Financial Liabilities	20	5,375.16	5,327.84
	<b>Total Financial Liabilities (1)</b>		<b>3,16,249.66</b>	<b>3,01,072.31</b>
<b>2</b>	<b>Non-Financial Liabilities</b>			
	(a) Current Tax Liabilities (Net)	13	0.11	0.53
	(b) Provisions	21	264.29	264.00
	(c) Other Non-Financial Liabilities	22	109.07	100.85
	<b>Total Non-Financial Liabilities (2)</b>		<b>373.47</b>	<b>365.38</b>
	<b>Total Liabilities (1+2)</b>		<b>3,16,623.13</b>	<b>3,01,437.69</b>
<b>3</b>	<b>Equity</b>			
	(a) Equity Share Capital	23	2,640.08	2,640.08
	(b) Other Equity	24	42,524.05	40,647.91
	<b>Total Equity (3)</b>		<b>45,164.13</b>	<b>43,287.99</b>
	<b>Total Liabilities and Equity (1+2+3)</b>		<b>3,61,787.26</b>	<b>3,44,725.68</b>

Notes annexed hereto form integral part of Standalone Financial Statements.

 Sd/-  
**(Manohar Balwani)**  
 Company Secretary

**For and on behalf of Board of Directors**

 Sd/-  
**(N. B. Gupta)**  
 Director (Finance)  
 DIN: 00530741

 Sd/-  
**(R. S. Dhillon)**  
 Chairman and Managing Director  
 DIN: 00278074

**Signed in terms of our report of even date attached**
**For Gandhi Minocha & Co.**  
 Chartered Accountants  
 Firm Regn. No.: 000458N

**For Dass Gupta & Associates**  
 Chartered Accountants  
 Firm Regn. No.: 000112N

 Sd/-  
**(CA Manoj Bhardwaj)**  
 Partner  
 Membership No.: 098606

 Sd/-  
**(CA Ashok Kumar Jain)**  
 Partner  
 Membership No.: 090563

 Place: New Delhi  
 Dated: 24.06.2020

# Standalone Statement of Profit and Loss

for the Year ended March 31, 2020

(₹ in crore)

Sr. No.	Particulars	Note No.	Year ended 31.03.2020	Year ended 31.03.2019
<b>REVENUE FROM OPERATIONS</b>				
	(i) Interest Income	25	31,950.42	28,432.68
	(ii) Dividend Income	39	1,289.52	167.03
	(iii) Fees and Commission Income	26	122.96	149.02
<b>I.</b>	<b>Total Revenue from Operations</b>		<b>33,362.90</b>	<b>28,748.73</b>
<b>II.</b>	<b>Other Income</b>	28	8.16	17.58
<b>III.</b>	<b>Total Income (I+II)</b>		<b>33,371.06</b>	<b>28,766.31</b>
<b>EXPENSES</b>				
	(i) Finance Costs	29	21,853.19	18,987.60
	(ii) Net Translation/Transaction Exchange Loss/(Gain)	40	2,633.42	520.25
	(iii) Fees and Commission Expense	30	10.76	10.09
	(iv) Net Loss/(Gain) on Fair Value changes	27	(699.05)	(84.98)
	(v) Impairment on Financial Instruments	31	991.22	(871.48)
	(vi) Employee Benefit Expenses	32	193.82	173.57
	(vii) Depreciation and Amortisation	14/15	9.10	6.14
	(viii) Corporate Social Responsibility Expenses	41	97.15	100.50
	(ix) Other Expenses	33	88.91	108.83
<b>IV.</b>	<b>Total Expenses</b>		<b>25,178.52</b>	<b>18,950.52</b>
<b>V.</b>	<b>Profit/(Loss) Before Exceptional Items and Tax (III-IV)</b>		<b>8,192.54</b>	<b>9,815.79</b>
<b>VI.</b>	<b>Exceptional Items</b>		-	-
<b>VII.</b>	<b>Profit/(Loss) Before Tax (V-VI)</b>		<b>8,192.54</b>	<b>9,815.79</b>
	<b>Tax Expense:</b>	37		
	(1) Current Tax:			
	- Current Year		1,406.73	2,346.50
	- Earlier Years		17.75	1.22
	(2) Deferred Tax		1,112.92	515.15
<b>VIII.</b>	<b>Total Tax Expense</b>		<b>2,537.40</b>	<b>2,862.87</b>
<b>IX.</b>	<b>Profit/(Loss) for the Year from Continuing Operations (VII-VIII)</b>		<b>5,655.14</b>	<b>6,952.92</b>
<b>X.</b>	<b>Profit/(Loss) from Discontinued Operations (After Tax)</b>		-	-
<b>XI.</b>	<b>Profit/(Loss) for the Year (from continuing and discontinued operations) (IX+X)</b>		<b>5,655.14</b>	<b>6,952.92</b>
<b>XII.</b>	<b>Other Comprehensive Income</b>			
<b>(A)</b>	(i) Items that will not be reclassified to Profit or Loss			
	- Re-measurement of Defined Benefit Plans		(5.09)	(3.63)
	- Net Gain/(Loss) on Fair Value of Equity Instruments		(287.11)	(154.88)
	(ii) Income Tax relating to items that will not be reclassified to Profit or Loss			
	- Re-measurement of Defined Benefit Plans		0.08	1.69
	<b>Sub-Total (A)</b>		<b>(292.12)</b>	<b>(156.82)</b>
<b>(B)</b>	(i) Items that will be reclassified to Profit or Loss			
	- Effective Portion of Gains/(Loss) on Hedging Instruments in Cash Flow Hedge		(46.74)	(77.08)
	(ii) Income Tax relating to items that will be reclassified to Profit or Loss			
	- Effective Portion of Gains/(Loss) on Hedging Instruments in Cash Flow Hedge		4.23	26.93
	<b>Sub-Total (B)</b>		<b>(42.51)</b>	<b>(50.15)</b>
	<b>Other Comprehensive Income (A+B)</b>		<b>(334.63)</b>	<b>(206.97)</b>
<b>XIII.</b>	<b>Total Comprehensive Income for the Year (XI+XII)</b>		<b>5,320.51</b>	<b>6,745.95</b>
<b>XIV.</b>	<b>Basic and Diluted Earnings Per Equity Share (Face Value ₹ 10/- each):</b>	44		
	(1) For continuing operations (in ₹)		21.42	26.34
	(2) For discontinued operations (in ₹)		-	-
	(3) For continuing and discontinued operations (in ₹)		21.42	26.34

Notes annexed hereto form integral part of Standalone Financial Statements.

Sd/-  
(Manohar Balwani)  
Company Secretary

**For and on behalf of Board of Directors**

Sd/-  
(N. B. Gupta)  
Director (Finance)  
DIN: 00530741

Sd/-  
(R. S. Dhillon)  
Chairman and Managing Director  
DIN: 00278074

**Signed in terms of our report of even date attached**

**For Gandhi Minocha & Co.**  
Chartered Accountants  
Firm Regn. No.: 000458N

**For Dass Gupta & Associates**  
Chartered Accountants  
Firm Regn. No.: 000112N

Place: New Delhi  
Dated: 24.06.2020

Sd/-  
(CA Manoj Bhardwaj)  
Partner  
Membership No.: 098606

Sd/-  
(CA Ashok Kumar Jain)  
Partner  
Membership No.: 090563

# Standalone Statement of Changes in Equity

for the Year ended March 31, 2020

## A. EQUITY SHARE CAPITAL

Particulars	₹ in crore)	
	Opening Balance	Closing Balance
FY2018-19	2,640.08	2,640.08
FY2019-20	2,640.08	2,640.08

## B. OTHER EQUITY

Particulars	Reserves and Surplus										Other Comprehensive Income		Total
	Special Reserve created u/s 45-IC(1) of Reserve Act, 1934	Special Reserve for Bad & doubtful debts u/s 36(1)(viii)(c) of Income-Tax Act, 1961	Special Reserve created u/s 36(1)(viii) of Income Tax Act, 1961 to Financial Year 1996-97	Special Reserve created and maintained u/s 36(1)(viii) of Income Tax Act, 1961 from Financial Year 1997-98	Debt Redemption Reserve	Securities Premium	Foreign Currency Monetary Item Translation Difference Account	Interest Differential Reserve - KFW Loan	General Reserve	Retained Earnings	Instruments through comprehensive Income	Equity Gains/(Loss) on Hedging Instruments in Cash Flow Hedge	
<b>Balance as at 31.03.2018</b>	23.36	3,386.79	599.85	15,920.36	1,726.82	2,776.54	(356.41)	57.90	6,438.68	3,848.43	(106.25)	-	34,316.07
Profit for the year	-	-	-	6,952.92	-	-	-	(1.94)	-	6,952.92	-	-	6,952.92
Re-measurement of Defined Benefit Plans (net of tax)	-	-	-	-	-	-	-	-	-	-	-	(1.94)	(1.94)
Other Comprehensive Income/ (Expense)	-	-	-	-	-	-	-	-	-	(154.88)	(154.88)	(50.15)	(205.03)
<b>Total Comprehensive Income for the year</b>	-	-	-	-	-	-	-	-	-	6,950.98	(154.88)	(50.15)	6,745.95
Transfer to/from Retained Earnings	1,390.58	353.42	-	1,577.91	289.73	-	-	-	1,000.00	(4,597.08)	(14.56)	-	0.00
Additions/Deletion during the year (net)	-	-	-	-	(2.30)	-	(413.31)	2.10	-	0.20	(0.80)	-	(414.11)
<b>Balance as at 31.03.2019</b>	1,413.94	3,740.21	599.85	17,498.27	2,014.25	2,776.54	(769.72)	60.00	7,438.68	6,202.53	(276.49)	(50.15)	40,647.91
Profit for the period	-	-	-	5,655.14	-	-	-	-	-	5,655.14	-	-	5,655.14
Re-measurement of Defined Benefit Plans (net of tax)	-	-	-	-	-	-	-	-	-	(5.01)	-	-	(5.01)
Other Comprehensive Income/ (Expense)	-	-	-	-	-	-	-	-	-	(287.11)	(287.11)	(42.51)	(329.62)

# Standalone Statement of Changes in Equity

for the Year ended March 31, 2020

Particulars	Reserves and Surplus										Other Comprehensive Income			Total
	Special Reserve created u/s 45-IC(1) of Reserve Bank of India Act, 1934	Reserve for Bad & doubtful debts u/s 36(1)(viii)(c) of Income-Tax Act, 1961	Special Reserve created u/s 36(1)(vii) of Income Tax Act, 1961 up to Financial Year 1996-97	Special Reserve created and maintained u/s 36(1)(viii) of Income Tax Act, 1961 from Financial Year 1997-98	Debt Redemption Reserve	Securities Premium	Foreign Currency Monetary Item Translation Difference Account	Interest Differential Reserve - KFW Loan	General Reserve	Retained Earnings	Equity Instruments through comprehensive Income	Effective Portion of Gains/(Loss) on Hedging Instruments in Cash Flow Hedge		
<b>Total Comprehensive Income for the period</b>									<b>5,650.13</b>	<b>(287.11)</b>	<b>(42.51)</b>	<b>5,320.51</b>		
Dividends	-	-	-	-	-	-	-	-	(2,508.08)	-	-	(2,508.08)		
Dividend Distribution Tax	-	-	-	-	-	-	-	-	(264.79)	-	-	(264.79)		
Transfer to/from Retained Earnings	1,131.02	304.81	-	1,350.13	-	-	-	-	(2,785.96)	-	-	-		
Transfer to/from General Reserve	-	-	-	-	(2,014.25)	-	-	2,014.25	-	-	-	-		
Utilisation of reserve against bad debts written off	-	(1,530.85)	-	-	-	-	-	1,530.85	-	-	-	-		
Reclassification of gain/(loss) on sale/extinguishment of FVTOCI equity instrument	-	-	-	-	-	-	-	-	(249.96)	249.96	-	-		
Additions/Deletions during the period (net)	-	-	-	-	-	-	1.40	0.03	(1.47)	-	-	(671.50)		
<b>Balance as at 31.03.2020</b>	<b>2,544.96</b>	<b>2,514.17</b>	<b>599.85</b>	<b>18,848.40</b>	<b>-</b>	<b>2,776.54</b>	<b>(1,441.18)</b>	<b>10,983.81</b>	<b>6,042.40</b>	<b>(313.64)</b>	<b>(92.66)</b>	<b>42,524.05</b>		

Notes annexed hereto form integral part of Standalone Financial Statements.

Sd/-  
**(Manohar Balwani)**  
Company Secretary

Place: New Delhi  
Dated: 24.06.2020

## For and on behalf of Board of Directors

Sd/-  
**(N. B. Gupta)**  
Director (Finance)  
DIN: 00530741

Sd/-  
**(R. S. Dhillon)**  
Chairman and Managing Director  
DIN: 00278074

## Signed in terms of our report of even date attached

**For Gandhi Minocha & Co.**  
Chartered Accountants  
Firm Regn. No.: 000458N

**For Dass Gupta & Associates**  
Chartered Accountants  
Firm Regn. No.: 000112N

Sd/-  
**(CA Manoj Bhardwaj)**  
Partner  
Membership No.: 098606

Sd/-  
**(CA Ashok Kumar Jain)**  
Partner  
Membership No.: 090563

# Standalone Statement of Cash Flows

for the Year ended March 31, 2020

(₹ in crore)

Sr. No.	Description	Year ended 31.03.2020	Year ended 31.03.2019
<b>I.</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES:-</b>		
	<b>Profit before Tax</b>	<b>8,192.54</b>	<b>9,815.79</b>
	<b>Adjustments for:</b>		
	Loss on derecognition of Property, Plant and Equipment (net)	0.96	0.32
	Depreciation and Amortisation	9.10	6.14
	Interest expense on Zero-coupon Bonds and Commercial Papers	329.58	(136.83)
	Unrealised Foreign Exchange Translation Loss/(Gain)	2,908.53	519.07
	Net Change in Fair Value	(699.05)	(84.98)
	Impact of Effective Interest Rate on Loans	6.50	(10.47)
	Impairment on Financial Instruments	991.22	(871.48)
	Interest income on Investments	(250.53)	(288.60)
	Interest on Interest Subsidy Fund	1.35	3.46
	Provision for interest under Income Tax Act, 1961	0.17	5.86
	Excess Liabilities written back	(0.18)	-
	Provision for Retirement Benefits etc.	44.44	56.09
	Dividend Income	(1,289.52)	(167.03)
	Effective Interest Rate on Borrowings/Debt Securities/ Subordinated Liabilities	(188.06)	(0.35)
	Interest on Income Tax Refund	(0.66)	(8.29)
	Interest expenses on Lease Liability	0.77	-
	<b>Operating profit before Working Capital Changes:</b>	<b>10,057.16</b>	<b>8,838.71</b>
	<b>Increase/Decrease:</b>		
	Loans (Net)	(32,097.93)	(36,321.76)
	Other Financial and Non-Financial Assets	13,891.09	(13,895.53)
	Derivative	(504.95)	11.00
	Other Financial & Non-Financial Liabilities and Provisions	154.44	(668.69)
	<b>Cash Flow from Operations Before Tax</b>	<b>(8,500.19)</b>	<b>(42,036.27)</b>
	Income Tax paid	(1,584.39)	(2,544.76)
	Income Tax Refund	59.03	81.34
	<b>Net Cash flow from Operating Activities</b>	<b>(10,025.55)</b>	<b>(44,499.69)</b>
<b>II.</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
	Proceeds from disposal of Property, Plant and Equipment	0.07	0.11
	Purchase of Property, Plant and Equipment	(13.11)	(7.93)
	Investment in Subsidiaries	-	(14,500.00)
	Interest income on investment	250.32	243.25
	Dividend on investment	1,289.52	167.03
	Increase/Decrease in Other Investments	29.12	277.97
	<b>Net Cash Used in Investing Activities</b>	<b>1,555.92</b>	<b>(13,819.57)</b>
<b>III.</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
	Raising of Bonds (including premium) (Net of Redemptions)	6,244.24	(8,957.74)
	Raising of Long-Term Loans (Net of Repayments)	10,895.44	35,678.55
	Raising of Foreign Currency Loans (Net of Repayments)	15,293.94	9,634.40
	Raising of Subordinated Liabilities (Net of Redemptions)	0.00	5,411.50
	Raising of Commercial paper (Net of Repayments)	(10,000.00)	2,970.00
	Raising of Working Capital Demand Loan/OD/CC/Line of Credit (Net of Repayments)	(11,318.82)	13,357.18
	Unclaimed Bonds (Net)	0.59	(2.78)
	Unclaimed Dividend (Net)	0.32	0.53
	Payment of Interim Dividend	(2,508.08)	-
	Payment of Corporate Dividend Tax	(264.79)	-
	Payment of Lease Liability	(0.77)	-
	<b>Net Cash in-flow from Financing Activities</b>	<b>8,342.06</b>	<b>58,091.65</b>

# Standalone Statement of Cash Flows

for the Year ended March 31, 2020

(₹ in crore)

Sr. No.	Description	Year ended 31.03.2020	Year ended 31.03.2019
	<b>Net Increase/Decrease in Cash and Cash Equivalents</b>	<b>(127.57)</b>	<b>(227.62)</b>
	Add: Cash and Cash Equivalents at beginning of the financial year	310.09	537.71
	<b>Cash and Cash Equivalents at the end of the Year</b>	<b>182.52</b>	<b>310.09</b>
	<b>Details of Cash and Cash Equivalents at the end of the Year:</b>		
i)	Balances with Banks (of the nature of cash and cash equivalents)		
	In current accounts	182.52	8.48
	In Term Deposit Accounts	-	301.61
	310.09	182.52	310.09
ii)	Cheques, Drafts on hand including postage and Imprest	-	-
	<b>Total Cash and Cash Equivalents at the end of the Year</b>	<b>182.52</b>	<b>310.09</b>

The above statement of cash flows has been prepared under the indirect method as set out in Ind AS 7 'Statement of Cash Flows'.

## Reconciliation of liabilities arising from financing activities

(₹ in crore)

Sr. No.	Particulars	Bonds/ Debenture*	Term Loans**	Foreign Currency Loans	Commercial Paper	WCDL etc.	Subordinated Debts	Total
	<b>Opening Balance as at 01.04.2018</b>	<b>1,90,028.53</b>	<b>10,524.99</b>	<b>18,260.08</b>	<b>6,924.74</b>	<b>-</b>	<b>3,800.00</b>	<b>2,29,538.35</b>
	Cash Flow During the Year	(8,957.74)	35,678.55	9,634.40	2,970.00	13,357.18	5,411.50	58,093.90
	<b>Non-Cash Changes due to:</b>							
	Amortisation of discount/ interest on Zero-coupon Bond/Financial Charges on Commercial Paper	42.00	-	-	(178.82)	-	-	(136.83)
	Variation in Exchange Rates	-	-	932.38	-	-	-	932.38
	<b>Closing Balance as at 31.03.2019</b>	<b>1,81,112.79</b>	<b>46,203.54</b>	<b>28,826.86</b>	<b>9,715.92</b>	<b>13,357.18</b>	<b>9,211.50</b>	<b>2,88,427.80</b>
	Cash Flow During the Year	6,244.24	10,895.44	15,293.94	(10,000.00)	(11,318.82)	0.00	11,114.80
	<b>Non-Cash Changes due to:</b>							
	Amortisation of discount on Zero-coupon Bonds & Financial Charges on Commercial Papers	45.49	-	-	284.09	-	-	329.58
	Variation in Exchange Rates	-	-	3,579.99	-	-	-	3,579.99
	<b>Closing Balance as at 31.03.2020</b>	<b>1,87,402.52</b>	<b>57,098.98</b>	<b>47,700.79</b>	<b>0.00</b>	<b>2,038.36</b>	<b>9,211.50</b>	<b>3,03,452.17</b>

\*Foreign Currency Notes form part of Foreign Currency Loans in Statement of Cash Flow.

\*\*Foreign Currency Loans and Syndicated Foreign Currency Loans form part of Foreign Currency Loans in Statement of Cash Flow.

Sd/-  
**(Manohar Balwani)**  
Company Secretary

### For and on behalf of Board of Directors

Sd/-  
**(N. B. Gupta)**  
Director (Finance)  
DIN: 00530741

Sd/-  
**(R. S. Dhillon)**  
Chairman and Managing Director  
DIN: 00278074

### Signed in terms of our report of even date attached

**For Gandhi Minocha & Co.**  
Chartered Accountants  
Firm Regn. No.: 000458N

**For Dass Gupta & Associates**  
Chartered Accountants  
Firm Regn. No.: 000112N

Place: New Delhi  
Dated: 24.06.2020

Sd/-  
**(CA Manoj Bhardwaj)**  
Partner  
Membership No.: 098606

Sd/-  
**(CA Ashok Kumar Jain)**  
Partner  
Membership No.: 090563

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

## 1. COMPANY INFORMATION

Power Finance Corporation Limited (“PFC” or “the Company”) was incorporated in India in the year 1986. The Company is domiciled in India and is limited by shares, having its registered office at ‘Urjanidhi’, 1, Barakhamba Lane, Connaught Place, New Delhi – 110 001.

The Company is a Government company engaged in extending financial assistance to power sector and is a Systemically Important Non-Deposit taking Non-Banking Financial Company (NBFC) registered with Reserve Bank of India (RBI) as an Infrastructure Finance Company (IFC).

Equity shares of the Company are listed on the National Stock Exchange of India Limited (NSE) and BSE Limited.

## 2. STATEMENT OF COMPLIANCE

The Standalone Financial Statements of the Company comply with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended), applicable provisions of the Companies Act, 2013 and other applicable regulatory norms/guidelines.

3. These Standalone Financial Statements have been approved for issue by Board of Directors (BoD) of the Company on 24.06.2020

## 4. STANDARDS / AMENDMENTS ISSUED BUT NOT YET EFFECTIVE

Ministry of Corporate Affairs (MCA) notifies new standards or amendments to the existing standards. As at 31.03.2020, there is no such notification which would have been applicable from 01.04.2020.

## 5. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies applied in preparation of the Standalone Financial Statements are as given below:

### 5.1 Basis of Preparation and Measurement

These Standalone Financial Statements have been prepared on going concern basis following accrual system of accounting. The assets and liabilities have been measured at historical cost or at amortised cost or at fair value at the end of each reporting period.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

Fair value measurements are categorised into Level 1, 2 or 3 as per Ind AS requirement, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

### 5.2 Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits. The Company considers cash equivalents as all short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

## 5.3 Derivative financial instruments

- (i) The Company enters into a variety of derivative financial instruments such as Principal only swaps, Interest rate swaps, Options and forward contracts to manage its exposure to interest rate and foreign exchange rate risks.
- (ii) The Company designates certain derivative contracts under hedge relationship either as cash flow hedges or fair value hedges.

### Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in Other Comprehensive Income. The gain or loss relating to ineffective portion is recognised immediately in Statement of Profit and Loss. Amounts recognised in Other Comprehensive Income (being effective portion) are reclassified to Statement of Profit and Loss in the periods when the hedged item affects profit or loss.

### Fair value hedge

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in Statement of Profit and Loss immediately, together with any changes in the fair value of the hedged item that are attributable to the hedged risk. The change in the fair value of the designated portion of hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in Statement of Profit and Loss in the line item relating to the hedged item.

Hedge accounting is discontinued when the hedging instrument expires, or terminated, or exercised, or when it no longer qualifies for hedge accounting.

- (iii) Derivatives, other than those designated under hedge relationship, are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in Statement of Profit and Loss

## 5.4 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the financial instruments.

On initial recognition, financial assets and financial liabilities are recognised at fair value plus/ minus transaction cost that is attributable to the acquisition or issue of financial assets and financial liabilities. In case of financial assets and financial liabilities which are recognised at fair value through profit and loss (FVTPL), its transaction costs are recognised in Statement of Profit and Loss.

### 5.4.1 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a settlement date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

After initial recognition, financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

- (i) Classification and Measurement of Financial assets (other than Equity instruments)
  - a) Financial assets at Amortised Cost:
 

Financial assets that meet the following conditions are subsequently measured at amortised cost using Effective Interest Rate method (EIR):

    - the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and



# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

- the contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

## Effective Interest Rate (EIR) method

The effective interest rate method is a method of calculating the amortised cost of financial asset and of allocating interest income over the expected life. The Company while applying EIR method, generally amortises any fees, transaction costs and other premiums or discount that are integral part of the effective interest rate of a financial instrument.

Income is recognised in the Statement of Profit and Loss on an effective interest rate basis for financial assets other than those classified as at FVTPL.

EIR is determined at the initial recognition of the financial asset. EIR is subsequently updated at every reset, in accordance with the terms of the respective contract.

Once the terms of financial assets are renegotiated, other than market driven interest rate movement, any gain/loss measured using the previous EIR as calculated before the modification, is recognised in the Statement of Profit and Loss in period during which such renegotiations occur.

- b) Financial assets at Fair Value through Other Comprehensive Income (FVTOCI)  
A financial asset is measured at FVTOCI if both the following conditions are met:
  - The objective of the business model is achieved both by collecting contractual cash flows and selling the financial asset; and
  - the contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

All fair value changes are recognised in Other Comprehensive Income (OCI) and accumulated in Reserve.

- c) Financial assets at fair value through profit or loss (FVTPL)  
A financial asset is measured at FVTPL unless it is measured at amortised cost or FVTOCI, with all changes in fair value recognised in Statement of Profit and Loss.

## Business Model

An assessment of business model for managing financial assets is fundamental to the classification of a financial asset. The Company determines the business model at a level that reflects how financial assets are managed together to achieve a particular business objective of generating cash flows. The Company's business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The Company is in the business of lending loans across power sector value chain and such loans are managed to realise the contractual cash flows over the tenure of the loan. Further, other financial assets may also be held by the Company to collect the contractual cash flows.

- (ii) Classification and measurement of Equity Instruments  
All equity investments other than in subsidiaries, joint ventures and associates are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company at initial recognition makes an irrevocable election to classify it as either FVTOCI or FVTPL. The Company makes such election on an instrument by instrument basis.

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

An equity investment classified as FVTOCI is initially measured at fair value plus transaction costs. Subsequently, it is measured at fair value and, all fair value changes are recognised in Other Comprehensive Income (OCI) and accumulated in Reserve. There is no recycling of the amounts from OCI to Statement of Profit and Loss, even on sale of investment. However, the Company transfers the same within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Statement of Profit and Loss.

### (iii) Impairment of financial assets

- a) Subsequent to initial recognition, the Company recognises expected credit loss (ECL) on financial assets measured at amortised cost as required under Ind AS 109 'Financial Instruments'. ECL on such financial assets, other than loans assets, is measured at an amount equal to life time expected losses. The Company presents the ECL charge or reversal (where the net amount is a negative balance for a particular period) in the Statement of Profit and Loss as "Impairment on financial instruments".

The impairment requirements for the recognition and measurement of ECL are equally applied to loan asset at FVTOCI except that ECL is recognised in Other Comprehensive Income and is not reduced from the carrying amount in the Balance Sheet.

- b) Impairment of Loan Assets and commitments under Letter of Comfort (LoC):

The Company measures ECL on loan assets at an amount equal to the lifetime ECL if there is credit impairment or there has been significant increase in credit risk (SICR) since initial recognition. If there is no SICR as compared to initial recognition, the Company measures ECL at an amount equal to 12-month ECL. When making the assessment of whether there has been a SICR since initial recognition, the Company considers reasonable and supportable information, that is available without undue cost or effort. If the Company measured loss allowance as lifetime ECL in the previous period, but determines in a subsequent period that there has been no SICR since initial recognition due to improvement in credit quality, the Company again measures the loss allowance based on 12-month ECL.

ECL is measured on individual basis for credit impaired loan assets, and on other loan assets it is generally measured on collective basis using homogenous groups.

The Company measures impairment on commitments under LoC on similar basis as in case of Loan assets.

- c) The impairment losses and reversals are recognised in Statement of Profit and Loss.

### (iv) De-recognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset along with all the substantial risks and rewards of ownership of the asset to another party.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received & receivable, and the cumulative gain or loss that had been recognised in Other Comprehensive Income and accumulated in Equity, is recognised in Statement of Profit and Loss if such gain or loss would have otherwise been recognised in Statement of Profit and Loss on disposal of that financial asset.

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

## 5.4.2 Financial liabilities

- (i) All financial liabilities other than derivatives and financial guarantee contracts are subsequently measured at amortised cost using the effective interest rate (EIR) method.

EIR is determined at the initial recognition of the financial liability. EIR is subsequently updated for financial liabilities having floating interest rate, at the respective reset date, in accordance with the terms of the respective contract.

- (ii) Financial guarantee

A financial guarantee issued by the Company is initially measured at fair value and, if not designated as at FVTPL, is subsequently measured at the higher of:

- the best estimate of expenditure required to settle any financial obligation arising as a result of the guarantee; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in the Statement of Profit and Loss.

- (iii) De-recognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid & payable is recognised in Statement of Profit and Loss.

## 5.5 Investment in Subsidiaries, Joint Ventures and Associates

Investment in equity shares of subsidiaries, joint ventures and associates are accounted at cost, less impairment if any.

## 5.6 Property, Plant and Equipment (PPE) and Depreciation

- (i) Items of PPE are initially recognised at cost. Subsequent measurement is done at cost less accumulated depreciation and accumulated impairment losses, if any, except for freehold land which is not depreciated. An item of PPE retired from active use and held for disposal is stated at lower of its book value or net realisable value.
- (ii) In case of assets put to use, capitalisation is done on the basis of bills approved or estimated value of work done as per contracts where final bill(s) is/are yet to be received/approved, subject to necessary adjustment in the year of final settlement.
- (iii) Cost of replacing part of an item of PPE is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. Maintenance or servicing costs of PPE are recognised in Statement of Profit and Loss as incurred.
- (iv) Under-construction PPE is carried at cost, less any recognised impairment loss. Such PPE items are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as of other assets, commences when the assets are ready for their intended use.
- (v) Depreciation is recognised so as to write-off the cost of assets less their residual values as per written down value method, over the estimated useful lives that are similar to as prescribed in Schedule II to the Companies Act, 2013, except for cell phones where useful life has been estimated by the Company as 2 years. Residual value is estimated as 5% of the original cost of PPE.

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

- (vi) Depreciation on additions to/deductions from PPE during the year is charged on pro-rata basis from/up to the month in which the asset is available for use/disposed.
- (vii) An item of PPE is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the de-recognition of an item of PPE is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss.
- (viii) Items of PPE costing up to ₹ 5,000/- each are fully depreciated, in the year of purchase.

## 5.7 Intangible assets and Amortisation

- (i) Intangible assets with finite useful lives that are acquired separately are recognised at cost. Cost includes any directly attributable incidental expenses necessary to make the assets ready for its intended use. Subsequent measurement is done at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is recognised on a straight-line basis over their estimated useful lives.
- (ii) Expenditure incurred which are eligible for capitalisation under intangible assets is carried as Intangible Assets under Development till they are ready for their intended use.
- (iii) Estimated useful life of intangible assets with finite useful lives has been estimated by the Company as 5 years.
- (iv) An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in the Statement of Profit and Loss when the asset is derecognised.

## 5.8 Provisions, Contingent Liabilities and Contingent Assets

- (i) Provisions are recognised when the Company has a present legal or constructive obligation as a result of a past event, if it is probable that the Company will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.
- (ii) The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.
- (iii) When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.
- (iv) Where it is not probable that an outflow of economic benefits will be required or the amount cannot be estimated reliably, the obligation is disclosed as contingent liability in notes to accounts, unless the probability of outflow of economic benefits is remote.
- (v) Contingent assets are not recognised in the financial statements. However, contingent assets are disclosed in the financial statements when inflow of economic benefits is probable.

## 5.9 Recognition of Income and Expenditure

- (i) Interest income, on financial assets subsequently measured at amortised cost, is recognised using the Effective Interest Rate (EIR) method. The Effective Interest Rate (EIR) is the rate that exactly discounts estimated future cash receipts through expected life of the financial asset to that asset's net carrying amount on initial recognition.

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

- (ii) Interest on financial assets subsequently measured at fair value through profit and loss, is recognised on accrual basis in accordance with the terms of the respective contract.
- (iii) Rebate on account of timely payment of dues by borrowers is recognised on receipt of entire dues in time, in accordance with the terms of the respective contract and is presented against the corresponding interest income.
- (iv) Income from services rendered is recognised based on the terms of agreements/arrangements with reference to the stage of completion of contract at the reporting date.
- (v) Dividend income from investments is recognised in Statement of Profit and Loss when the Company's right to receive dividend is established, which in the case of quoted securities is the ex-dividend date.
- (vi) Interest expense on borrowings subsequently measured at amortised cost is recognised using Effective Interest Rate (EIR) method.
- (vii) Other income and expenses are accounted on accrual basis, in accordance with terms of the respective contract.
- (viii) A Prepaid expense up to ₹ 1,00,000/- is recognised as expense upon initial recognition.

## 5.10 Expenditure on issue of shares

Expenditure on issue of shares is charged to the securities premium account.

## 5.11 Employee benefits

- (i) Defined Contribution Plan  
Company's contribution paid/payable during the reporting period towards provident fund and pension are charged in the Statement of Profit and Loss when employees have rendered service entitling them to the contributions.
- (ii) Defined Benefit Plan  
The Company's obligation towards gratuity to employees and post-retirement benefits such as medical benefit, economic rehabilitation benefit, and settlement allowance after retirement are determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Actuarial gain/loss on re-measurement of gratuity and other post-employment defined benefit plans is recognised in Other Comprehensive Income (OCI). Past service cost is recognised in the Statement of Profit and Loss in the period of a plan amendment.
- (iii) Other long-term employee benefits  
The Company's obligation towards leave encashment, service award scheme is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. These obligations are recognised in the Statement of Profit and Loss.
- (iv) Short-term employee benefits  
Short-term employee benefits such as salaries and wages are recognised in the Statement of Profit and Loss, in the period in which the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.
- (v) Loan to employees at concessional rate  
Loans given to employees at concessional rate are initially recognised at fair value and subsequently measured at amortised cost. The difference between the initial fair value of such loans and transaction value is recognised as deferred employee cost upon issuance of Loan, which is amortised on a straight-line basis over the expected remaining period of the loan. In case of change in expected remaining period of the loan, the unamortised

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

deferred employee cost on the date of change is amortised over the updated expected remaining period of the Loan on a prospective basis.

## 5.12 Income Taxes

Income Tax expense comprises of current and deferred tax. It is recognised in Statement of Profit and Loss, except when it relates to an item that is recognised in OCI or directly in equity, in which case, tax is also recognised in OCI or directly in equity.

### (i) Current Tax

Current tax is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted and as applicable at the reporting date, and any adjustments to tax payable in respect of previous years.

Current tax assets and liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and liability on a net basis.

### (ii) Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable income. Deferred tax is measured at the tax rates based on the laws that have been enacted or substantively enacted by the reporting date, based on the expected manner of realisation or settlement of the carrying amount of assets/liabilities. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against liabilities, and they relate to income taxes levied by the same tax authority.

A deferred tax liability is recognised for all taxable temporary differences. A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the deductible temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

### (iii) Additional Income Tax that arises from distribution of dividend is recognised at the same time when the liability to pay dividend is recognised.

## 5.13 Leasing

For recognition, measurement and presentation of lease contracts, the Company applies the principles of Ind AS 116 'Leases'.

### The Company as a lessee

The Company at inception of a contract assesses, whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether (a) the Company has substantially all of the economic benefits from use of the asset through the period of the lease, and (b) the Company has the right to direct the use of the identified asset.

The Company at inception of a lease contract recognizes a Right-of-Use (RoU) asset at cost and a corresponding lease liability, except for leases with term of less than twelve months (short-term) and low-value assets which are recognised as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. RoU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

The right-of-use (RoU) assets are initially recognised at cost, which comprise the initial amount of the lease liability adjusted for any lease payments made at or before the inception date of the lease plus any initial direct costs, less any lease incentives received. They are subsequently measured at cost less any accumulated depreciation and accumulated impairment losses. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use assets.

The lease liability is initially measured at amortised cost at the present value of future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the Company's incremental borrowing rates in the country of domicile of the leases.

Lease liabilities are re-measured with a corresponding adjustment to the related right-of-use (RoU) asset if the Company changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and RoU asset is separately presented in the Balance Sheet. Interest expense on lease liability is presented separately from depreciation on right of use asset as a component of finance cost in the Statement of Profit and Loss. Lease payments are classified as Cash flow used in financing activities.

## The Company as a lessor

Leases for which the Company is a lessor is classified as a finance or operating lease. Contracts in which all the risks and rewards of the lease are substantially transferred to the lessee are classified as a finance lease. All other leases are classified as operating leases. For operating leases, rental income is recognised on a straight-line basis over the term of the relevant lease.

Amount due from lessee under finance leases is recognised as receivable at an amount equal to the net investment of the Company in the lease. Finance income on the lease is allocated to accounting periods so as to reflect a constant periodic rate of return on the Company's net investment outstanding in respect of lease at the reporting date.

## 5.14 Foreign Currency Transactions and Translations

The functional currency of the Company is Indian Rupees. Foreign currency transactions are translated into the functional currency using exchange rates at the date of the transaction.

At the end of each reporting period, monetary items denominated in foreign currency are translated using exchange rates prevailing on the last day of the reporting period. Exchange differences on monetary items are recognised in the Statement of Profit and Loss in the period in which they arise. However, for the long-term monetary items recognised in the financial statements before April 1, 2018, such exchange differences are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" and amortised over the balance period of such long-term monetary item.

## 5.15 Business Combination under Common Control

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and that control is not transitory.

Business combinations involving entities or businesses under common control are accounted for using the pooling of interest method as follows:

- The assets and liabilities of the combining entities are reflected at their carrying amounts.
- No adjustments are made to reflect fair values, or recognize new assets or liabilities. Adjustments are made only to harmonise significant accounting policies.

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

- The financial information in the financial statements in respect of prior periods is restated as if the business combination has occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination.

The balance of the retained earnings appearing in the financial statements of the transferor is aggregated with the corresponding balance appearing in the financial statements of the transferee. The identity of the reserves is preserved and the reserves of the transferor become the reserves of the transferee.

The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and is presented separately from other capital reserves.

## 5.16 Material prior period errors

Material prior period errors are corrected retrospectively by restating the comparative amounts for the prior periods presented in which the error occurred. If the error occurred before the earliest period presented, the opening balances of assets, liabilities and equity for the earliest period presented, are restated.

## 5.17 Dividends

Final dividends are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Board of Directors of the Company.

## 5.18 Earnings per share

Basic earnings per equity share is calculated by dividing the net profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the financial year.

To calculate diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

## 6. USE OF ESTIMATES AND MANAGEMENT JUDGEMENT

In preparation of the Standalone Financial Statements, the Management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities including contingent liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience & other relevant factors and are reviewed on an ongoing basis. Actual results may differ from these estimates.

Changes in accounting estimates, if any, are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision & future periods if it affects both current & future periods.

### 6.1 Significant management judgements

In order to enhance understanding of the Standalone Financial Statements, information about significant areas of critical judgements, apart from those involving estimation (Note 6.2), in applying accounting policies that have the most significant effect on the amounts recognised in the Standalone Financial Statements, are as under:

- (i) Deferred tax Liability on Special Reserve  
The Company had passed a Board resolution that it has no intention to make withdrawal from the Special Reserve created and maintained under Section 36(1)(viii) of the Income tax Act, 1961. Accordingly, the Special Reserve created and maintained is not capable of being reversed. Hence, the Company does not create any deferred tax liability on the said reserve.



# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

- (ii) Non-recognition of income on Credit Impaired Loans  
As a matter of prudence, income on credit impaired loans is recognised as and when received and/or on accrual basis when expected realisation is higher than the loan amount outstanding.

- (iii) Classification of Investments  
In order to classify an investment in a company as investment in subsidiary or joint venture (JV) or associate, judgement is required to assess the level of control depending upon the facts and circumstances of each case.

- a) Energy Efficiency Services Limited (EESL) was incorporated in 2009 as a Joint Venture (JV) of NTPC Ltd., Power Grid Corporation of India Ltd. (PGCIL), REC Ltd. (RECL) and PFC. In line with the JV agreement, all the joint venture partners have identical rights and privileges including without limitation, dividend, voting rights etc., thereby providing substantive participative rights though their right to affirmative vote on certain reserved matters which are in nature of relevant activities as per the requirements of Ind AS 110. Therefore, being a company under joint control, EESL has been considered as Joint Venture Company for the purpose of consolidation of financial statement.

As at 31.03.2020, the Company along with its subsidiary RECL holds 47.15% stake in equity share capital of EESL (24.97% directly and 22.18% through its subsidiary RECL). However, as at 31.03.2019, the Company and RECL held 58.06 % shareholding in EESL.

- b) Ultra-Mega Power Projects (UMPPs) are managed as per the mandate from Government of India (GoI) and the Company does not have the practical ability to direct the relevant activities of these UMPPs unilaterally. The Company therefore, considers its investment in respective UMPPs as associates having significant influence despite the Company holding 100% of their paid-up equity share capital.

- (iv) Evaluation of indicators for impairment loss allowance of financial assets

The evaluation of the applicability of indicators for computation of impairment loss allowance of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

Judgement is also made in identifying the default and significant increase in credit risk (SICR) on financial assets based on available information such as external ratings of the borrower/ latest financial information, latest operational data such as Plant Load Factor, Capacity Utilisation Factor, ACC-ARR gap etc. Further, to assess the impairment of assets, performance of the concerned State has also been considered.

## 6.2 Assumptions and Key Sources of Estimation Uncertainty

Information about estimates and assumptions that have the significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below:

- (i) Defined Benefit Obligation (DBO)  
The Company's estimate of the DBO is based on a number of underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses as detailed at Note 36.

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(ii) Impairment test of Financial Assets (Expected Credit Loss)

The measurement of impairment loss allowance for financial assets which includes loan, lease assets, LoCs and guarantees measured at amortised cost requires use of statistical models, future economic conditions and credit behaviour (e.g. inputs and weights used for credit risk scoring, likelihood of borrowers defaulting and resulting losses).

In estimating the cash flows expected to be recovered from credit impaired loans, the borrower's financial situation, current status of the project, net realisable value of securities/ collateral etc are assessed. As these estimates are based on various assumptions, actual results may vary. Refer Note 34.2.1 for further details.

(iii) Fair value measurement

Fair value of financial instruments is required to be estimated for financial reporting purposes. The Company applies appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value of an asset or a liability, the Company uses quoted prices and market-observable data to the extent it is available. In case of non-availability of the same, unobservable inputs are used for calculation of fair value of the assets/liabilities. The information about the valuation techniques, inputs used in determination of fair value of various assets & liabilities and other details are disclosed at Note 34.4.

(iv) Income Taxes

Estimates are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions and also in respect of expected future profitability to assess deferred tax asset. Refer Note 37 for details.

(v) Useful life of Property, Plant & Equipment (PPE) and Intangible Assets

The Company reviews its estimate of the useful lives of depreciable/amortisable assets at the end of each financial year, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of assets. Refer Note 14 for details on useful lives and carrying values of PPE and Intangible assets.

(vi) Impact of COVID-19 on financials

Currently, there is no major impact of Covid-19 on the Standalone Financial Statements of the Company. However, the extent to which COVID-19 pandemic will impact the Company's financial statements in the future will depend on further developments which are highly uncertain, including, any new information concerning the severity of pandemic and any action to contain its spread or mitigate its impact.

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

## 7. CASH AND CASH EQUIVALENTS

			(₹ in crore)		
Sr. No.	Particulars	As at 31.03.2020	As at 31.03.2019		
(i)	Balances with Banks (of the nature of cash and cash equivalents)				
	- In Current Accounts	182.52	8.48		
	- In Term Deposit Accounts	-	301.61		
(ii)	Cheques, Drafts on hand including Postage and Imprest	0.00	0.00		
	<b>Total Cash and Cash Equivalents</b>	<b>182.52</b>	<b>310.09</b>		

## 8. BANK BALANCE OTHER THAN INCLUDED IN CASH AND CASH EQUIVALENTS

			(₹ in crore)		
Sr. No.	Particulars	As at 31.03.2020	As at 31.03.2019		
(i)	Earmarked Balances with Banks for				
	- Term Deposits Accounts	-	13,877.63		
	- Unpaid Dividend (Refer Note 8.2)	3.48	3.16		
	- Unpaid - Bonds/Interest on Bonds etc. (Refer Note 8.2)	12.99	9.73		
	- Amount received under IPDS/R-APDRP scheme	0.00	0.00		
	<b>Total Bank Balance other than included in Cash and Cash Equivalents</b>	<b>16.47</b>	<b>13,890.52</b>		

**8.1** There are no repatriation restrictions with respect to 'Bank Balances other than included in Cash and Cash equivalents' as at the end of the reporting periods presented above.

**8.2** No amount is due for deposit in Investor Education and Protection Fund.

## 9. DERIVATIVE FINANCIAL INSTRUMENTS

The Company enters into derivative contracts for hedging Currency & Interest Rate risk. Derivatives include hedges that either meet the hedge accounting requirements or hedges that are economic hedges. Derivative transactions include forwards, interest rate swaps, cross currency swaps, currency/cross currency options etc. to hedge the liabilities. These derivative transactions are done for hedging purpose and not for trading or speculative purpose.

			(₹ in crore)				
Sr. No.	Particulars	As at 31.03.2020			As at 31.03.2019		
		Notional Amount	Fair value Assets	Fair value Liabilities	Notional Amount	Fair value Assets	Fair value Liabilities
	<b>Part - I</b>						
(i)	<b>Currency Derivatives</b>						
	- Spot and Forwards	5,371.88	182.87	20.23	8,028.84	10.69	235.45
	- Currency Swaps	12,061.74	1,400.21	-	7,261.28	285.26	100.01
	- Options	-	-	-	2,766.20	78.30	-
	<b>Total Currency Derivatives</b>	<b>17,433.62</b>	<b>1,583.08</b>	<b>20.23</b>	<b>18,056.32</b>	<b>374.25</b>	<b>335.46</b>
(ii)	<b>Interest Rate Derivatives</b>						
	- Forward Rate Agreements and Interest Rate Swaps	17,517.14	280.34	579.59	18,428.28	193.73	170.13
	<b>Total Interest Rate Derivatives</b>	<b>17,517.14</b>	<b>280.34</b>	<b>579.59</b>	<b>18,428.28</b>	<b>193.73</b>	<b>170.13</b>
	<b>Total Derivative Financial Instruments (i+ii)</b>	<b>34,950.76</b>	<b>1,863.42</b>	<b>599.82</b>	<b>36,484.60</b>	<b>567.98</b>	<b>505.59</b>

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2020			As at 31.03.2019		
		Notional Amount	Fair value Assets	Fair value Liabilities	Notional Amount	Fair value Assets	Fair value Liabilities
	<b>Part - II</b>						
	Included in above (Part I) are Derivatives held for hedging and risk management purposes as follows:						
(i)	<b>Cash Flow Hedging (Designated)</b>						
	- Currency Derivatives	6,030.87	428.11	-	1,728.88	-	100.03
	- Interest Rate Derivatives	3,769.30	-	233.57	1,728.88	-	64.84
	<b>Total Cash Flow Hedging (Designated)</b>	<b>9,800.17</b>	<b>428.11</b>	<b>233.57</b>	<b>3,457.76</b>	<b>-</b>	<b>164.87</b>
(ii)	<b>Undesignated Derivatives</b>	25,150.59	1,435.31	366.25	33,026.84	567.98	340.72
	<b>Total Undesignated Derivatives</b>	<b>25,150.59</b>	<b>1,435.31</b>	<b>366.25</b>	<b>33,026.84</b>	<b>567.98</b>	<b>340.72</b>
	<b>Total Derivative Financial Instruments (i+ii)</b>	<b>34,950.76</b>	<b>1,863.42</b>	<b>599.82</b>	<b>36,484.60</b>	<b>567.98</b>	<b>505.59</b>

## 9.1. Details of Forward Rate Agreements / Interest Rate Swaps

(₹ in crore)

Sr. No.	Description	As at 31.03.2020	As at 31.03.2019
(i)	Notional principal of swap agreements	17,517.14	18,428.28
(ii)	Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	280.34	193.73
(iii)	Collateral required by NBFC upon entering into swaps	-	-
(iv)	Concentration of credit risk arising from swaps	-	-
(v)	Fair value of swap book (obtained from counterparty banks)	(299.25)	23.60

The Company has entered into swap agreements with Category-I Authorized Dealer Banks only, in accordance with the RBI guidelines.

## 9.2. The Company does not hold any exchange traded derivatives as at 31.03.2020 (as at 31.03.2019 Nil).

## 9.3. Quantitative Disclosures on Risk Exposure in Derivatives:

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2020		As at 31.03.2019	
		Currency Derivatives	Interest Rate Derivatives	Currency Derivatives	Interest Rate Derivatives
(i)	Derivatives (Notional Principal Amount) For hedging <sup>(2)</sup>	17,433.62	17,517.14 <sup>(1)</sup>	18,056.32	18,428.28 <sup>(1)</sup>
(ii)	Marked to Market Positions (MTM)				
	a) Asset (+MTM)	1,583.08	280.34	374.25	193.73
	b) Liability (-MTM)	20.23	579.59	335.46	170.13
(iii)	Unhedged Exposures	31,232.11	6,522.56	11,626.06	5,907.41

<sup>(1)</sup> Interest rate derivatives include derivatives on rupee liabilities of ₹ 4,324.60 crore as at 31.03.2020 (As at 31.03.2019 ₹ 5,634.60 crore)

<sup>(2)</sup> Includes JPY loan liability partly hedged through forward rate contract entered for one leg (USD/INR) for ₹ 964.94 crore as at 31.03.2020 (As at 31.03.2019 covering USD / INR ₹ 587.82 crore).

## 9.4. Refer Note 34.2.3 and 34.2.4 for Foreign Currency Risk Management and Interest Rate Risk Management respectively and 34.3 for disclosures related to hedge accounting.

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

## 10. LOANS

The Company has categorised all loans at amortised cost in accordance with the requirements of Ind AS 109 except "Leasing" which is measured in accordance with Ind AS 116.

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2020	As at 31.03.2019
<b>(A)</b>	<b>Loans to Borrowers</b>		
	(i) Rupee Term Loans (RTLs)	3,31,444.41	2,99,463.59
	(ii) Foreign Currency Loans	240.99	240.99
	(iii) Buyer's Line of Credit	2,031.28	1,759.67
	(iv) Working Capital Loans	10,520.04	12,582.27
	(v) Leasing (Refer Note 10.2)	223.77	223.77
	(vi) Receivable for invoked Default Payment Guarantee	444.09	396.64
	(vii) Interest accrued but not due on Loans	4,945.14	4,630.80
	(viii) Interest accrued & due on Loans	147.66	182.08
	(ix) Unamortised Fee on Loans	(101.22)	(88.41)
	<b>Gross Loans to Borrowers*</b>	<b>3,49,896.16</b>	<b>3,19,391.40</b>
	Less: Impairment loss allowance	(15,783.56)	(16,181.04)
	<b>Net Loans to Borrowers</b>	<b>3,34,112.60</b>	<b>3,03,210.36</b>
<b>(B)</b>	<b>Security-wise classification</b>		
	(i) Secured by Tangible Assets	2,17,212.02	2,01,490.39
	(ii) Secured by Intangible Assets	-	-
	(iii) Covered by Bank/Government Guarantees	73,667.83	59,474.29
	(iv) Unsecured	59,016.31	58,426.72
	<b>Gross Security-wise classification</b>	<b>3,49,896.16</b>	<b>3,19,391.40</b>
	Less: Impairment loss allowance	(15,783.56)	(16,181.04)
	<b>Net Security-wise classification</b>	<b>3,34,112.60</b>	<b>3,03,210.36</b>
<b>(C)I</b>	<b>Loans in India</b>		
	(i) Public Sector	2,92,140.85	2,65,465.58
	(ii) Private Sector	57,755.31	53,925.82
	<b>Gross Loans in India</b>	<b>3,49,896.16</b>	<b>3,19,391.40</b>
	Less: Impairment loss allowance	(15,783.56)	(16,181.04)
	<b>Net Loans in India</b>	<b>3,34,112.60</b>	<b>3,03,210.36</b>
<b>(C)II</b>	<b>Loans Outside India</b>	-	-
	Less: Impairment loss allowance	-	-
	<b>Net Loans Outside India</b>	-	-
	<b>Net Loans in India and Outside India</b>	<b>3,34,112.60</b>	<b>3,03,210.36</b>

\*For details of Loans pledged as security refer Notes 17.9, 17.10, 17.11 and 18.12.

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

**10.1.** During the year, the Company has sent letters to borrowers seeking confirmation of balances as at 31.03.2020 except where loans have been recalled or pending before court/NCLT.

Confirmations for 98.78% of the said balances have been received. Out of the remaining loans amounting to ₹ 4,191.19 crore for which balance confirmations have not been received, 22.75% loans are secured by tangible securities, 49.26% by way of Government Guarantee/ Loans to Government and 27.99% are unsecured loans.

## 10.2. Details related to Lease Assets

Gross investment in leased assets and present value of minimum value receivable at the reporting date and value of unearned financial income are given in table below:

Particulars <sup>(a)</sup>	(₹ in crore)	
	As at 31.03.2020	As at 31.03.2019
(i) Total of future undiscounted lease payments receivable (Gross Investment) <sup>(b)</sup>	280.04	305.75
(ii) Present value of lease payments receivable (Net Investments)	223.77	223.77
<b>Total unearned financial income (i-ii)</b>	<b>56.27</b>	<b>81.98</b>
<b>Maturity profile of total of future undiscounted lease payments receivable (Gross Investment):</b>		
0-1 year	25.70	25.70
1-2 years	25.70	25.70
2-3 years	25.70	25.70
3-4 years	25.70	25.70
4-5 years	25.70	25.70
Later than 5 years	151.54	177.25
<b>Total gross investment</b>	<b>280.04</b>	<b>305.75</b>

<sup>(a)</sup> Finance lease for financing wind turbine generators.

<sup>(b)</sup> Lease rent is to be recovered within a period of 25 years, starting from 01.01.2012, which comprises of 18 years as primary period and a maximum of 7 years as secondary period.

## 10.3. Disclosures related to Securitization

- (i) The Company has not entered into any securitization transaction during the year and there is no exposure on account of securitization as at 31.03.2020 (As at 31.03.2019 Nil).
- (ii) The Company has entered into One Time Settlement scheme involving assignment of debt to Asset Reconstruction Company having principal outstanding of ₹ 1,917.44 crore along with interest and other charges during the year ended 31.03.2020. (Previous year Nil)
- (iii) The Company has not undertaken any assignment transaction during the year ended 31.03.2020 (Previous year Nil).
- (iv) The Company has neither purchased nor sold any non-performing financial assets to other NBFCs during the year ended 31.03.2020 (Previous year Nil).

**10.4.** Pursuant to implementation of resolution plans in case of three borrowers, an amount of ₹ 1,202.67 crore has been written off with reversal of corresponding impairment loss allowance of ₹ 1,374.28 crore during the FY 2019-20. Refer Note 11.6 for the details of instruments received under settlement.

**10.5.** For details of credit risk exposure and management by the Company, refer Note 34.2.1.

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

## 11. INVESTMENTS

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2020					
		Amortised Cost (1)	Designated at Fair Value through Other Comprehensive Income (2)	At Fair Value through Profit or Loss (3)	Sub-Total (4)=(2)+(3)	At Cost (5)	Total (1)+(4)+(5)
<b>(A) Investments</b>							
(i) Debt securities							
	- 10.95% perpetual bonds of Andhra Bank [8,000 bonds of ₹ 10,00,000 each]			810.05	810.05		<b>810.05</b>
(ii) Equity Instruments							
	<b>Subsidiaries (Refer Note 11.2)</b>						
	- REC Ltd. [103,94,95,247 equity shares of ₹ 10 each]				14,500.50		<b>14,500.50</b>
	- PFC Consulting Ltd. [52,246 equity shares of ₹ 10 each]				0.15		<b>0.15</b>
	- Power Equity Capital Advisors Private Ltd. (Refer Note 11.3) [50,000 equity shares of ₹ 10 each]				0.05		<b>0.05</b>
	<b>Joint Venture (Refer Note 11.2)</b>						
	- Energy Efficiency Services Limited (Refer Note 11.4) [24,55,00,000 equity shares of ₹ 10 each]				245.50		<b>245.50</b>
	<b>Associates (Refer Note 11.2)</b>						
	- Companies for development of Ultra Mega Power Projects [50,000 equity shares of ₹ 10 each of each of 15 companies]				0.75		<b>0.75</b>
	<b>Others</b>						
	- PTC India Limited [1,20,00,000 equity shares of ₹ 10 each]		46.50		46.50		<b>46.50</b>
	- Coal India Limited [1,39,64,530 equity shares of ₹ 10 each]		195.57		195.57		<b>195.57</b>
	- NHPC Limited (Refer Note 11.8(a)) [23,44,73,240 equity shares of ₹ 10 each]		467.78		467.78		<b>467.78</b>
	- Power Exchange India Limited [32,20,000 equity shares of ₹ 10 each]		-		-		-
	- GMR Chhattisgarh Energy Limited (Refer Note 11.8(b))		-		-		-
	- Shree Maheshwar Hydro Power Projects Limited (Refer Note 11.8(c))		-		-		-
	- RattanIndia Power Limited (Refer Note 11.6) [23,51,27,715 equity shares of ₹ 10 each]			31.74	31.74		<b>31.74</b>
(iii) Preference Shares							
	- Raipur Energen Limited (Refer Note 11.6) [59,82,371 Redeemable Preference Shares of ₹ 100 each]	9.29					<b>9.29</b>
	- Ratnagiri Gas and Power Private Limited (Refer Note 11.7) [15,24,88,000 Cumulative Redeemable Preference Shares of ₹ 10 each]	-					-

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2020					
		Amortised Cost (1)	Designated at Fair Value through Other Comprehensive Income (2)	At Fair Value through Profit or Loss (3)	Sub-Total (4)=(2)+(3)	At Cost (5)	Total (1)+(4)+(5)
	- RattanIndia Power Limited (Refer Note 11.6) [7,29,49,786 Redeemable Preference Shares of ₹ 10 each]	58.99					58.99
	- RattanIndia Power Limited (Refer Note 11.6) [10,99,93,397 Optionally Convertible Cumulative Redeemable Preference Shares of ₹ 10 each]			100.58	100.58		100.58
(iv)	<b>Others</b>						
	- Units of "Small is Beautiful" Fund [61,52,200 units of ₹ 10 each]		6.12	-	6.12		6.12
	<b>Total Investments</b>	<b>68.28</b>	<b>715.97</b>	<b>942.37</b>	<b>1,658.34</b>	<b>14,746.95</b>	<b>16,473.57</b>
(B)	<b>Geography wise investment</b>						
(i)	<b>Investments Outside India</b>	-	-	-	-	-	-
(ii)	<b>Investments in India</b>	68.28	715.97	942.37	1,658.34	14,746.95	16,473.57
	<b>Gross Geography wise investment</b>	<b>68.28</b>	<b>715.97</b>	<b>942.37</b>	<b>1,658.34</b>	<b>14,746.95</b>	<b>16,473.57</b>
	Less: Impairment loss allowance (Refer Note 11.3 & 11.5)	-	-	-	-	(0.25)	(0.25)
	<b>Net Geography wise investment</b>	<b>68.28</b>	<b>715.97</b>	<b>942.37</b>	<b>1,658.34</b>	<b>14,746.70</b>	<b>16,473.32</b>

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2019					
		Amortised Cost (1)	Designated at Fair Value through Other Comprehensive Income (2)	At Fair Value through Profit or Loss (3)	Sub-Total (4)=(2)+(3)	At Cost (5)	Total (1)+(4)+(5)
(A)	<b>Investments</b>						
(i)	<b>Debt securities</b>						
	- 10.95% perpetual bonds of Andhra Bank [8,000 bonds of ₹ 10,00,000 each]			809.84	809.84		809.84
(ii)	<b>Equity Instruments</b>						
	<b>Subsidiaries</b>						
	- REC Ltd. [103,94,95,247 equity shares of ₹ 10 each]					14,500.50	14,500.50
	- PFC Consulting Ltd. [52,246 equity shares of ₹ 10 each]					0.15	0.15
	- Power Equity Capital Advisors Private Ltd. [50,000 equity shares of ₹ 10 each]					0.05	0.05
	<b>Joint Venture</b>						
	- Energy Efficiency Services Limited [24,55,00,000 equity shares of ₹ 10 each]					245.50	245.50
	<b>Associates</b>						
	- Companies for development of Ultra Mega Power Projects [50,000 equity shares of ₹ 10 each of each of 15 companies]					0.75	0.75
	<b>Others</b>						
	- PTC India Limited [1,20,00,000 equity shares of ₹ 10 each]		88.14		88.14		88.14
	- Coal India Limited [1,39,64,530 equity shares of ₹ 10 each]		331.24		331.24		331.24



# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2019					
		Amortised Cost (1)	Designated at Fair Value through Other Comprehensive Income (2)	At Fair Value through Profit or Loss (3)	Sub-Total (4)=(2)+(3)	At Cost (5)	Total (1)+(4)+(5)
	- NHPC Limited [24,44,73,240 equity shares of ₹ 10 each]		603.85		603.85		<b>603.85</b>
	- Power Exchange India Limited [32,20,000 equity shares of ₹ 10 each]		-		-		-
	- GMR Chhattisgarh Energy Limited [27,50,00,000 equity shares of ₹ 10 each]		0.00		0.00		<b>0.00</b>
	- Shree Maheshwar Hydro Power Projects Limited [13,18,46,779 equity shares of ₹ 10 each]		0.00		0.00		<b>0.00</b>
(iii)	<b>Others</b>						
	- Units of "Small is Beautiful" Fund [61,52,200 units of ₹ 10 each]		6.18	-	6.18		<b>6.18</b>
	<b>Total</b>	-	<b>1,029.41</b>	<b>809.84</b>	<b>1,839.25</b>	<b>14,746.95</b>	<b>16,586.20</b>
	<b>(B) Geography wise investment</b>						
(i)	<b>Investments Outside India</b>	-	-	-	-	-	-
(ii)	<b>Investments in India</b>	-	1,029.41	809.84	1,839.25	14,746.95	<b>16,586.20</b>
	<b>Gross Geography wise investment</b>	-	<b>1,029.41</b>	<b>809.84</b>	<b>1,839.25</b>	<b>14,746.95</b>	<b>16,586.20</b>
	Less: Impairment loss allowance	-	-	-	-	-	-
	<b>Net Geography wise investment</b>	-	<b>1,029.41</b>	<b>809.84</b>	<b>1,839.25</b>	<b>14,746.95</b>	<b>16,586.20</b>

## 11.1 Movement of impairment loss allowance on investments

(₹ in crore)

Particulars	FY 2019-20	FY 2018-19
Opening Balance	-	-
Add: Impairment loss allowance recognised during the year	0.25	-
Less: Write off of excess impairment loss allowance during the year	-	-
Closing Balance	0.25	-

## 11.2 Details of Investment in Subsidiaries, Joint Venture and Associates:

(₹ in crore)

Sr. No.	Name of investee company	Principal place of business / Country of incorporation	Proportion of ownership interest as at	
			31.03.2020	31.03.2019
<b>I.</b>	<b>Subsidiaries :</b>			
(i)	REC Limited	India	52.63%	52.63%
(ii)	PFC Consulting Ltd.	India	100%	100%
(iii)	Power Equity Capital Advisors Private Ltd. (Refer Note 11.3)	India	100%	100%
<b>II.</b>	<b>Joint Venture :</b>			
(i)	Energy Efficiency Services Ltd. (Refer Note 11.4)	India	24.97%	36.36%
<b>III.</b>	<b>Associates* :</b>			
(i)	Coastal Maharashtra Mega Power Limited (Refer Note 11.5)	India	100%	100%
(ii)	Orissa Integrated Power Limited	India	100%	100%
(iii)	Coastal Karnataka Power Limited (Refer Note 11.5)	India	100%	100%
(iv)	Coastal Tamil Nadu Power Limited	India	100%	100%
(v)	Chhattisgarh Surguja Power Limited (Refer Note 11.5)	India	100%	100%

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(₹ in crore)

Sr. No.	Name of investee company	Principal place of business / Country of incorporation	Proportion of ownership interest as at	
			31.03.2020	31.03.2019
(vi)	Sakhigopal Integrated Power Company Limited	India	100%	100%
(vii)	Ghogarpalli Integrated Power Company Limited	India	100%	100%
(viii)	Tatiya Andhra Mega Power Limited (Refer Note 11.5)	India	100%	100%
(ix)	Deoghar Mega Power Limited	India	100%	100%
(x)	Cheyur Infra Limited	India	100%	100%
(xi)	Odisha Infrapower Limited	India	100%	100%
(xii)	Deoghar Infra Limited	India	100%	100%
(xiii)	Bihar Infrapower Limited	India	100%	100%
(xiv)	Bihar Mega Power Limited	India	100%	100%
(xv)	Jharkhand Infrapower Limited	India	100%	100%

\* Investment in each associate is ₹ 0.05 crore as at 31.03.2020 and 31.03.2019.

Note: -

- Investments in subsidiaries, joint venture and associates are measured at cost in accordance with the provisions of Ind AS 27 'Separate Financial Statements'.
- Associates are companies incorporated as SPVs under mandate from Gol for development of UMPPs with the intention to hand over the same to successful bidders on completion of the bidding process.

**11.3** Pursuant to approval from Ministry of Power (MoP), Gol the Company had applied for striking off the name of its wholly owned subsidiary Power Equity Capital Advisors Private (PECAP) Ltd. from the records of Registrar of Companies. The necessary Gazette Notification in this regard is yet to be issued by the Ministry of Corporate Affairs (MCA). Accordingly, the Company has created ₹ 0.05 crore of impairment loss allowance on its equity investment in the said subsidiary.

**11.4** During the year, JV partners NTPC Ltd., PGCIL and RECL subscribed to additional 30,81,24,000 equity shares in EESL. The Company has not subscribed any additional equity during the year. Thus, Company's shareholding in equity share capital of EESL has reduced from 36.36% to 24.97%.

**11.5** Upon receipt of communication from Gol for closure/ discontinuation of four UMPPs viz. Tatiya Andhra Mega Power Limited, Coastal Karnataka Power Limited, Coastal Maharashtra Mega Power Limited & Chhattisgarh Surguja Power Limited, and subsequent receipt of management approved financial statements with Nil assets and liabilities, the Company has created an impairment loss allowance of ₹ 0.20 crore on its equity investments in these associates.

**11.6** During the year, subsequent to implementation of Resolution Plans, the Company has obtained the following investments:

- 23,51,27,715 equity shares of ₹ 10 per share, 7,29,49,786 redeemable preference shares (coupon rate 0.001% pa) and 10,99,93,397 optionally convertible cumulative redeemable preference shares (OCCRPS) of ₹ 10 per share with a coupon rate of 0.001% pa redeemable at premium of RIPL (Rattan India Pvt Ltd)
- 59,82,371 Redeemable Preference Shares (RPS) of ₹ 100 each of Raipur Energen Limited (previously known as GMR Chhattisgarh Energy Ltd). The RPS bears a dividend at the rate of 0.01% pa.

**11.7** Subsequent to the implementation of demerger scheme, the Company has received 15,24,88,000 0.01% Cumulative Redeemable Preference Shares (CRPS) of Ratnagiri Gas & Power Pvt Ltd. of ₹ 10 per share (valued at ₹ 1 as at 31.03.2020).

**11.8** At initial recognition, the Company made an irrevocable election to present in other comprehensive income, subsequent changes in the fair value of investments in certain equity instruments. The Company's main operation is to provide financial assistance to power sector. Thus, in order to insulate Standalone Statement of Profit and Loss from price fluctuations of these instruments, the Management believes that FVTOCI classification provides a more meaningful presentation, rather than classifying them at FVTPL.

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

Details of FVTOCI instruments derecognised during the year:

(₹ in crore)			
Details of investment	No. of shares derecognised	Fair Value as on date of de-recognition	Cumulative gain/ (loss) on de-recognition
<b>FY 2019-20</b>			
NHPC Limited <sup>(a)</sup>	1,00,00,000	26.33	4.55
GMR Chhattisgarh Energy Ltd. <sup>(b)</sup>	27,50,00,000	-	(254.51)
Shree Maheshwar Hydro Power Corporation Limited (SMHPCL) <sup>(c)</sup>	13,18,46,779	-	-
<b>Total</b>			<b>(249.96)</b>
<b>FY 2018-19</b>			
Power Grid Corporation of India Limited	3,89,349	7.67	5.63
NHPC Limited <sup>(a)</sup>	1,60,68,811	44.02	8.93
<b>Total</b>			<b>14.56</b>

- (a) These equity shares were sold in tranches during the year. The fair value and gain have been computed based on the price as on the respective date of de-recognition and have been presented on aggregate basis.
- (b) During the year, 27,50,00,000 equity shares of GMR Chhattisgarh Energy Ltd. held by the Company, were transferred to a new promoter as a part of the package on implementation of resolution plan by way of transfer of ownership.
- (c) Pursuant to an MoU signed with SMHPCL (a borrower company) during the year, 661,00,000 equity shares received by PFC during FY 2016-17 on conversion of part subordinated debt, have been cancelled. Consequently, PFC has restored the subordinated debt at the same net carrying value of ₹ 1. Further, 6,57,46,779 equity shares held by PFC on account of invocation of pledged shares of Entegra Ltd. in SMHPCL have been handed over to Entegra Ltd during the year.

Subsequent to de-recognition of such investments, the Company has transferred the cumulative gain/loss on such shares within Equity (from Reserve for Equity instruments through OCI to Retained Earnings) during the period. Refer Standalone Statement of Changes in Equity for further details.

**11.9** Refer Note 34.4 for details of fair valuation of investments.

## 12. OTHER FINANCIAL ASSETS

The Company has categorised other financial assets at amortised cost in accordance with the requirements of Ind AS 109.

(₹ in crore)			
Sr. No.	Particulars	As at 31.03.2020	As at 31.03.2019
(i)	Recoverable on account of Government of India Serviced Bonds	5,038.72	5,038.21
(ii)	Advances to Subsidiaries and Associates*	155.05	196.22
(iii)	Advances to Employees	0.60	0.77
(iv)	Loans to Employees	93.11	76.68
(v)	Others	72.05	29.38
	Less: Impairment loss allowance on Others (Refer Note 12.2)	(20.41)	(10.30)
	<b>Total Other Financial Assets</b>	<b>5,339.12</b>	<b>5,330.96</b>

\*Recoverable in cash.

### 12.1 Detail of Loans & Advances to KMPs:

(₹ in crore)		
Particulars	As at 31.03.2020	As at 31.03.2019
Loans & Advances to KMPs (including interest accrued)	0.51	0.52

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

## 12.2 Movement of Impairment on Other Financial Assets

(₹ in crore)

Particulars	FY2019-20	FY2018-19
Opening balance	10.30	2.51
Add: Creation during the year	12.22	7.83
Less: Reversal during the year	(2.11)	(0.04)
<b>Closing balance</b>	<b>20.41</b>	<b>10.30</b>

## 13. CURRENT TAX ASSETS/LIABILITIES (NET)

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2020	As at 31.03.2019
(i)	Advance income tax and TDS	461.93	433.33
(ii)	Tax deposited on income tax demands under contest	189.38	65.09
	<b>Current Tax Assets (Net)</b>	<b>651.31</b>	<b>498.42</b>
(i)	Provision for income tax for demand under contest	0.11	0.53
	<b>Current Tax Liabilities (Net)</b>	<b>0.11</b>	<b>0.53</b>

## 14. PROPERTY, PLANT AND EQUIPMENT (PPE) AND INTANGIBLE ASSETS

(₹ in Crore)

Particulars	Property, Plant and Equipment						Intangible Assets	
	Freehold Land*	Buildings*	EDP Equipment	Office Equipment	Furniture and Fixtures	Vehicles	Total	Computer Software
<b>Gross Carrying Amount</b>								
<b>Opening Balance as at 01.04.2018</b>	<b>3.38</b>	<b>24.92</b>	<b>17.07</b>	<b>16.32</b>	<b>9.27</b>	<b>0.20</b>	<b>71.16</b>	<b>9.46</b>
Additions/Adjustments	-	-	2.24	3.64	2.04	-	7.92	0.01
Deductions/Adjustments	-	-	2.96	2.36	0.16	0.10	5.58	-
<b>Closing Balance as at 31.03.2019</b>	<b>3.38</b>	<b>24.92</b>	<b>16.35</b>	<b>17.60</b>	<b>11.15</b>	<b>0.10</b>	<b>73.50</b>	<b>9.47</b>
Additions/Adjustments	-	-	3.30	5.13	3.85	0.02	12.30	0.81
Deductions/Adjustments	-	-	1.78	1.63	0.46	-	3.87	-
<b>Closing Balance as at 31.03.2020</b>	<b>3.38</b>	<b>24.92</b>	<b>17.87</b>	<b>21.10</b>	<b>14.54</b>	<b>0.12</b>	<b>81.93</b>	<b>10.28</b>
<b>Accumulated Depreciation/ Amortisation</b>								
<b>Opening Balance as at 01.04.2018</b>	-	<b>11.12</b>	<b>13.93</b>	<b>12.65</b>	<b>7.22</b>	<b>0.16</b>	<b>45.08</b>	<b>8.57</b>
For the period	-	0.67	1.90	2.59	0.70	0.01	5.87	0.31
On Assets Sold/Written off from books	-	-	2.84	2.17	0.09	0.09	5.19	-
<b>Closing Balance as at 31.03.2019</b>	-	<b>11.79</b>	<b>12.99</b>	<b>13.07</b>	<b>7.83</b>	<b>0.08</b>	<b>45.76</b>	<b>8.88</b>
For the period	-	0.64	2.18	3.45	1.38	0.01	7.66	0.99
On Assets Sold/Written off from books	-	-	1.51	1.21	0.12	-	2.84	-
<b>Closing Balance as at 31.03.2020</b>	-	<b>12.43</b>	<b>13.66</b>	<b>15.31</b>	<b>9.09</b>	<b>0.09</b>	<b>50.58</b>	<b>9.87</b>
<b>Net Carrying Amount</b>								
<b>As at 31.03.2019</b>	<b>3.38</b>	<b>13.13</b>	<b>3.36</b>	<b>4.53</b>	<b>3.32</b>	<b>0.02</b>	<b>27.74</b>	<b>0.59</b>
<b>As at 31.03.2020</b>	<b>3.38</b>	<b>12.49</b>	<b>4.21</b>	<b>5.79</b>	<b>5.45</b>	<b>0.03</b>	<b>31.35</b>	<b>0.41</b>

\*Refer Note 14.4

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

**14.1** The Company reviews the estimated useful life, residual values and depreciation method of Property, Plant & Equipment and Intangible Assets at the end of each financial year and changes in estimates, if any, are accounted prospectively. Details of useful life of Property Plant & Equipment and Intangible Assets are as under:

Category	Building	EDP Equipment			Office Equipment	Cell Phone	Furniture and Fixture	Vehicles	Intangible Assets
		Servers and networks	End user devices i.e. desktops, laptops etc.						
Useful Life (in Years)	60	6	3	5	2	10	8	5	
Residual value as a % of original Cost	5%	5%	5%	5%	5%	5%	5%	-	

**14.2** The estimated useful lives of the property, plant and equipment (PPE) is in line with the life prescribed in Schedule II of Companies Act, 2013, except for cell phones where useful life has been estimated as 2 years by the Company.

Depreciation on PPE is recognised so as to write off the cost of property, plant and equipment less their residual values as per written down value method, over the estimated useful lives. The intangible assets are amortised using straight-line method over their useful life.

**14.3** In the opinion of management, there is no impairment on the Property, Plant & Equipment and Intangible Assets of the Company in terms of Ind AS 36. Accordingly, no provision for impairment loss as required under Ind AS 36 'Impairment of Assets' has been made.

**14.4** For details of assets pledged as security refer note 17.9 and 17.10.

## 15. RIGHT-OF-USE ASSETS

		(₹ in crore)	
Sr. No.	Particulars	As at 31.03.2020	As at 31.03.2019
(i)	<b>Opening Balance of Leasehold Land</b>	-	-
(ii)	Additions (Refer Note 38)	36.20	-
(iii)	Less: Accumulated Depreciation*	0.45	-
	<b>Closing Balance of Leasehold Land</b>	<b>35.75</b>	<b>-</b>

\*As required by Ind AS 116, Depreciation expense on Right-of-Use assets is included under Depreciation and Amortisation expenses in the Standalone Statement of Profit and Loss.

## 16. OTHER NON-FINANCIAL ASSETS

		(₹ in crore)	
Sr. No.	Particulars	As at 31.03.2020	As at 31.03.2019
(i)	Prepaid Expenses	3.18	29.31
(ii)	Deferred Employee Costs	48.21	40.67
(iii)	Others	77.48	172.11
	<b>Total Other Non-Financial Assets</b>	<b>128.87</b>	<b>242.09</b>

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

## 17. DEBT SECURITIES

The Company has categorised Debt Securities at amortised cost in accordance with the requirements of Ind AS 109.

		(₹ in crore)	
Sr. No.	Particulars	As at 31.03.2020	As at 31.03.2019
(i)	Bonds/Debenture		
	- Infrastructure Bonds (Refer Note 17.3)	278.63	278.63
	- Tax Free Bonds (Refer Note 17.4)	12,275.11	12,275.11
	- 54EC Capital Gain Tax Exemption Bonds (Refer Note 17.5)	1,918.54	784.10
	- Taxable Bonds (Refer Note 17.6)	1,72,930.24	1,67,774.95
	- Foreign Currency Notes (Refer Note 17.7)	27,892.78	8,298.60
(ii)	Commercial Paper (Refer Note 17.8)	-	9,715.92
(iii)	Interest accrued but not due on above	6,814.43	6,588.16
(iv)	Unamortised Transaction Cost on above	(262.06)	(130.98)
	<b>Total Debt Securities</b>	<b>2,21,847.67</b>	<b>2,05,584.49</b>
	<b>Geography wise Debt Securities</b>		
(i)	Debt Securities in India	1,93,872.39	1,97,222.82
(ii)	Debt Securities outside India	27,975.28	8,361.67
	<b>Total Geography wise Debt Securities</b>	<b>2,21,847.67</b>	<b>2,05,584.49</b>

**17.1** The Company raises funds through various instruments including non-convertible bond issues. During the year, the Company has not defaulted in servicing of any of its debt securities.

**17.2** As regards non-convertible Rupee denominated bonds, the previous due date for payment of principal and interest was 30.03.2020 and 31.03.2020 respectively.

### 17.3 Details of Infrastructure Bonds outstanding are as follows:

Sr. No.	Bond Series	Coupon Rate (p.a.)	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
			31.03.2020	31.03.2019		
1	Infrastructure Bonds 86 D Series	8.72%	2.40	2.40	30.03.2027	Redeemable at par on a date falling fifteen years from the date of allotment
2	Infrastructure Bonds 86 C Series	8.72%	0.87	0.87	30.03.2027	Redeemable at par with cumulative interest compounded annually, on a date falling fifteen years from the date of allotment
3	Infrastructure Bonds (2011-12) - Series III	8.75%	2.86	2.86	21.11.2026	Redeemable at par on a date falling fifteen years from the date of allotment
4	Infrastructure Bonds (2011-12) - Series IV	8.75%	7.77	7.77	21.11.2026	Redeemable at par with cumulative interest compounded annually, on a date falling fifteen years from the date of allotment
5	Infrastructure Bonds (2010-11) - Series III	8.50%	5.27	5.27	31.03.2026	Redeemable at par on a date falling fifteen years from the date of allotment
6	Infrastructure Bonds (2010-11) - Series IV	8.50%	19.33	19.33	31.03.2026	Redeemable at par with cumulative interest compounded annually, on a date falling fifteen years from the date of allotment
7	Infra Bonds Private Placement Series I	8.43%	7.39	7.39	30.03.2022	Redeemable at par on a date falling ten years from the date of allotment

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

Sr. No.	Bond Series	Coupon Rate (p.a.)	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
			31.03.2020	31.03.2019		
8	Infra Bonds Private Placement Series II	8.43%	15.47	15.47	30.03.2022	Redeemable at par with cumulative interest compounded annually, on a date falling ten years from the date of allotment
9	Infrastructure Bonds (2011-12) - Series I	8.50%	21.85	21.85	21.11.2021	Redeemable at par on a date falling ten years from the date of allotment
10	Infrastructure Bonds (2011-12) - Series II	8.50%	36.34	36.34	21.11.2021	Redeemable at par with cumulative interest compounded annually, on a date falling ten years from the date of allotment
11	Infrastructure Bonds (2010-11) - Series I	8.30%	49.96	49.96	31.03.2021	Redeemable at par on a date falling ten years from the date of allotment
12	Infrastructure Bonds (2010-11) - Series II	8.30%	109.12	109.12	31.03.2021	Redeemable at par with cumulative interest compounded annually, on a date falling ten years from the date of allotment
<b>Total</b>			<b>278.63</b>	<b>278.63</b>		

## 17.4 Details of Tax Free Bonds outstanding are as follows:

Sr. No.	Bond Series	Coupon Rate (p.a.)	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
			31.03.2020	31.03.2019		
1	7 35 Tax Free Bonds 3 A 2015 16	7.35%	213.57	213.57	17.10.2035	
2	7 60 Tax Free Bonds 3 B 2015 16	7.60%	155.48	155.48	17.10.2035	
3	Tax Free Bonds 8 67 Bps Series 3A	8.67%	1,067.38	1,067.38	16.11.2033	
4	Tax Free Bonds 8 92 Bps Series 3B	8.92%	861.96	861.96	16.11.2033	
5	7 27 Tax Free Bonds 2 A 2015 16	7.27%	131.33	131.33	17.10.2030	
6	7 52 Tax Free Bonds 2 B 2015 16	7.52%	45.18	45.18	17.10.2030	
7	Tax Free Bonds 8 54 Bps Series 2A	8.54%	932.70	932.70	16.11.2028	
8	Tax Free Bonds 8 79 Bps Series 2B	8.79%	353.32	353.32	16.11.2028	Redeemable at par on maturity
9	8 46 Tax Free Bond Series 107 B	8.46%	1,011.10	1,011.10	30.08.2028	
10	7.04% TR-2 Tax Free Bonds 12-13	7.04%	10.25	8.89	28.03.2028	
11	7.54% TR 2 Tax Free Bonds 12-13	7.54%	58.96	60.32	28.03.2028	
12	7.36% 15Years Tax Free Bonds 2012-13 TR-I Series-2	7.36%	162.72	159.81	04.01.2028	
13	7.86% 15Years Tax Free Bonds 2012-13 TR-I Series-2	7.86%	194.28	197.19	04.01.2028	
14	Tax Free Bonds Series 95 B	7.38%	100.00	100.00	29.11.2027	

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

Sr. No.	Bond Series	Coupon Rate (p.a.)	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
			31.03.2020	31.03.2019		
15	Tax Fee Bond Series 94B	7.38%	25.00	25.00	22.11.2027	
16	8.30% Public Issue Of Tax Free Bonds FY11-12	8.30%	1,280.58	1,280.58	01.02.2027	
17	8.16% Tax Free Bond Series 80-B	8.16%	209.34	209.34	25.11.2026	
18	7.75% Tax Free Bond Series 79-B	7.75%	217.99	217.99	15.10.2026	
19	7.11% Tax Free Bonds 1 A 2015-16	7.11%	75.09	75.09	17.10.2025	
20	7.36% Taxfree Bonds 1B 2015-16	7.36%	79.35	79.35	17.10.2025	
21	7.16% Tf Sec Bnd Srs 136	7.16%	300.00	300.00	17.07.2025	
22	Tax Free Bonds 8 18 Bps Series 1A	8.18%	325.07	325.07	16.11.2023	
23	Tax Free Bonds 8 43 Bps Series IB	8.43%	335.47	335.47	16.11.2023	
24	8.01% Tax Free Bond Series 107 A	8.01%	113.00	113.00	30.08.2023	
25	6.88% TR-2 Tax Free Bonds 12-13	6.88%	52.90	52.38	28.03.2023	Redeemable at par on maturity
26	7.38% TR-2 Tax Free Bonds 12-13	7.38%	43.25	43.77	28.03.2023	
27	7.19% 10Years Tax Free Bonds 12-13 TR-I Series 1	7.19%	197.09	193.40	04.01.2023	
28	7.69% 10Years Tax Free Bonds 2012-13 TR-I Series-1	7.69%	145.66	149.35	04.01.2023	
29	Tax Free Bonds Series 95 A	7.22%	30.00	30.00	29.11.2022	
30	Tax Free Bond Series 94 A	7.21%	255.00	255.00	22.11.2022	
31	8.20% Public Issue Of Tax Free Bonds FY11-12	8.20%	2,752.55	2,752.55	01.02.2022	
32	8.09% Tax Free Bond Series 80-A	8.09%	334.31	334.31	25.11.2021	
33	7.51% Tax Free Bonds Series 79-A	7.51%	205.23	205.23	15.10.2021	
<b>Total</b>			<b>12,275.11</b>	<b>12,275.11</b>		

## 17.5 Details of 54 EC Capital Gain Tax Exemption Bonds outstanding are as follows:

Sr. No.	Bond Series	Coupon Rate (p.a.)	Principal Amount (₹ in crore) outstanding as at		Redemption details
			31.03.2020	31.03.2019	
1	Series III (FY2019-20)	5.75%	1,134.44	-	Redeemable at par during FY2024-25
2	Series II (FY2018-19)	5.75%	491.95	491.95	Redeemable at par during FY2023-24
3	Series I (FY 2017-18)	5.25%	292.15	292.15	Redeemable at par during FY2020-21
<b>Total</b>			<b>1,918.54</b>	<b>784.10</b>	



# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

## 17.6 The details of Taxable Bonds outstanding are as follows:

Sr. No.	Bond Series	Coupon Rate (p.a.)	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
			31.03.2020	31.03.2019		
1	Series 190	8.25%	4,016.00	-	06.09.2034	
2	Series 189	8.15%	4,035.00	-	08.08.2034	
3	Series 186	8.79%	2,578.90	-	30.04.2034	
4	Series 180	8.75%	2,654.00	2,654.00	22.02.2034	
5	Series 179-B	8.64%	528.40	528.40	19.11.2033	
6	Series 71	9.05%	192.70	192.70	15.12.2030	
7	Series 66-C	8.85%	633.00	633.00	15.06.2030	
8	Series 197	7.41%	5,000.00	-	15.05.2030	
9	Series 195	7.86%	1,100.00	-	12.04.2030	
10	Series 196	7.41%	2,500.00	-	25.02.2030	
11	Series 193	7.93%	4,710.50	-	31.12.2029	
12	Series 118 Option B III	9.39%	460.00	460.00	27.08.2029	
13	Series 187 B	8.85%	1,982.10	-	27.05.2029	
14	Series 179-A	8.67%	1,007.40	1,007.40	19.11.2028	
15	Series 178	8.95%	3,000.00	3,000.00	10.10.2028	
16	Series 177	7.85%	3,855.00	3,855.00	03.04.2028	
17	Series 103	8.94%	2,807.00	2,807.00	25.03.2028	
18	Series 102 A (III)	8.90%	403.00	403.00	18.03.2028	
19	Series 101 B	9.00%	1,370.00	1,370.00	11.03.2028	
20	Series 172	7.74%	850.00	850.00	29.01.2028	
21	Series 171	7.62%	5,000.00	5,000.00	15.12.2027	
22	Series 170-B	7.65%	2,001.00	2,001.00	22.11.2027	
23	Series 169-B	7.30%	1,500.00	1,500.00	07.08.2027	
24	Series 168-B	7.44%	1,540.00	1,540.00	12.06.2027	
25	Series 155	7.23%	2,635.00	2,635.00	05.01.2027	Redeemable at par on maturity
26	Series 152	7.55%	4,000.00	4,000.00	25.09.2026	
27	Series 151-B	7.56%	210.00	210.00	16.09.2026	
28	Series - 77-B	9.45%	2,568.00	2,568.00	01.09.2026	
29	Series 150-B	7.63%	1,675.00	1,675.00	14.08.2026	
30	Series - 76-B	9.46%	1,105.00	1,105.00	01.08.2026	
31	Series 147	8.03%	1,000.00	1,000.00	02.05.2026	
32	Series 71	9.05%	192.70	192.70	15.12.2025	
33	Series 141-B	8.40%	1,000.00	1,000.00	18.09.2025	
34	Series 66-B	8.75%	1,532.00	1,532.00	15.06.2025	
35	Series 65 III	8.70%	1,337.50	1,337.50	14.05.2025	
36	Series 130-C	8.39%	925.00	925.00	19.04.2025	
37	Series 64	8.95%	492.00	492.00	30.03.2025	
38	Series 131-C	8.41%	5,000.00	5,000.00	27.03.2025	
39	Series 63-III	8.90%	184.00	184.00	15.03.2025	
40	Series 128	8.20%	1,600.00	1,600.00	10.03.2025	
41	Series 62-B	8.80%	1,172.60	1,172.60	15.01.2025	
42	Series 126	8.65%	5,000.00	5,000.00	04.01.2025	
43	Series 125	8.65%	2,826.00	2,826.00	28.12.2024	
44	Series 61	8.50%	351.00	351.00	15.12.2024	
45	Series 124 C	8.48%	1,000.00	1,000.00	09.12.2024	
46	Series 192	7.42%	3,000.00	-	19.11.2024	
47	Series 120 Option A	8.98%	961.00	961.00	08.10.2024	
48	Series Option 120 B	8.98%	950.00	950.00	08.10.2024	

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Sr. No.	Bond Series	Coupon Rate (p.a.)	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
			31.03.2020	31.03.2019		
49	Series 118 Option B II	9.39%	460.00	460.00	27.08.2024	
50	Series 117 Option B	9.37%	855.00	855.00	19.08.2024	
51	Series 57-C	8.60%	866.50	866.50	07.08.2024	
52	Series 188	8.10%	691.10	-	04.06.2024	
53	Series 85 D	9.26%	736.00	736.00	15.04.2023	
54	Series 194	7.04%	1,400.00	-	14.04.2023	
55	Series 102 A (II)	8.90%	403.00	403.00	18.03.2023	
56	Series 100 B	8.84%	1,310.00	1,310.00	04.03.2023	
57	Zero-coupon Unsecured Taxable Bonds 2022-XIX Series	-	605.94	560.45	30.12.2022	
58	Series 176-B	7.99%	1,295.00	1,295.00	20.12.2022	
59	Series 170-A	7.35%	800.00	800.00	22.11.2022	
60	Series 191	7.35%	3,735.00	-	15.10.2022	
61	Series 92 C	9.29%	640.00	640.00	21.08.2022	
62	Series 181	8.45%	2,155.00	2,155.00	11.08.2022	
63	Series 169-A	7.10%	3,395.00	3,395.00	08.08.2022	
64	Series 168-A	7.28%	1,950.00	1,950.00	12.06.2022	
65	Series 187 A	8.20%	1,605.00	-	27.05.2022	
66	Series 88 C	9.48%	184.70	184.70	15.04.2022	
67	Series 183	8.18%	3,751.20	3,751.20	19.03.2022	
68	Series 154	7.27%	1,101.00	1,101.00	22.12.2021	
69	Series 124 B	8.55%	1,200.00	1,200.00	09.12.2021	
70	Series 123 C	8.66%	200.00	200.00	27.11.2021	
71	Series 153	7.40%	1,830.00	1,830.00	30.09.2021	
72	Series 151-A	7.47%	2,260.00	2,260.00	16.09.2021	Redeemable at par on maturity
73	Series 150-A	7.50%	2,660.00	2,660.00	16.08.2021	
74	Series - 76-A	9.36%	2,589.40	2,589.40	01.08.2021	
75	Series 115 III	9.20%	700.00	700.00	07.07.2021	
76	Series 75-C	9.61%	2,084.70	2,084.70	29.06.2021	
77	Series 74	9.70%	1,693.20	1,693.20	09.06.2021	
78	Series 28	8.85%	600.00	600.00	31.05.2021	
79	Series 146	8.05%	300.00	300.00	27.04.2021	
80	Series 73	9.18%	1,000.00	1,000.00	15.04.2021	
81	Series 175	7.75%	600.00	600.00	15.04.2021	
82	Series 173-B	7.73%	1,325.00	1,325.00	05.04.2021	
83	Series 173-A	7.73%	505.00	505.00	12.03.2021	
84	Series 112-C	9.70%	270.00	270.00	31.01.2021	
85	Series 72-B	8.99%	1,219.00	1,219.00	15.01.2021	
86	Series 71	9.05%	192.70	192.70	15.12.2020	
87	Series 70	8.78%	1,549.00	1,549.00	15.11.2020	
88	Series 141-A	8.46%	1,000.00	1,000.00	18.09.2020	
89	Series 163	7.50%	2,435.00	2,435.00	17.09.2020	
90	Series 182	8.20%	3,500.00	3,500.00	14.09.2020	
91	Series 140-B	8.36%	1,250.00	1,250.00	04.09.2020	
92	Series 138	8.45%	1,000.00	1,000.00	10.08.2020	
93	Series 137	8.53%	2,700.00	2,700.00	24.07.2020	
94	Series 68-B	8.70%	1,424.00	1,424.00	15.07.2020	
95	Series 167	7.30%	1,560.00	1,560.00	30.06.2020	
96	Series 165	7.42%	3,605.00	3,605.00	26.06.2020	

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Sr. No.	Bond Series	Coupon Rate (p.a.)	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
			31.03.2020	31.03.2019		
97	Series 66-A	8.65%	500.00	500.00	15.06.2020	
98	Series 166	7.46%	1,180.00	1,180.00	05.06.2020	
99	Series 149	8.04%	100.00	100.00	30.05.2020	
100	Series 159	7.05%	2,551.00	2,551.00	15.05.2020	
101	Series 65-II	8.70%	1,337.50	1,337.50	14.05.2020	Redeemable at par on maturity
102	Series 131-B	8.38%	1,350.00	1,350.00	27.04.2020	
103	Series 130-B	8.42%	200.00	200.00	18.04.2020	
104	Series 85 C	9.30%	79.50	79.50	15.04.2020	
105	Series 157	6.83%	2,000.00	2,000.00	15.04.2020	
106	Series 102 B	8.87%	-	70.00		
107	Series 91 B	9.39%	-	2,695.20		
108	Series 64	8.95%	-	492.00		
109	Series 87 D	9.42%	-	650.80		
110	Series 63-II	8.90%	-	184.00		
111	Series 100 A	8.86%	-	54.30		
112	Series 127	8.36%	-	4,440.00		
113	Series 99 B	8.82%	-	733.00		
114	Series 112-B	9.70%	-	270.00		
115	Series 176-A	7.53%	-	1,500.00		
116	Series 62-A	8.70%	-	845.40		
117	Series 61	8.50%	-	351.00		
118	Series 124 A	8.52%	-	1,220.00		
119	Series 123 B	8.65%	-	836.00	Repaid in FY2019-20	Redeemed at par on respective maturity/call option exercise dates
120	Series 60-B	FBIL G-Sec par yield+179 bps (floating rate)	-	925.00		
121	Series 122	8.76%	-	1,000.00		
122	Series 121 B	8.96%	-	1,100.00		
123	Series 59-B	8.80%	-	1,216.60		
124	Series 119 Option B	9.32%	-	1,591.00		
125	Series 118 Option B I	9.39%	-	460.00		
126	Series 57-B	8.60%	-	866.50		
127	Series 115 II	9.15%	-	100.00		
128	Series 135-B	8.50%	-	1,500.00		
129	Series 174	7.80%	-	3,300.00		
130	Series 148	7.95%	-	1,915.00		
131	Series 145	7.85%	-	2,928.00		
<b>Total</b>			<b>1,72,930.24</b>	<b>1,67,774.95</b>		

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

## 17.7 The details of Foreign Currency Notes outstanding are as follows:

Sr. No.	Bond Series	Coupon Rate (p.a.)	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
			31.03.2020	31.03.2019		
1	3.95% USD Bonds 2030	3.95%	5,653.94	-	23.04.2030	
2	3.90% USD Bonds 2029	3.90%	3,392.36	-	16.09.2029	
3	4.50% USD Bonds 2029	4.50%	4,523.15	-	18.06.2029	
4	6.15% USD Bonds 2028	6.15%	3,769.29	3,457.75	06.12.2028	Redeemable at par on maturity
5	5.25% USD Bonds 2028	5.25%	2,261.58	2,074.65	10.08.2028	
6	3.75% USD Green Bonds 2027	3.75%	3,015.44	2,766.20	06.12.2027	
7	3.25% USD Bonds 2024	3.25%	2,261.58	-	16.09.2024	
8	3.75% USD Bonds 2024	3.75%	3,015.44	-	18.06.2024	
<b>Total</b>			<b>27,892.78</b>	<b>8,298.60</b>		

## 17.8 The details of Commercial Papers outstanding are as follows:

Sr. No.	Commercial Paper Series	Coupon Rate (p.a.)	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
			31.03.2020	31.03.2019		
1	CP - 108	7.85%	-	3,000.00		
2	CP - 109	7.39%	-	1,500.00	Repaid in FY2019-20	Redeemed at par on respective maturity dates
3	CP - 106	7.15%	-	3,000.00		
4	CP - 105	7.44%	-	2,500.00		
	Less: Unamortised Financial Charges		-	(284.08)		
<b>Total</b>			<b>-</b>	<b>9,715.92</b>		

**17.9** The following bond series are secured by first *pari-passu* charge on present and future receivables (excluding those receivables which are specifically charged for infra bonds issue during the FY 2010-11) along with first *pari-passu* charge on immovable property situated at Guindy, Chennai.

- (a) 7.51% Tax Free Bond Series 79-A
- (b) 7.75% Tax Free Bond Series 79-B
- (c) 8.09% Tax Free Bond Series 80-A
- (d) 8.16% Tax Free Bond Series 80-B
- (e) 7.21% Tax Free Bond Series 94- A
- (f) 7.38% Tax Free Bond Series 94-B
- (g) 7.22% Tax Free Bond Series 95-A
- (h) 7.38% Tax Free Bond Series 95-B
- (i) 8.43% Infra Bonds Private Placement Series I
- (j) 8.43% Infra Bonds Private Placement Series II
- (k) 8.72% Infrastructure Bonds Series 86C
- (l) 8.72% Infrastructure Bonds Series 86D
- (m) 8.50% 10 years Infrastructure Series Bonds (2011-12) Series-I
- (n) 8.50% 10 years Infrastructure Series Bonds (2011-12) Series-II
- (o) 8.75% 15 years Infrastructure Series Bonds (2011-12) Series-III
- (p) 8.75% 15 years Infrastructure Series Bonds (2011-12) Series-IV
- (q) 8.20% Tax Free Bonds (2011-12) Tranche-I Series-I
- (r) 8.30% Tax Free Bonds (2011-12) Tranche-I Series-II
- (s) 7.19% Tax Free Bonds (2012-13) Tranche-I Series-I
- (t) 7.69% Tax Free Bonds (2012-13) Tranche-I Series-II
- (u) 7.36% Tax Free Bonds (2012-13) Tranche-I Series-III
- (v) 7.86% Tax Free Bonds (2012-13) Tranche-I Series-IV

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

**17.10** Infrastructure Bonds (2010-11) Series I, II, III and IV are secured by charge on specific book debt of ₹ 1,153.06 crore as on 31.03.2020 of the Company along with first charge on immovable property situated at Jangpura, New Delhi.

**17.11** 54 EC Capital Gain Tax Exemption Bonds Series I, II & III, Taxable Bond Series 112-C and all other Tax Free Bonds Series are secured by first pari-passu charge on the total receivables/book debts of the Company (excluding the receivables/book debts on which a specific charge has already been created), limited to the extent of payment/repayment of the bonds including interest, additional interest, cost and expenses and all other monies whatsoever payable/repayable by the Company to the Bondholders and/or others under/pursuant to the Transaction Documents.

## 18. BORROWINGS (OTHER THAN DEBT SECURITIES)

The Company has categorised Borrowings (other than Debt Securities) at amortised cost in accordance with the requirements of Ind AS 109.

		(₹ in crore)	
Sr. No.	Particulars	As at 31.03.2020	As at 31.03.2019
<b>(A)</b>	<b>Term Loans</b>		
<b>(i)</b>	<b>From Banks and Financial Institutions</b>		
	- Foreign Currency Loans (Refer Note 18.1)	172.38	4,676.17
	- Syndicated Foreign Currency Loans (Refer Note 18.2)	19,635.63	15,852.09
	- Rupee Term Loans (Refer Note 18.4)	49,598.98	38,703.55
<b>(ii)</b>	<b>From other Parties</b>		
	- Rupee Term Loans - GoI (Refer Note 18.6)	7,500.00	7,500.00
<b>(B)</b>	<b>Other Loans from Banks</b>		
<b>(i)</b>	Loan against Term Deposits (Refer Note 18.7)	-	12,737.18
<b>(ii)</b>	Working Capital Demand Loan/Overdraft/Cash Credit/Line of Credit (Refer Note 18.8)	2,038.36	620.00
<b>(C)</b>	Interest accrued but not due on above	375.43	402.93
<b>(D)</b>	Unamortised Transaction Cost on above	(204.72)	(147.23)
	<b>Total Borrowings (other than Debt Securities)</b>	<b>79,116.06</b>	<b>80,344.69</b>
	<b>Geography wise Borrowings</b>		
<b>(i)</b>	Borrowings in India	59,448.04	59,899.66
<b>(ii)</b>	Borrowings outside India	19,668.02	20,445.03
	<b>Total Geography wise Borrowings</b>	<b>79,116.06</b>	<b>80,344.69</b>

### 18.1 Details of Unsecured Foreign Currency Loans outstanding are as follows:

Sr. No.	Particulars	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
		31.03.2020	31.03.2019		
1	KFW I (Guaranteed by the Government of India)	48.26	48.05	Semi Annual Instalments Till 30.12.2035	
2	ADB (Guaranteed by the Government of India)	79.46	82.80	Semi Annual Instalments Till 15.10.2028	Redeemable in semi annual instalments
3	Credit National (Guaranteed by the Government of India)	44.66	50.24	Semi Annual Instalments Till 30.06.2028	
4	SBI FCNR(B)	-	1,728.88		
5	ICICI Bank FCNR(B) - IV	-	691.55		
6	ICICI Bank FCNR(B) - III	-	691.55	Repaid in FY2019-20	Redeemed at par on respective maturity dates
7	ICICI Bank FCNR(B) - II	-	691.55		
8	ICICI Bank FCNR(B)	-	691.55		
	<b>Total Foreign Currency Loans</b>	<b>172.38</b>	<b>4676.17</b>		

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

## 18.2 Details of Unsecured Syndicated Foreign Currency Loans outstanding are as follows:

Sr. No.	Particulars	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
		31.03.2020	31.03.2019		
1	SLN 29	1,884.65	-	20.12.2024	
2	SLN 27	1,143.01	1,024.32	01.02.2024	
3	SLN 26	1,884.65	1,728.88	26.09.2023	
4	SLN 23	1,884.65	1,728.88	22.03.2023	
5	SLN 22	1,884.65	1,728.88	28.02.2023	Bullet Repayment at the end of the tenor
6	SLN 21	2,261.57	2,074.65	12.12.2022	
7	SLN 28 USD	1,884.65	-	28.06.2022	
8	SLN 28 JPY	373.97	-	28.06.2022	
9	SLN 17	3,392.36	3,111.98	3 Equal Instalments (28.09.2020, 26.03.2021 and 24.09.2021)	Redeemable in three equal instalments
10	SLN 18	3,041.47	2,725.65	3 Equal Instalments (06.11.2020, 08.11.2021 and 04.11.2022)	Redeemable in three equal instalments
11	SLN 16	-	1,728.88	Repaid in FY2019-20	Redeemed at par on maturity date
<b>Total Syndicated Foreign Currency Loans</b>		<b>19,635.63</b>	<b>15,852.09</b>		

**18.3** Foreign Currency Borrowings as at 31.03.2020 in above Note No. 18.1 and 18.2 have been raised at interest rate spread ranging from 60 bps to 110 bps over 6 Months USD/JPY LIBOR (London Inter Bank Offered Rate).

## 18.4 Details of Rupee Term Loans outstanding are as follows:

### (i) Secured Rupee Term Loans

Sr. No.	Particulars	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
		31.03.2020	31.03.2019		
1	Allahabad Bank	500.00	-	02.01.2027	Bullet Repayment at the end of the tenor
2	Allahabad Bank	1,800.00	-	29.06.2026	The loan is to be repaid in 12 quarterly instalments of ₹ 150 crore each starting from 29-Sep-2023 and ending on 29-Jun-2026
3	Oriental Bank of Commerce	225.00	-	30.09.2025	The loan is to be repaid in 04 annual instalments of ₹ 56.25 crore each starting from 30-Sep-22 and ending on 30-Sep-2025
4	Bank of India	1,000.00	1,000.00	02.03.2025	The loan is to be repaid in 2 Annual instalments of ₹ 500 crore each starting from 02-Mar-2024 and ending on 02-Mar-2025
5	Oriental Bank of Commerce	1,500.00	1,500.00	25.02.2025	There is a moratorium period of 2 years on principal repayment and after the completion of moratorium period of 02 years from date of disbursement, the loan is to be repaid in 04 annual instalments of ₹ 375 crore each starting from 25-Feb-22 and ending on 25-Feb-2025

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

Sr. No.	Particulars	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
		31.03.2020	31.03.2019		
6	Corporation Bank	500.00	-	30.09.2024	The loan is to be repaid in 5 annual instalments of ₹ 100 crore each starting from 30-Sep-2020 and ending on 30-Sep-2024
7	Canara Bank	1,000.00	-	29.06.2024	Bullet Repayment at the end of the tenor
8	Canara Bank	500.00	-	24.06.2024	
9	Canara Bank	500.00	-	21.06.2024	
10	Corporation Bank	800.00	1,000.00	15.03.2024	The loan is to be repaid in 5 annual instalments of ₹ 200 crore each starting from 15-Mar-2020 and ending on 15-Mar-2024
11	Bank of Maharashtra	750.00	750.00	11.03.2024	Moratorium: 2 years (8 quarters) from the date of 1st disbursement. Principal shall be repaid in 12 structured quarterly instalments, i.e. 4 instalments of ₹ 18.75 crore each from 9th-12th quarter, 4 instalments of ₹ 56.25 crore each from 13th-16th quarter and thereafter 4 instalments of ₹ 112.50 crore each from 17th-20th quarter
12	Canara Bank	1,000.00	1,000.00	20.02.2024	Bullet Repayment at the end of the tenor
13	Karnataka Bank	500.00	-	31.07.2022	The loan is to be repaid in 5 quarterly instalments of ₹ 100 crore each starting from July 31, 2021 and ending on July 31, 2022
14	UCO Bank	-	200.00	Repaid in FY2019-20	Redeemed at par on maturity date
<b>Total Secured Rupee Term Loans</b>		<b>10575.00</b>	<b>5450.00</b>		

## (ii) Unsecured Rupee Term Loans

Sr. No.	Particulars	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
		31.03.2020	31.03.2019		
1	Canara Bank	500.00	-	23.03.2026	Bullet Repayment at the end of the tenor
2	Union Bank of India	2,500.00	-	23.03.2025	
3	Oriental Bank of Commerce	1,000.00	-	20.03.2025	
4	Andhra Bank	800.00	-	15.01.2025	
5	State Bank of India	3,000.00	-	19.12.2024	
6	Bank of Baroda	2,000.00	-	15.04.2024	The loan is to be repaid in 5 annual instalments comprising 2 instalment of ₹ 100 crore each and thereafter 3 instalment of ₹ 600 crore each starting from 15-Apr-2020 and ending on 15-Apr-2024
7	Syndicate Bank	1,750.00	-	20.03.2024	
8	Bank of India	2,000.00	2,000.00	21.01.2024	Bullet Repayment at the end of the tenor
9	Canara Bank	500.00	500.00	15.01.2024	
10	Canara Bank	500.00	500.00	28.12.2023	

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

Sr. No.	Particulars	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
		31.03.2020	31.03.2019		
11	United Bank of India	995.00	1,000.00	24.12.2023	
12	HDFC Bank Ltd.	750.00	750.00	05.10.2023	
13	State Bank of India	5,999.98	6,000.00	27.09.2023	
14	UCO Bank	500.00	-	31.03.2023	
15	Indian Overseas Bank	400.00	-	31.03.2023	
16	Indian Overseas Bank	400.00	-	31.03.2023	
17	India Infrastructure Finance Company Limited	1,429.00	-	31.03.2022	
18	India Infrastructure Finance Company Limited	800.00	800.00	14.09.2021	
19	UCO Bank	1,000.00	1,000.00	23.08.2021	
20	India Infrastructure Finance Company Limited	271.00	-	25.03.2021	
21	Bank of Baroda	700.00	700.00	04.03.2021	
22	HDFC Bank Ltd.	750.00	750.00	30.09.2020	
23	Canara Bank	1,500.00	1,500.00	13.09.2020	
24	Bank of India	1,000.00	1,000.00	06.08.2020	
25	Andhra Bank	1,979.00	1,979.00	29.06.2020	
26	Vijaya Bank	2,000.00	2,000.00	19.06.2020	
27	Punjab National Bank	2,000.00	2,000.00	05.06.2020	
28	Punjab National Bank	2,000.00	2,000.00	24.05.2020	
29	India Infrastructure Finance Company Limited	-	775.00		
30	Allahabad Bank	-	2,000.00	Repaid in	Redeemed at par on respective maturity
31	Bank of Baroda	-	2,000.00	FY 2019-20	dates
32	Bank of Baroda	-	999.55		
33	State Bank of India	-	3,000.00		
<b>Total Unsecured Rupee Term Loans</b>		<b>39023.98</b>	<b>33253.55</b>		
<b>Total Rupee Term Loans (Unsecured &amp; Secured)</b>		<b>49598.98</b>	<b>38703.55</b>		

**18.5** Borrowings as at 31.03.2020 in above Note 18.4 have been raised at respective bank's Benchmark rate plus spread ranging from 0 to 5 bps.

**18.6** Details of Unsecured Rupee term Loan - GoI outstanding are as follows:

Sr. No.	Particulars	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
		31.03.2020	31.03.2019		
1	National Small Savings Fund Scheme (NSSF) (Coupon rate - 8.11% p.a.)	7,500.00	7,500.00	27.12.2028	Bullet Repayment at the end of the tenor



# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

## 18.7 Details of Loan against Term Deposits outstanding are as follows:

Sr. No.	Particulars	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
		31.03.2020	31.03.2019		
1	Tamilnad Mercantile Bank	-	382.00		
2	Punjab National Bank	-	1,525.44		
3	South Indian Bank	-	317.92		
4	Oriental Bank of Commerce	-	1,805.00		
5	Indian Bank	-	1,995.00		
6	Vijaya Bank	-	1,890.00	Repaid in FY2019-20	Redeemed at par on respective maturity dates
7	Punjab National Bank	-	344.13		
8	Punjab National Bank	-	26.43		
9	Punjab National Bank	-	1,291.94		
10	Canara Bank	-	1,704.13		
11	UCO Bank	-	500.00		
12	HDFC Bank Ltd.	-	955.19		
<b>Total Loan against Term Deposits</b>		-	<b>12,737.18</b>		

## 18.8 Details of Unsecured WCDL/OD/CC/Line of Credit outstanding are as follows:

Sr. No.	Particulars	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
		31.03.2020	31.03.2019		
1	State Bank of India (WCL)	1,200.00	-	15.04.2020	Bullet Repayment at the end of the tenor
2	Punjab National Bank (WCDL)	600.00	-	15.04.2020	Bullet Repayment at the end of the tenor
3	Punjab National Bank (OD)	238.36	-	Running facility	Running facility
4	Bank of India	-	250.00	Repaid in	Redeemed at par on
5	Punjab National Bank	-	370.00	FY2019-20	respective maturity dates
<b>Total WCDL/OD/CC/Line of Credit</b>		<b>2,038.36</b>	<b>620.00</b>		

**18.9** Borrowings in above Note 18.8 have been raised at rates ranging from 6.70% to 7.45% p.a.

**18.10** None of the borrowings have been guaranteed by Directors.

**18.11** There has been no default in repayment of borrowings and interest during periods presented above.

**18.12** Refer Note 10 for carrying values of the receivable pledged as security against secured rupee term loans. Secured rupee term loans are secured by first pari-passu charge in favour of lending banks on the receivables of the Company limited to payment/repayment of the term loan including interest, additional interest, cost and expenses and all other monies whatsoever payable/repayable by the Company to lending bank and/or others under/pursuant to the security document except for those receivables which are already charged in favour of Catalyst Trusteeship Ltd. (formally known as GDA Trusteeship Limited)

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

## 19. SUBORDINATED LIABILITIES

The Company has categorised Subordinated Liabilities at amortised cost in accordance with the requirements of Ind AS 109.

(₹ in crore)			
Sr. No.	Particulars	As at 31.03.2020	As at 31.03.2019
<b>Subordinated Liabilities</b>			
(i)	Subordinated Bonds (Refer Note 19.1)	9,211.50	9,211.50
(ii)	Interest accrued but not due on above	103.04	102.30
(iii)	Unamortised Transaction Cost on above	(3.59)	(4.10)
<b>Total Subordinated Liabilities</b>		<b>9,310.95</b>	<b>9,309.70</b>
<b>Geography wise Subordinated Liabilities</b>			
(i)	Subordinated Bonds in India	9,310.95	9,309.70
(ii)	Subordinated Bonds outside India	-	-
<b>Total Geography wise Subordinated Liabilities</b>		<b>9,310.95</b>	<b>9,309.70</b>

### 19.1 Details of Subordinated Bonds are as under:

(₹ in crore)			
Sr. No.	Bond Series	As at 31.03.2020	As at 31.03.2019
1	Subordinated Tier II Debt Bond	2,000.00	2,000.00
2	Subordinated Tier II Debt Bond	1,000.00	1,000.00
3	Subordinated Tier II Debt Bond	800.00	800.00
4	Subordinated Tier II Debt Bond	2,411.50	2,411.50
5	Subordinated Tier II Debt Bond	1,000.00	1,000.00
6	Subordinated Tier II Debt Bond	2,000.00	2,000.00
<b>Total</b>		<b>9,211.50</b>	<b>9,211.50</b>

## 20. OTHER FINANCIAL LIABILITIES

The Company has categorised Other Financial Liabilities at amortised cost in accordance with the requirements of Ind AS 109.

(₹ in crore)			
Sr. No.	Particulars	As at 31.03.2020	As at 31.03.2019
(i)	Payable on account of Government of India Serviced Bonds (Refer Note 20.1)	5,038.72	5,038.21
(ii)	Advance received from Subsidiaries and Associates*	168.42	189.11
(iii)	Unclaimed Dividends (Refer Note 20.2)	3.48	3.16
(iv)	Unpaid - Bonds and Interest Accrued thereon (Refer Note 20.2)		
	- Unclaimed Bonds	0.53	1.15
	- Unclaimed Interest on Bonds	15.16	13.95
(v)	Others		
	- Application Money Refundable on Bonds and interest accrued thereon	0.83	0.77
	- Interest Subsidy Fund (Refer Note 20.3)	17.31	15.96
	- Lease Liability (Refer Note 38)	8.81	-
	- Other liabilities	121.90	65.53
<b>Total Other Financial Liabilities</b>		<b>5,375.16</b>	<b>5,327.84</b>

\*Payable in cash

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

## 20.1 Details of GoI Serviced Bonds (Unsecured Taxable Bonds):

(₹ in crore)			
Sr. No.	Bond Series	As at 31.03.2020	As at 31.03.2019
(i)	PFC Bond Series 164-GoI Fully Serviced Bond	2,000.00	2,000.00
(ii)	PFC Bond Series 160-GoI Fully Serviced Bond	1,465.00	1,465.00
(iii)	PFC Bond Series 158-GoI Fully Serviced Bond	1,335.00	1,335.00
(iv)	PFC Bond Series 156-GoI Fully Serviced Bond	200.00	200.00
(v)	Interest accrued on above	38.72	38.21
<b>Total GoI Serviced Bonds (Unsecured Taxable Bonds)</b>		<b>5,038.72</b>	<b>5,038.21</b>

**20.2** Unclaimed dividends, unclaimed bonds and interest thereon include the amounts which have either not been claimed by the investors/holders of the instruments or are on hold pending legal formalities etc. Out of the above, the amount eligible to be transferred to Investor Education and Protection Fund has been transferred.

## 20.3 Interest Subsidy Fund under Accelerated Generation & Supply Programme (AG&SP):

- (i) The Company claimed subsidy from GoI at net present value calculated at indicative interest rates in accordance with GoI's letter vide D.O.No.32024 / 17 / 97 – PFC dated 23.09.1997 and O.M.No.32024 / 23 / 2001 – PFC dated 07.03.2003, irrespective of actual repayment schedule, moratorium period and duration of repayment. The amount of interest subsidy received and to be passed on to the borrowers is retained as Interest Subsidy Fund Account. Impact of difference between indicative rate & period considered at the time of claims and at the time of actual disbursement can be ascertained only after end of respective schemes.

However, on the basis of projections made for each project (based upon certain assumptions that these would remain same over the projected period of each loan / project), the Company estimated that there is no net excess amount for both IX and X Plans as at 31.03.2020 (As at 31.03.2019 Nil and ₹ 16.04 crore respectively), under AG&SP schemes.

- (ii) Balance under the head Interest Subsidy Fund shown under Other Financial Liability, representing amount of subsidy received from MoP, GoI, comprises of the following:

(₹ in crore)		
Description	Year ended 31.03.2020	Year ended 31.03.2019
<b>Opening Balance</b>	<b>15.96</b>	<b>112.51</b>
Add : Received during the period	-	-
: Interest credited during the period	1.35	3.45
: Refund by the borrower due to non – commissioning of project in time	-	-
Less : Refunded to MoP :		
(a) Estimated net excess against IX & X Plan	-	100
(b) Due to non- commissioning of Project in time	-	-
<b>Closing Balance</b>	<b>17.31</b>	<b>15.96</b>

Interest subsidy passed on to borrowers during FY 2019-20 is ₹ 1.13 crore (previous year ₹ 1.95 crore).

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

## 21. PROVISIONS

		(₹ in crore)	
Sr. No.	Particulars	As at 31.03.2020	As at 31.03.2019
(i)	For Employee Benefits (Refer Note 36):		
	- Gratuity	2.76	0.75
	- Leave Encashment	35.11	27.31
	- Economic Rehabilitation of Employees	2.89	1.69
	- Provision for Bonus/Incentive	28.18	33.74
	- Provision for Staff Welfare Expenses	14.88	13.80
(ii)	Impairment Loss Allowance – Letter of Comfort (Refer Note 21.1 & 21.2)	180.47	186.71
	<b>Total Provisions</b>	<b>264.29</b>	<b>264.00</b>

### 21.1 Movement of Impairment on Letter of Comfort

		(₹ in crore)	
Particulars		FY2019-20	FY2018-19
Opening balance		186.71	195.39
Creation during the year		0.49	6.07
Reversal during the year		(6.73)	(14.75)
<b>Closing balance</b>		<b>180.47</b>	<b>186.71</b>

**21.2** Letter of Comfort amounting to ₹ 870.49 crore (As at 31.03.2019 ₹ 1,019.06 crore) is in the nature of commitment to the borrowers, hence the impairment allowance on the same has been categorised as provisions in accordance with requirements of Ind AS 107.

## 22 OTHER NON-FINANCIAL LIABILITIES

		(₹ in crore)	
Sr. No.	Particulars	As at 31.03.2020	As at 31.03.2019
(i)	Unamortised Fee - Undisbursed Loan Assets	105.76	96.36
(ii)	Statutory dues payable	3.31	4.49
	<b>Total Other Non-Financial Liabilities</b>	<b>109.07</b>	<b>100.85</b>

## 23 EQUITY SHARE CAPITAL

Sr. No.	Particulars	As at 31.03.2020		As at 31.03.2019	
		Number	Amount (₹ in crore)	Number	Amount (₹ in crore)
<b>(A) Authorised Capital</b>					
	Equity Share Capital (Par Value per share ₹ 10)	11,00,00,00,000	11,000.00	11,00,00,00,000	11,000.00
	Preference Share Capital (Par Value per share ₹ 10)	20,00,00,000	200.00	20,00,00,000	200.00
<b>(B) Issued, Subscribed and Fully Paid-up Capital</b>					
	Equity Share Capital (Par Value per share ₹ 10)	2,64,00,81,408	2,640.08	2,64,00,81,408	2,640.08
<b>(C) Reconciliation of Equity Share Capital</b>					
	Opening Equity Share Capital	2,64,00,81,408	2,640.08	2,64,00,81,408	2,640.08
	Changes during the year	-	-	-	-
	<b>Closing Equity Share Capital</b>	<b>2,64,00,81,408</b>	<b>2,640.08</b>	<b>2,64,00,81,408</b>	<b>2,640.08</b>

### 23.1 Rights, preferences and restriction attached to equity shares

The Company had issued equity shares having par value of ₹ 10 per share. The holders of the equity shares are entitled to receive dividends as declared from time to time and are entitled to voting rights proportionate to their shareholding at the meeting of the shareholders.

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

## 23.2 Shares in the Company held by each shareholder holding more than 5% of the shares

Sr. No.	Particulars	As at 31.03.2020		As at 31.03.2019	
		Number of Shares	% of Equity Share Capital	Number of Shares	% of Equity Share Capital
(i)	President of India	1,47,82,91,778	55.99%	1,55,88,89,417	59.05%
(ii)	HDFC Trustee Company Ltd	24,41,49,623	9.25%	19,88,98,595	7.53%
(iii)	Life Insurance Corporation of India	15,51,78,214	5.88%	15,63,20,146	5.92%
(iv)	UBS Principal Capital Asia Ltd	8,66,24,000	3.28%	14,22,38,384	5.39%

**23.3** Shares reserved for issue under options and contract/commitment for the sale of shares or disinvestment, including the terms and amount: Nil

**23.4** During the period of last 5 years, the Company has issued 132,00,40,704 bonus shares in the ratio of 1:1 during FY 2016-17 and has not bought back any shares.

**23.5** Terms of any securities convertible into equity shares issued along with the earliest date of conversion in descending order starting from the farthest such date: Nil

**23.6** Calls unpaid (showing aggregate value of calls unpaid by directors and officers): Nil

**23.7** Forfeited shares (amount originally paid up): Nil

**23.8** Capital Management: Refer Note 34.1

**23.9** During FY2019-20 Government of India (GoI) has transferred 7,63,13,829 and 42,83,810 numbers of equity shares held in the Company, in connection with Follow-on Fund Offer, to the Asset Management Company (AMC) of CPSE ETF and Bharat 22 ETF respectively.

## 24 OTHER EQUITY\*

Sr. No.	Particulars	(₹ in crore)	
		As at 31.03.2020	As at 31.03.2019
(i)	Debenture Redemption Reserve (Refer Note 24.1 (i))	-	2,014.25
(ii)	Securities Premium (Refer Note 24.1 (ii))	2,776.54	2,776.54
(iii)	Foreign Currency Monetary Item Translation Difference Account (Refer Note 24.1 (iii))	(1,441.18)	(769.72)
(iv)	Special Reserve created u/s 45-IC(1) of Reserve Bank of India Act, 1934 (Refer Note 24.1 (iv))	2,544.96	1,413.94
(v)	Reserve for Bad & doubtful debts u/s 36(1)(vii)(c) of Income-Tax Act, 1961 (Refer Note 24.1 (v))	2,514.17	3,740.21
(vi)	Special Reserve created u/s 36(1)(viii) of Income Tax Act, 1961 up to Financial Year 1996-97 (Refer Note 24.1 (vi))	599.85	599.85
(vii)	Special Reserve created and maintained u/s 36(1)(viii) of Income Tax Act, 1961 from Financial Year 1997-98 (Refer Note 24.1 (vi))	18,848.40	17,498.27
(viii)	Interest Differential Reserve - KFW Loan (Refer Note 24.1 (vii))	61.40	60.00
(ix)	General Reserve (Refer Note 24.1 (viii))	10,983.81	7,438.68
(x)	Retained Earnings (Refer Note 24.1 (ix))	6,042.40	6,202.53
(xi)	Reserve for Equity Instruments through Other Comprehensive Income (Refer Note 24.1 (x))	(313.64)	(276.49)
(xii)	Reserve for Effective portion of gains and loss on hedging instruments in a Cash Flow Hedge through Other Comprehensive Income (Refer Note 24.1 (xi))	(92.66)	(50.15)
<b>Total</b>		<b>42,524.05</b>	<b>40,647.91</b>

\*For movements during the period refer Standalone Statement of Changes in Equity.

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

## 24.1 Nature and purpose of reserves

### (i) Debenture Redemption Reserve (DRR)

In accordance with provisions of Section 71(4) of the Companies Act, 2013 as further clarified by the Companies (Share Capital and Debenture) Rules, 2014 issued by Ministry of Corporate Affairs, Govt. of India, the Company created Debenture Redemption Reserve (DRR) Up to 25% of the value of debentures issued through public issue as per present SEBI (Issue and Listing of Debt Securities) Regulations, 2008 during the maturity period of such debentures, and no DRR is required in case of privately placed debentures. However, in terms of Companies (Share Capital and Debentures) Rules, 2014 read with Companies (Share Capital and Debentures) Amendments Rules, 2019, the Company is not required to create Debenture Redemption Reserve (DRR). Pursuant to such amendment, entire balance of DRR has been transferred to General Reserve during the year.

### (ii) Securities Premium

It represents amount of premium received on issue of equity share capital net of expense incurred on issue of equity shares. This amount can be utilised in accordance with the provisions of the Companies Act, 2013.

### (iii) Foreign Currency Monetary Item Translation Difference Account

It represents unamortised foreign exchange gain/loss on Long-term Foreign Currency Borrowings (existing as on 31.03.2018) and are amortized over the tenure of the respective borrowings.

### (iv) Special Reserve created u/s 45-IC(1) of Reserve Bank of India Act, 1934

It represents transfer from retained earning @ 20 % of net profit after tax for the year as disclosed in profit and loss account and before any dividend is declared. No appropriation is allowed to be made from the reserve fund except for the purpose as may be specified by the Reserve Bank of India (RBI) from time to time and further, any such appropriation is also required to be reported to the RBI within 21 days from the date of such withdrawal.

### (v) Reserve for Bad & doubtful debts u/s 36(1)(viiia)(c) of Income-Tax Act, 1961

It has been created to avail income tax deduction under Section 36(1)(viiia)(c) of Income Tax Act, 1961. The reserve so maintained shall be primarily utilised for adjustment of actual bad debts or part thereof. As per Section 36(1)(viiia)(c) of Income Tax Act, 1961, the Company is eligible to avail deduction in respect of any provision/reserve made for bad and doubtful debts, not exceeding five percent of the total income as per Income Tax Act.

### (vi) Special Reserve created u/s 36(1)(viii) of Income Tax Act, 1961

It is maintained in order to enable the Company to avail tax benefits. As per Section 36(1)(viii) of the Income Tax Act, 1961, the company is eligible for deduction not exceeding 20% of profit derived from long-term finance activity, provided such amount is transferred and maintained in special reserve account.

### (vii) Interest Differential Reserve - KFW Loan

It represents difference between the interest due and interest paid on KFW loan as per the loan agreement. Exchange gain/loss upon re-statement of loan balance, in accordance with the terms of the Foreign currency borrowing from KFW, is adjusted against this reserve. The Company is not required to repay the unadjusted balance in the reserve after complete repayment of KFW Loan. Any unadjusted balance in the reserve after complete repayment of KFW Loan shall be used for further lending by the Company after consulting with KFW.

### (viii) General Reserve

General Reserve includes the amounts appropriated from the profits of the Company and also amounts transferred from Statutory Reserves. In view of the erstwhile provisions of the Companies Act, 1956, the Company had transferred certain percentage of the profits to General Reserve before declaration of

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

dividend. However, Companies Act, 2013 does not mandate transfer of profits to General Reserve before declaration of dividend.

## (ix) Retained earnings

It represent profits and specified items of other comprehensive income recognised directly in retained earnings earned by the Company after transfer to and from other reserves and dividend distributions.

## (x) Reserve for Equity Instruments through Other Comprehensive Income

The Company elected to recognise changes in the fair value of certain investment in equity instruments through other comprehensive income. It represents cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income. When the asset is derecognised, amounts in the reserve are subsequently transferred to retained earnings and not to standalone statement of profit and loss. Dividends on such investments are recognised in statement of profit and loss unless the dividend clearly represents a recovery of part of the cost of the investment.

## (xi) Reserve for Effective portion of gains and loss on hedging instruments in a Cash Flow Hedge

It represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instrument entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the designated portion of the hedging instruments that are recognised and accumulated under the heading of cash flow hedging reserve, will be reclassified to profit or loss only when the hedged transaction affects the profit or loss, or included as a basis adjustment to the non-financial hedged item.

## 24.2 The details of dividend paid on equity shares of face value of ₹ 10 each is as under:

Particulars	FY2019-20			FY2018-19		
	% of Share Capital	Per equity share (₹)	Amount (₹ in crore)	% of Share Capital	Per equity share (₹)	Amount (₹ in crore)
Interim Dividend	95%	9.50	2,508.08	-	-	-
<b>Total Dividend</b>	<b>95%</b>	<b>9.50</b>	<b>2,508.08</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 25. INTEREST INCOME

		(₹ in crore)	
Sr. No.	Particulars	Year ended 31.03.2020	Year ended 31.03.2019
<b>A</b>	<b>On Financial Assets measured at Amortised Cost</b>		
(i)	Interest on Loans	32,069.35	28,595.06
	Less: Rebate for Timely Payment to Borrowers	(401.91)	(485.79)
(ii)	Interest on Deposits with Banks	160.72	201.00
(iii)	Other Interest Income	29.86	34.81
<b>B</b>	<b>On Financial Assets Classified at Fair Value Through Profit or Loss</b>		
(i)	Interest on Investment	89.81	87.60
(ii)	Other Income	2.59	-
	<b>Total Interest Income (A+B)</b>	<b>31,950.42</b>	<b>28,432.68</b>

## 26. FEES AND COMMISSION INCOME

On the basis of nature of services, the Company's revenue from contracts with customers are:

		(₹ in crore)	
Sr. No.	Particulars	Year ended 31.03.2020	Year ended 31.03.2019
(i)	Prepayment Premium on Loans	79.58	107.27
(ii)	Fee based Income on Loans	43.38	21.81
(iii)	Fee for implementation of GoI Schemes (Refer Note 26.1 and 26.2)	-	19.94
	<b>Total Fees and Commission Income</b>	<b>122.96</b>	<b>149.02</b>

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

## 26.1 Re-structured Accelerated Power Development and Reforms Programme (R – APDRP):

- (i) The Company is Nodal Agency for operationalisation and associated service for implementation of R – APDRP.

Amounts received from Gol under R – APDRP as a Nodal agency for on-lending to eligible borrowers are back to back arrangements with no profit or loss arising to the Company. The amount on-lent but not converted in to grants as per applicable guidelines will become payable along-with interest to the Gol on receipt from borrowers.

The amount recoverable from borrowers & payable to Gol under R – APDRP scheme stands at ₹ 18,141.20 crore as at 31.03.2020 (₹ 16,507.55 crore as at 31.03.2019).

- (ii) The Company receives nodal agency fee and reimbursement of expenditure under R-APDRP scheme from MoP, Gol. The cumulative claim for fee and reimbursement of expenditure is 1.7% of likely project outlay under Part A & B of R-APDRP, subject to cap of ₹ 850 crore.

Total amount of nodal agency fee and reimbursement of expenditure received/receivable by the Company stands at ₹ 357.86 crore as at 31.03.2020 (₹ 329.82 crore as at 31.03.2019).

## 26.2 Integrated Power Development Scheme (IPDS):

The Company has been designated as Nodal Agency for operationalisation and implementation of IPDS scheme also under overall guidance of the MoP, Gol. Role of Nodal agency is mentioned in IPDS scheme which *inter-alia* includes administration of Gol grant to eligible utilities which can be recalled/pre-closed subject to certain conditions mentioned in IPDS scheme.

Amount of GOI grant administered to the eligible utilities till 31.03.2020 is ₹ 12,702.45 crore (₹ 8,083.17 crore as at 31.03.2019).

The Company is eligible for nodal agency fee at the rate of 0.50% (to be accrued in phases as per scheme) of total project cost approved by Monitoring Committee or award cost, whichever is lower.

## 27. NET GAIN (-)/LOSS (+) ON FAIR VALUE CHANGES

		(₹ in crore)	
Sr. No.	Particulars	Year ended 31.03.2020	Year ended 31.03.2019
(i)	On financial instruments at Fair value through Profit or Loss:		
	- Change in Fair Value of Derivatives	(696.26)	(84.98)
	- Change in Fair Value of Investments	(2.79)	-
	<b>Total Net Gain (-)/Loss (+) on Fair Value Changes</b>	<b>(699.05)</b>	<b>(84.98)</b>
	<b>Fair value changes:</b>		
(i)	- Realised	145.56	153.85
(ii)	- Unrealised	(844.61)	(238.83)
	<b>Total Net Gain (-)/Loss (+) on Fair Value Changes</b>	<b>(699.05)</b>	<b>(84.98)</b>

27.1 Fair value changes in this note are other than those arising on account of accrued interest income/expense.

## 28. OTHER INCOME

		(₹ in crore)	
Sr. No.	Particulars	Year ended 31.03.2020	Year ended 31.03.2019
(i)	Excess Liabilities written back	0.18	-
(ii)	Miscellaneous Income	7.98	17.58
	<b>Total Other Income</b>	<b>8.16</b>	<b>17.58</b>



# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

## 29. FINANCE COSTS

(₹ in crore)

Sr. No.	Particulars	Year ended 31.03.2020	Year ended 31.03.2019
	<b>On Financial Liabilities Measured At Amortised Cost</b>		
(i)	<b>Interest on Borrowings</b>		
	- Term Loans and Others	4,429.49	2,668.42
	- Interest on Lease Liability (Refer Note 38)	0.77	-
(ii)	<b>Interest on Debt Securities</b>		
	- Bonds/Debentures	15,932.23	15,402.97
	- Commercial Papers	433.33	491.85
(iii)	<b>Interest on Subordinated Liabilities</b>	851.51	364.87
(iv)	<b>Other Interest Expense</b>		
	- Interest on Interest Subsidy Fund (Refer Note 20.3 (ii))	1.35	3.46
	- Interest on Application Money - Bonds	0.06	0.08
	- Interest on advances received from Subsidiaries	5.07	6.18
	- Interest under Income Tax Act, 1961	0.17	5.86
(v)	<b>- Swap Premium (Net)</b>	199.21	43.91
	<b>Total Finance Costs</b>	<b>21,853.19</b>	<b>18,987.60</b>

## 30. FEES AND COMMISSION EXPENSE

(₹ in crore)

Sr. No.	Particulars	Year ended 31.03.2020	Year ended 31.03.2019
(i)	Agency Fees	1.33	0.74
(ii)	Guarantee, Listing and Trusteeship fees	1.57	2.72
(iii)	Credit Rating Fees	6.23	5.23
(iv)	Other Finance Charges	1.63	1.40
	<b>Total Fees and Commission Expense</b>	<b>10.76</b>	<b>10.09</b>

## 31. IMPAIRMENT ON FINANCIAL INSTRUMENTS

(₹ in crore)

Sr. No.	Particulars	Year ended 31.03.2020	Year ended 31.03.2019
<b>A</b>	<b>On Financial Assets measured at Amortised Cost</b>		
(i)	Loans	(463.58)	(870.60)
(ii)	Investment (acquired on settlement of loans)	81.75	-
(iii)	Write Offs - Loans	1,368.92	-
(iv)	Other Financial Instruments	10.11	7.79
(v)	Letter of Comfort	(6.23)	(8.67)
<b>B</b>	<b>On Financial Assets measured at Cost</b>		
(i)	Investment	0.25	-
	<b>Total Impairment on Financial Instruments</b>	<b>991.22</b>	<b>(871.48)</b>

31.1 Refer Note 34.2.1 for details of impairment on financial assets.

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

## 32. EMPLOYEE BENEFIT EXPENSES

(₹ in crore)			
Sr. No.	Particulars	Year ended 31.03.2020	Year ended 31.03.2019
(i)	Salaries and Wages	129.98	133.33
(ii)	Contribution to Provident and other Funds	14.79	12.68
(iii)	Staff Welfare Expenses	43.81	23.51
(iv)	Rent for Residential Accommodation of Employees (Refer Note 32.2)	5.24	4.05
<b>Total Employee Benefit Expenses</b>		<b>193.82</b>	<b>173.57</b>

**32.1** Disclosures as per Ind AS 19 'Employee Benefits' in respect of provision made towards various employee benefits are provided in Note 36.

**32.2** Rent for Residential Accommodation of Employees is on account of rent (net of recoveries) on lease arrangements for premises which are taken for residential use of employees and are usually renewable on mutually agreed terms and are cancellable.

## 33. OTHER EXPENSES

(₹ in crore)			
Sr. No.	Particulars	Year ended 31.03.2020	Year ended 31.03.2019
(i)	Rent, Taxes and Energy Cost (Refer Note 33.1)	4.99	23.86
(ii)	Repairs and Maintenance	5.40	4.46
(iii)	Communication Costs	1.61	2.78
(iv)	Printing and Stationery	1.64	1.69
(v)	Advertisement and Publicity	13.62	11.85
(vi)	Directors Fees, Allowance and Expenses	0.17	0.12
(vii)	Auditor's fees and expenses (Refer Note 33.2)	1.26	1.14
(viii)	Legal & Professional charges	6.73	8.65
(ix)	Insurance	0.18	0.26
(x)	Travelling and Conveyance	18.35	15.96
(xi)	Net Loss/(Gain) on derecognition of Property, Plant and Equipment	0.96	0.32
(xii)	Other Expenditure	34.00	37.74
<b>Total Other Expenses</b>		<b>88.91</b>	<b>108.83</b>

**33.1** Rent, Taxes & Energy Cost includes rent for premises taken on lease for official use and are usually renewable on mutually agreed terms and are cancellable.

**33.2** Auditor's fees and expenses are as under:

(₹ in crore)			
Sr. No.	Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Fee paid to Statutory Auditors:			
(i)	- As Auditor	0.46	0.53
(ii)	- For Taxation matters	0.12	0.07
(iii)	- For Company Law Matters (includes Limited Review Fees)	0.30	0.18
(iv)	- For Other services	0.33	0.31
(v)	- For Reimbursement of expenses	-	0.05
(vi)	Non-recoverable GST credit in respect of fees paid to auditors	0.05	-
<b>Total - Auditor's fees and expenses</b>		<b>1.26</b>	<b>1.14</b>

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

## 34. FINANCIAL INSTRUMENTS

### 34.1 Capital Management

The Company maintains a capital base that is adequate to support the Company's risk profile, regulatory and business needs. The Company sources funds from domestic and international financial markets, *inter-alia* leading to diverse investor base and optimised cost of capital. Refer Note 17, 18 & 19 for details w.r.t. sources of funds and refer Standalone Statement of Changes in Equity for details w.r.t Equity.

As contained in RBI Master Directions – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016, as amended (hereinafter referred to as “RBI Master Directions”), the Company is required to maintain a capital ratio consisting of Tier I and Tier II capital not less than 15% of its aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet items. Out of this, Tier I capital shall not be less than 10%. The Company regularly monitors the maintenance of prescribed levels of Capital to Risk Weighted Assets Ratio (CRAR). Further, with regard to capital restructuring, the Company is also guided, *inter alia*, by guidelines on “Capital Restructuring of Central Public Sector Enterprises” issued by Department of Investment and Public Asset Management (DIPAM), Ministry of Finance, Department of Public Enterprises in respect of issue of bonus shares, dividend distribution, buy back of equity shares etc.

Capital Risk Adjusted Ratio (CRAR) and other key financial parameters of the Company are as under:

Particulars	₹ in crore)	
	As at 31.03.2020	As at 31.03.2019
CRAR – Tier I Capital	12.45%	11.73%
CRAR – Tier II Capital	4.51%	5.36%
Total CRAR	16.96%	17.09%
Net Worth (₹ in crore)	45,164.13	43,287.99
Debt Equity Ratio*	6.72	6.66

\*calculated using principal outstanding of debt securities, borrowings and subordinated liabilities.

Details of Subordinated Debt/Perpetual Debt raised are as under:

Particulars	₹ in crore)	
	As at 31.03.2020	As at 31.03.2019
Amount of subordinated debt raised as Tier-II capital	-	5,411.50
Amount raised by issue of Perpetual Debt Instruments	-	-

### Dividend Distribution Policy

The Company has a well-defined dividend distribution policy. Dividend distribution policy focuses on various factors including but not limited to GoI guidelines, future capital expenditure plans, profits earned during the financial year, cost of raising funds from alternate sources, cash flow position and applicable taxes including tax on dividend, subject to the guidelines as applicable from time to time.

As per the extant guidelines issued by Department of Investment and Public Asset Management (DIPAM), Government of India, the Company is required to pay a minimum annual dividend of 30% of Profit after Tax or 5% of the net-worth, whichever is higher subject to the maximum dividend permitted under extant legal provisions. Though, the Company endeavours to declare dividend as per these guidelines, it may propose to MoP, a lower dividend after analysis of various financial parameters like net-worth, CAPEX/business expansion needs; additional investments in subsidiaries/associates of the Company; etc. For details of dividend paid during the year, refer Note 24.2.

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

## 34.2 Financial Risk Management

The Company is exposed to several risks which are inherent to the environment that it operates in. The Company is into business of extending financial assistance to power sector. The principal risks which are inherent with the Company's business model and from its use of financial instruments include credit risk, liquidity risk and market risk (currency risk, interest rate risk and price risk).

The following table broadly explains sources of risks which the Company is exposed to and how it manages the same and related impact in the financial statements:

Note	Risk	Exposure arising from	Measurement	Risk Management
34.2.1	Credit Risk	Loans, investments, cash and cash equivalents, other financial assets	Ageing analysis	Detailed appraisal process, credit limits and collateral including government guarantee
34.2.2	Liquidity Risk	Debt securities, borrowings, subordinated liabilities and other financial liabilities	Cash flow forecasts	Availability of committed credit lines and borrowing facilities
34.2.3	Market Risk – Foreign Currency Risk	Recognised financial liabilities not denominated in Indian Rupee (INR)	Sensitivity Analysis	Derivative contracts for hedging currency risk
34.2.4	Market Risk – Interest Rate Risk	Debt securities, Borrowings, subordinated liabilities and loans at variable rates	Interest rate gap analysis	Mix of loan arrangements with varied interest rate terms, derivative contract like interest rate swaps etc.
34.2.5	Market Risk – Price Risk	Investments in quoted equity securities	Sensitivity Analysis	Diversification of portfolio, with focus on strategic investments

For managing these risks, the Company has put in place an integrated enterprise-wide risk management mechanism to ensure that these risks are monitored carefully and managed efficiently. Pursuant to RBI notification DNBR (PD) CC.NO/099/03.10.001/2018-19; to augment risk management practices in the Company, the Board of Directors has also appointed a Chief Risk Officer (CRO) who is involved in the process of identification, measurement and mitigation of risks. The risk management approach i.e. Company's objectives, policies and processes for identifying, measuring and managing each of above risk is set out in the subsequent paragraphs.

### 34.2.1 Credit Risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Company by failing to discharge its obligation. Details of financial assets that expose the Company to credit risk are:

Particulars	(₹ in crore)	
	As at 31.03.2020	As at 31.03.2019
<b>Low Credit Risk</b>		
Cash and cash equivalents <sup>(A)</sup>	182.52	310.09
Bank balances other than included in cash and cash equivalents <sup>(A)</sup>	16.47	13,890.52
Loans (Principal Outstanding) <sup>(C)</sup>	2,84,211.50	2,75,658.63
Investments (Excluding equity investments) <sup>(A)</sup>	978.91	809.84
Other financial assets <sup>(B)</sup>	5,339.12	5,330.96
<b>Moderate Credit Risk</b>		
Loans (Principal Outstanding) <sup>(C)</sup>	32,821.38	9,467.99
<b>High Credit Risk</b>		
Loans (Principal Outstanding) <sup>(C)</sup>	27,871.70	29,540.31
Other financial assets <sup>(B)</sup>	20.41	10.30

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

- (A) Credit risk on cash and cash equivalents and other bank balances is limited as these are held with scheduled commercial public sector banks, high rated private sector banks and mutual fund houses, which meets the empanelment criteria as set out in the Company's policy. The Company has also set exposure limits for deployment of funds in various types of instruments with respective banks/ mutual fund houses.

For its investments, the Company manages its exposure to credit risk by placing funds in securities issued by counterparties having a high credit rating, periodic monitoring of such investments, and taking necessary actions when required.

- (B) Credit risk on other financial assets is evaluated based on Company's knowledge of the credit worthiness of those parties and managed by monitoring the recoverability of such amounts. The Company carries an impairment loss allowance of ₹ 20.41 crore on its other financial assets as at 31.03.2020 (as at 31.03.2019 ₹ 10.30 crore).
- (C) The Company is exposed to credit risk primarily through its lending operations. The same is explained in the paragraphs below.

## C.1 Credit Risk Management for Lending Operations

The Company has put in place key policies and processes for managing credit risk, which include formulating credit policies, guiding the Company's appetite for credit risk exposures, undertaking reviews & objective assessment of credit risk, and monitoring performance and management of portfolios. All the procedures and processes of the Company are ISO 9001:2015 certified.

The credit risk management covers two key areas, i.e., project appraisal & project monitoring. The Company selects the borrowers in accordance with the Company's approved credit policy, which inter alia, defines factors to be considered for rating of the borrower/ project. The Company's customer selection procedure assesses viability of project along with that of its promoting entity. Rate of interest and maximum admissible exposure is, inter alia, based on internal rating awarded by the Company.

### (i) Project Appraisal

The Company follows a systematic, institutional project appraisal process to assess the credit risk before financing any project.

#### (a) Appraisal for Private Sector Power Projects

For private sector projects, a two-stage appraisal process is followed. Initially a preliminary appraisal is carried out in order to decide the prima facie preparedness of the project to be taken up for detailed appraisal. Detailed appraisal is carried out for those projects shortlisted by the Competent Authority on the basis of preliminary appraisal.

The Company along with evaluation of project viability also assesses the ability of its promoter(s) to contribute equity and complete the project. The Company follows an integrated rating methodology whereby Integrated Rating (IR) is calculated using the weighted average of the scores of the project grading and promoter grading. Based on the IR of the project, terms and conditions (including security package and interest rate) are stipulated.

#### (b) Appraisal for State Sector Power Projects

State sector projects are taken up for detailed appraisal to determine, *inter-alia*, if it is techno economically sound and compatible with integrated power development & expansion plans of the State.

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

The Company classifies state power generation and transmission utilities into various risk rating grades based on the evaluation of utility's performance against specific parameters covering operational and financial performance. With regards to transmission utilities, the Company adopts the categorisation of its subsidiary RECL as per its policy. With regard to State Power Distribution utilities including integrated utilities, the Company's categorisation policy provides for adoption of Ministry of Power's (MoP's) Integrated Ratings by aligning such ratings/ grading with that of Company's rating structure.

Such categories/ ratings are used to determine credit exposure limits, security requirements and pricing of loans given to the State Sector Borrowers. The Company also has a mechanism in place for monitoring the exposure to single borrower and exposure within a State.

The detailed project appraisal involves technical and financial appraisal covering various aspects such as project inputs, statutory and non-statutory clearances, contracts, project linkages, financial modelling/ projections, calculation of returns, sensitivity analysis etc.

After detailed analysis indicated above, the overall viability of the project and entity is assessed and various conditions in the form of pre-commitment, pre-disbursement and the like are stipulated so as to ensure tying up of funds (debt and equity both), all physical inputs, appropriateness of all the contracts, compliance of conditions precedent in agreements/ contracts/ statutory and non-statutory clearances related to the project etc. and in general to ensure bankability of the project & protection of the interest of the Company as a lender for timely servicing of debt. The Company has an authorisation/ delegation structure for the approval and renewal of credit facilities commensurating with the size of the loan.

## (ii) Security and Covenants

The Company stipulates a package of security measures/covenants to mitigate risks during the construction and post COD (commercial operation date) stage of the project. Based on the risk appetite and appraisal of the project, the Company adopts a combination of the following measures:

- (a) Primary Security – Charge on Project Assets
- (b) Collateral Securities – Corporate guarantee, State Government Guarantees, Personal guarantee of promoters, Pledge of shares of promoters, Charge on assets/revenues of group/other companies
- (c) Payment Security Mechanism - Escrow Account/Letter of Credit, Trust and Retention Account (TRA)
- (d) Other covenants - Assignment of all project contracts, documents, insurance policies in favour of the Company, Upfront equity requirement, Debt Service Reserve Account (DSRA), Debt Equity ratio, shareholders' agreements, financial closure, etc.

## (iii) Project Monitoring

The Company has a comprehensive project monitoring system that monitors and tracks project construction and implementation status; identifies risks where intervention is required to minimise the time & cost overruns and consequent slippages in disbursements.

For State sector projects, monitoring is carried out based on project progress details obtained regularly from borrowers through progress monitoring reports, site visits, discussions with the borrowers, information/reports available on Central Electricity Authority's (CEA) website etc.

# Notes to the Standalone Financial Statements

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For private sector, where the Company is Lead Financial Institution (FI), the Company engages Lenders' Engineers (LEs) and Lenders' Financial Advisors (LFAs), which are independent agencies to act on behalf of various lenders/consortium members. The LEs conduct periodic site visits, review relevant documents, discuss with the borrowers and submit its reports on progress of the project. LFAs submit the statements of fund flow and utilization of funds in the project periodically. In cases the Company is not the lead FI, the tasks related to LEs and LFAs services are coordinated with the concerned lead lender.

Also, the consolidated periodic progress report of certain projects is prepared comprising important observations/ issues viz. areas of concern, reasons for delay, issues affecting project construction/ implementation etc. and is reviewed by the Company on a regular basis.

The Company continuously monitors delays and/or default of borrowers and their recoverability. On occurrence of default in the borrower's account, the Company initiates necessary steps which may involve action(s) including, but not limited to, Special Mention Account (SMA) reporting to RBI, credit information reporting to Central Repository of Information on Large Credits (CRILC) etc., regularisation of the account by recovering all overdues, invocation of guarantees/ securities to recover the dues, conversion of loan into equity as per loan agreement, restructuring of loan account, formulating resolution plan with the borrower, change in ownership, Corporate Insolvency Resolution Process (CIRP), sale of the exposures to other entities/investors, other recovery mechanisms like referring the case for legal action before Debt Recovery Tribunal (DRT), SARFAESI, National Company Law Tribunal (NCLT) (IBC -2016) etc. and other actions as specified under regulatory/legal framework.

## C.2 Credit Risk Measurement – Impairment Assessment

### I. Staging of loans

The Company recognises impairment loss allowance using the expected credit loss (ECL) model for the financial assets which are not categorised at fair value through profit or loss. Ind-AS 109 outlines a three staged model for measurement of impairment based on changes in credit risk since initial recognition. For classification of its borrowers into various stages, the Company uses the following basis:

- A financial instrument that is not credit impaired on initial recognition is classified in 'Stage I'.
- If a significant increase in credit risk (SICR) is identified, the financial instrument is moved to 'Stage II'.

An assessment of whether credit risk has increased significantly since initial recognition is performed at each reporting date by considering the change in the risk of default occurring over the remaining life of the financial instrument. In accordance with Ind AS 109, the Company has applied rebuttable presumption that considers more than 30 days past due as a parameter for determining significant increase in credit risk. Additionally, the Company also considers any other observable input indicating a significant increase in credit risk.

- If the financial instrument is credit-impaired, the financial instrument is moved to 'Stage III' category.

**II. Default:** In accordance with Ind AS 109, the Company considers the rebuttable presumption to define a financial instrument as in default, i.e. when the loan account is more than 90 days past due on its contractual payments. Credit impaired financial assets are aligned with the definition of default.

# Notes to the Standalone Financial Statements

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## III. Measurement of Expected Credit Loss (ECL)

ECL is measured on either a 12 month or lifetime basis depending on whether there is significant increase in credit risk since initial recognition. ECL is the product of Probability of default (PD), Loss Given Default (LGD) and Exposure at Default (EAD). The Company has appointed an independent agency, ICRA Analytics Ltd., during the financial year for assessment of ECL in accordance with Ind AS 109. The brief methodology of computation of ECL is as follows:

### (i) Probability of default (PD)

PD is an estimate of the likelihood of default over a given time horizon. It is estimated as at a point in time. For assessing 12 month PD, probability of a loan defaulting in next 12 months is ascertained and similarly for assessing lifetime PD, probability of a loan defaulting in its remaining lifetime is ascertained.

For Stage I accounts, 12 months PD is used.

For Stage II significantly increased credit risk accounts, Lifetime PD is used.

For Stage III credit impaired accounts, 100% PD is taken.

For 12 month PD: PDs as associated with external ratings grades (published as a part of rating transition matrix of ICRA) have been used for assessment of ECL. In case of State Sector borrowers, the same have been derived on the basis of mapping with the Company's internal ratings. Whereas in case of private sector borrowers, the same have been derived on the basis of mapping with latest external ratings as published by various credit rating agencies. In case of non-availability of external rating for private sector borrowers, the 12-month PD has been computed through a Proxy Risk Scoring Model developed by the agency. The said model uses the financial ratios like Gearing (Debt/Equity), Return on Capital Employed, Interest Coverage ratio, Debt to EBITDA ratio and qualitative parameters like Plant Load Factor, LAF and ACS ARR gap.

For Lifetime PD: Markov Chain Model has been used to compute Lifetime PDs of the rating grade.

### (ii) Loss Given Default (LGD)

LGD is the loss factor which the Company may experience in case the default occurs.

For State sector borrowers, LGD has been assigned on the basis of risk category considering State GDP and fiscal deficit.

In case of Private sector borrowers, LGD has been assessed considering factors like Project Cost per Unit, Percentage Completion, Project Capacity in case of generation projects and on the basis of book value of assets in case of transmission & distribution projects. The said assessed values have thereafter been discounted by applying stress factor and depreciation based on useful life of assets as published by CERC. Further, Stage-wise average LGD had been applied in case of other types of projects.

For Stage III borrowers, LGD has been assessed based on discounted projected cash flow analysis for operational projects and on assets valuation for projects under liquidation.

### (iii) Exposure at Default (EAD)

It is outstanding exposure on which ECL is computed. EAD includes principal outstanding and accrued interest in respect of the loan.



# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

- (iv) Key assumptions used in measurement of ECL
- The Company considers the date of initial recognition as the base date from which significant increase in credit risk is determined.
  - Since the Company has a right to cancel any sanctioned but undrawn limits to any of its borrowers, EAD is assumed to be outstanding balance as on the reporting date.
- (v) The assessment of significant increase in risk and the calculation of ECL both incorporate forward-looking information. Further, the Credit Rating Models also consider the forward-looking information in the determination of the credit rating to be assigned to the borrower, by taking into consideration various financial ratios and extension of the project completion. As such, the Base Case Scenario reflects the most appropriate basis for the computation of ECL for the Company.

## C.3 Credit risk analysis

### (i) Exposure to credit risk

For loans recognised in the balance sheet, the gross exposure to credit risk equals their carrying amount. Refer Note 10 'Loans' for Company's exposure to credit risk arising from loans.

For financial guarantee issued, the maximum exposure to credit risk is the maximum amount that the Company would have to pay if the guarantees are called upon. For irrevocable loan commitments, the maximum exposure to credit risk is the full amount of the commitment facilities. Refer Note 42 for exposure of Guarantee and Outstanding Disbursement Commitments.

### (ii) Concentration of credit risk

Credit concentration risk refers to risk associated with large credit/investment exposure to a single company or a group of companies based on its ownership, sector, region etc. that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions, with the potential to adversely affect lender's core operations.

The following table sets out an analysis of risk concentration of overall loan portfolio on the basis of similar risk characteristics:

Particulars	As at 31.03.2020		As at 31.03.2019	
	Principal outstanding	Impairment loss allowance*	Principal outstanding	Impairment loss allowance*
(₹ in crore)				
<b>Concentration by ownership</b>				
Loans to state sector (i.e. entities under the control of state and /or central government)	2,87,513.78	256.89	2,61,054.99	255.53
Loans to private sector	57,390.80	15,707.14	53,611.94	16,112.22
<b>Total</b>	<b>3,44,904.58</b>	<b>15,964.03</b>	<b>3,14,666.93</b>	<b>16,367.75</b>

\*including impairment loss allowance on Letter of Comfort of ₹ 180.47 crore (as at 31.03.2019 ₹ 186.71 crore)

The Company considers that loans to state sector have a low credit risk in comparison to lending to private sector mainly due to low default/loss history in state sector and availability of government guarantee in certain loans. Presence of Government interest in these projects also lowers the risk of non-recoverability of dues.

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

Further, the Company has a lending portfolio comprising of loans to generation (renewable and non-renewable), transmission and distribution power projects spread across diverse geographical areas.

(₹ in crore)

Particulars	As at 31.03.2020		As at 31.03.2019	
	Principal outstanding	Impairment loss allowance*	Principal outstanding	Impairment loss allowance*
<b>Concentration by sector</b>				
Generation	1,48,651.44	13,288.17	1,86,698.64	14,514.44
Renewable	19,210.17	453.98	15,384.60	452.41
Transmission	46,255.36	1,023.20	23,601.50	920.10
Distribution	50,075.05	63.95	47,641.61	3.27
Others	80,712.56	1,134.73	41,340.58	477.53
<b>Total</b>	<b>3,44,904.58</b>	<b>15,964.03</b>	<b>3,14,666.93</b>	<b>16,367.75</b>

\*including impairment loss allowance on Letter of Comfort of ₹ 180.47 crore (as at 31.03.2019 ₹ 186.71 crore)

The Company's exposure to various projects and borrowers is constantly monitored in line with the applicable Credit Concentration Norms.

### (iii) Details regarding Concentration of Loans and Exposures:

#### (a) Concentration of Advances

Description	As at 31.03.2020	As at 31.03.2019
Total Advances (Principal Outstanding) to twenty largest borrowers (₹ in crore)	2,06,588.74	1,88,278.21
Percentage of Advances to twenty largest borrowers to Total Advances of the Company	59.90%	59.83%

#### (b) Concentration of Exposures:

Description	As at 31.03.2020	As at 31.03.2019
Total Exposure to twenty largest borrowers/customers (₹ in crore)	2,86,228.18	2,61,087.34
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of the Company on borrowers/customers	54.90%	53.87%

#### (c) Concentration of Stage III accounts:

(₹ in crore)

Description	As at 31.03.2020	As at 31.03.2019
Principal outstanding of top four Stage III accounts	13,883.24	13,847.63

#### (iv) Details of Stage-wise Principal outstanding and Impairment loss Allowance:

(₹ in crore)

Particulars	As at 31.03.2020			As at 31.03.2019		
	Principal Outstanding	Impairment loss allowance*	%	Principal Outstanding	Impairment loss allowance*	%
Stage I	2,84,211.50	441.67	0.15	2,75,658.63	863.03	0.31
Stage II	32,821.38	773.90	2.36	9,467.99	303.07	3.20
Stage III	27,871.70	14,748.46	52.92	29,540.31	15,201.65	51.46
<b>Total</b>	<b>3,44,904.58</b>	<b>15,964.03</b>	<b>4.63</b>	<b>3,14,666.93</b>	<b>16,367.75</b>	<b>5.20</b>

\*including impairment loss allowance on Letter of Comfort of ₹ 180.47 crore (as at 31.03.2019 ₹ 186.71 crore)

# Notes to the Standalone Financial Statements

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- (v) The following tables explain the changes in the loans and the corresponding impairment loss allowance between the beginning and the end of the reporting period:

(₹ in crore)

FY2019-20	Stage I		Stage II		Stage III		Total	
	Principal	Impairment loss allowance*	Principal	Impairment loss allowance*	Principal	Impairment loss allowance*	Principal	Impairment loss allowance*
<b>Opening Balance</b>	2,75,658.63	863.03	9,467.99	303.07	29,540.31	15,201.65	3,14,666.93	16,367.75
Transfer to Stage I	6,252.50	471.50	(5,324.44)	(0.51)	(928.06)	(470.99)	-	-
Transfer to Stage II	(29,742.96)	(55.06)	29,742.96	55.06	-	-	-	-
Transfer to Stage III	-	-	(924.31)	(301.68)	924.31	301.68	-	-
Net change in Principal/ECL during the year	5,369.59	(173.63)	(1,280.50)	717.73	46.40	567.78	4,135.47	1,111.88
New financial assets originated	41,482.62	81.98	1,691.92	0.34	75.00	30.80	43,249.54	113.11
Derecognised financial assets (loans repaid)	(14,112.42)	(275.39)	(552.24)	(0.12)	(836.20)	(7.33)	(15,500.87)	(282.84)
Financial Assets derecognised during the period (Write Off)	(636.64)	(410.93)	-	-	(732.28)	(674.55)	(1,368.92)	(1,085.48)
Financial Assets derecognised during the period (Investment Received)	(59.82)	(59.82)	-	-	(217.74)	(200.57)	(277.57)	(260.40)
<b>Closing Balance</b>	<b>2,84,211.50</b>	<b>441.67</b>	<b>32,821.37</b>	<b>773.90</b>	<b>27,871.70</b>	<b>14,748.46</b>	<b>3,44,904.58</b>	<b>15,964.03</b>

(₹ in crore)

FY2018-19	Stage I		Stage II		Stage III		Total	
	Principal	Impairment loss allowance*	Principal	Impairment loss allowance*	Principal	Impairment loss allowance*	Principal	Impairment loss allowance*
<b>Opening Balance</b>	2,34,050.93	2,140.71	18,098.96	670.29	26,866.80	14,436.02	2,79,016.69	17,247.02
Transfer to Stage I	9,173.53	915.44	(8,356.63)	(275.40)	(816.90)	(640.04)	-	-
Transfer to Stage II	(7,528.26)	(10.84)	7,528.26	10.84	-	-	-	-
Transfer to Stage III	-	-	(3,956.35)	(249.17)	3,956.35	249.17	-	-
Change in Principal/ECL during the year	9,110.28	(2,194.85)	(991.23)	291.85	(448.08)	1,168.28	7,670.96	(734.72)
New financial assets originated	42,541.15	66.69	190.00	0.06	-	-	42,731.16	66.75
Derecognised financial assets	(11,689.00)	(54.11)	(3,045.02)	(145.40)	(17.86)	(11.79)	(14,751.88)	(211.30)
<b>Closing Balance</b>	<b>2,75,658.63</b>	<b>863.04</b>	<b>9,467.99</b>	<b>303.07</b>	<b>29,540.31</b>	<b>15,201.65</b>	<b>3,14,666.93</b>	<b>16,367.75</b>

\*Including impairment loss allowance on Letter of Comfort

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(vi) Movement of Stage III accounts:

		(₹ in crore)	
Sr. No.	Description	As at 31.03.2020	As at 31.03.2019
(i)	Net Stage III accounts to Gross Loans (%)	3.80	4.56
(ii)	Net Stage III accounts to Net Loans (%)	3.97	4.79
		FY 2019-20	FY 2018-19
(iii)	Movement of Stage III (Gross)		
	(a) Opening balance	29,540.31	26,866.80
	(b) Additions during the year	1,045.69	3,793.33
	(c) Reductions during the year	(2,714.30)	(1,119.82)
	(d) Closing balance	27,871.70	29,540.31
(iv)	Movement of Net Stage III		
	(a) Opening balance	14,338.65	12,430.78
	(b) Additions during the year	88.50	1,969.78
	(c) Reductions during the year	(1,303.91)	(61.90)
	(d) Closing balance	13,123.24	14,338.65
(v)	Movement of impairment loss allowance on Stage III		
	(a) Opening balance	15,201.66	14,436.02
	(b) Provisions made during the year	957.21	1,823.55
	(c) Write-off/write-back of excess provisions	(1,410.39)	(1,057.92)
	(d) Closing balance	14,748.46	15,201.65

(vii) Percentage of Gross Stage III to Gross Loans – sector-wise

Description	As at 31.03.2020	As at 31.03.2019
Power Sector	8.08%	9.39%

#### C.4 Policy on sales out of amortised cost business

The Company does not resort to the sale of financial assets, in ordinary course of business.

However, the Company has an approved policy that it may proceed for resolution of stressed assets by either restructuring, change of ownership, settlement or otherwise. The assets are then assessed for derecognition as per Ind AS 109.

#### C.5 Disclosure in respect of accounts that are beyond 90 days overdue but not treated as credit impaired

One of the borrowers having outstanding loan of ₹ 1,116.65 crore has obtained an ad-interim order from Hon'ble High Court of Delhi on 22.01.2020 for not taking any coercive measures against it. As at 31.03.2020, the Company holds adequate impairment loss allowance with respect to this loan account and has categorised it into Stage II. Further, interest income is not recognised on the loan during the half year ended 31.03.2020.

C.6 In accordance with RBI Circular on Implementation of Ind AS by NBFCs dated 13.03.2020, for calculation of following NPA ratios, credit impaired loans (Stage III) and loans which would have classified as NPA as per IRACP norms have been considered:

Particulars	As at 31.03.2020
Gross NPA to Gross Loans	8.39%
Net NPA to Net Loans	4.30%

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## C.7 Details of provision required as per Income Recognition, Asset Classification & Provisioning Norms (IRACP) of RBI and impairment allowance as per Ind AS 109

Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
<b>Performing Assets</b>						
	Stage 1	2,87,255.52	441.06	2,86,814.45	1,322.84	(881.78)
Standard	Stage 2	33,713.58	773.89	32,939.69	238.46	535.43
	Stage 3	5,203.08	2,137.83	3,065.25	1,822.31	315.52
<b>Sub-Total</b>		<b>3,26,172.17</b>	<b>3,352.78</b>	<b>3,22,819.39</b>	<b>3,383.61</b>	<b>(30.83)</b>
<b>Non-Performing Assets (NPA)</b>						
	Stage 1	755.11	0.08	755.03	73.78	(73.70)
Substandard	Stage 2	6.00	0.01	5.99	0.59	(0.58)
	Stage 3	923.18	520.69	402.49	275.41	245.29
<b>Sub-Total for Substandard</b>		<b>1,684.30</b>	<b>520.78</b>	<b>1,163.52</b>	<b>349.78</b>	<b>171.01</b>
Doubtful - up to 1 year	Stage 1	7.60	0.02	7.57	1.48	(1.46)
1 to 3 years	Stage 1	313.73	0.01	313.72	91.81	(91.80)
Doubtful - up to 1 year	Stage 3	3,755.54	1,274.46	2,481.08	828.34	446.11
1 to 3 years	Stage 3	11,702.63	5,995.02	5,707.62	5,919.65	75.37
More than 3 years	Stage 3	5,018.92	3,399.22	1,619.70	3,578.09	(178.87)
<b>Sub-Total for doubtful</b>		<b>20,798.42</b>	<b>10,668.73</b>	<b>10,129.69</b>	<b>10,419.37</b>	<b>249.36</b>
Loss	Stage 3	1,241.27	1,241.27	-	1,241.27	-
<b>Sub-Total for NPA</b>		<b>23,723.99</b>	<b>12,430.78</b>	<b>11,293.21</b>	<b>12,010.41</b>	<b>420.37</b>
Other items (whose exposure forms part of contingent liability) such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current IRACP norms	Stage 1	-	0.49	(0.49)	-	0.49
	Stage 2	-	-	-	-	-
	Stage 3	-	179.98	(179.98)	-	179.98
Sub-Total		-	180.47	(180.47)	-	180.47
<b>Total</b>	<b>Stage 1</b>	<b>2,88,331.96</b>	<b>441.67</b>	<b>2,87,890.29</b>	<b>1,489.91</b>	<b>(1,048.24)</b>
	<b>Stage 2</b>	<b>33,719.58</b>	<b>773.90</b>	<b>32,945.68</b>	<b>239.05</b>	<b>534.85</b>
	<b>Stage 3</b>	<b>27,844.62</b>	<b>14,748.46</b>	<b>13,096.16</b>	<b>13,665.06</b>	<b>1,083.40</b>
	<b>Total</b>	<b>3,49,896.16</b>	<b>15,964.03</b>	<b>3,33,932.13</b>	<b>15,394.02</b>	<b>570.01</b>

### 34.2.2 Liquidity Risk

Liquidity risk is the risk that the Company doesn't have sufficient financial resources to meet its obligations as and when they fall due. The risk arises from the mismatches in the timing of the cash flows which are inherent in all financing operations and can be affected by a range of company specific and market wide events.

In order to effectively manage liquidity risk, the Company endeavours to maintain sufficient cash flows to cover maturing liabilities without incurring unacceptable losses or risking damage to the Company's reputation and also endeavours to maintain a diversified fund base by raising resources through different funding instruments. The adequacy of the Company's liquidity position is determined keeping in view the following factors:

- Current liquidity position;
- Anticipated future funding needs;
- Present and future earning capacity; and
- Available sources of funds.

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for the year ended March 31, 2020

The Company manages its day to day liquidity to ensure that the Company has sufficient liquidity to meet its financial obligation as & when due. The long-term liquidity is managed keeping in view the long-term fund position and the market factors. This is in line with the Board approved framework and breaches, if any, are to be reported to the Board of Directors. The Company has never defaulted in servicing of its borrowings.

Further, for overall liquidity monitoring and supervision, the Company has an Asset Liability Committee (ALCO) headed by Director (Finance). The ALCO tracks the liquidity risk by analysing the maturity or cash flow mismatches of its financial assets and liabilities. The mis-matches are analysed by way of liquidity statements prescribed by RBI, wherein the cumulative surplus or deficit of funds is arrived at by distributing the cash flows against outstanding financial assets and financial liabilities according to the maturity ladder.

- (i) The following table analyses the maturity pattern of items of financial liabilities by remaining maturity of contractual principal on an undiscounted basis:

(₹ in crore)

Particulars	Up to 30/31 Days	Over 1 Month Up to 2 Months	Over 2 Months Up to 3 Months	Over 3 Months & Up to 6 Months	Over 6 Months & Up to 1 Year	Over 1 Year & Up to 3 Years	Over 3 Years & Up to 5 Years	Over 5 Years	Total
<b>As at 31.03.2020</b>									
Domestic Borrowings	8,046.86	5,988.50	10,845.00	17,351.67	5,305.25	57,474.09	60,813.03	90,071.03	<b>2,55,895.42</b>
Foreign Currency Borrowings	5.40	-	6.09	1,130.79	2,156.10	11,493.88	10,231.67	22,676.86	<b>47,700.79</b>
<b>As at 31.03.2019</b>									
Domestic Borrowings	21,785.18	4,915.00	7,495.20	10,292.05	19,088.10	76,608.05	32,730.60	87,160.38	<b>2,60,074.56</b>
Foreign Currency Borrowings	696.50	-	2,080.35	-	3,468.40	4,971.67	9,235.95	8,373.99	<b>28,826.87</b>

In the above table, bonds with put & call option have been shown considering the earliest exercise date. Further, the commercial papers and zero-coupon bonds have been shown at the maturity value.

- (ii) The following table analyses the maturity pattern of Derivative financial liabilities:

(₹ in crore)

Particulars	Up to 1 year	1-5 years	More than 5 years	Total
<b>As at 31.03.2020</b>				
Forward	20.23	-	-	20.23
Option/swaps	36.17	543.42	-	579.59
<b>Total</b>				<b>599.82</b>
<b>As at 31.03.2019</b>				
Forward	86.75	148.70	-	235.45
Option/swaps	1.89	268.25	-	270.14
<b>Total</b>				<b>505.59</b>

The above table details the Company's liquidity analysis for its derivative financial liabilities based on MTMs received from counterparty banks. Maturity buckets are as per the remaining tenor of the respective derivative instrument.

- (iii) The Company has access to cash credit, overdraft, line of credits and working capital demand loans from banks to meet unanticipated liquidity need. Further, the Company has the highest Domestic Credit Rating of AAA, thereby enabling it to mobilise funds from the domestic market within a short span of time. The Company has access to the following undrawn borrowing facilities:

(₹ in crore)

Particulars	As at 31.03.2020	As at 31.03.2019
CC/ OD/ LoC/WCDL limits	5,270.00	6,950.00

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

## 34.2.3 Market Risk – Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument, denominated in currency other than functional currency, will fluctuate because of changes in foreign exchange rates.

- (i) The Company is exposed to foreign currency risk mainly on its borrowings denominated in foreign currency. The carrying amount of the Company's foreign currency denominated borrowings is as follows:

Description	As at 31.03.2020		As at 31.03.2019	
	Crone in respective currency	₹ in Crore	Crone in respective currency	₹ in Crore
<b>USD Loans</b>	<b>571.05</b>	<b>43,049.43</b>	<b>361.20</b>	<b>24,978.60</b>
Hedged	205.00	15,454.11	240.00	16,597.21
Unhedged	366.05	27,595.32	121.20	8,381.39
<b>Euro Loans</b>	<b>1.12</b>	<b>92.91</b>	<b>1.27</b>	<b>98.30</b>
Hedged	-	-	-	-
Unhedged	1.12	92.91	1.27	98.30
<b>JPY Loans<sup>#</sup></b>	<b>6,544.80</b>	<b>4,558.45</b>	<b>6,007.88</b>	<b>3,749.97</b>
Hedged	1,456.68	1,014.57	967.03	603.60
Unhedged	5,088.12	3,543.88	5,040.85	3,146.37
<b>Total</b>		<b>47,700.79</b>		<b>28,826.87</b>

<sup>#</sup>includes JPY loan partly hedged through forwards covering USD/ INR exposure for ₹ 964.94 crore as at 31.03.2020 (as at 31.03.2019 ₹ 587.82 crore).

The foreign currency monetary items are translated at prevailing rate at the year-end as below:

Exchange Rates	As at 31.03.2020	As at 31.03.2019
USD/INR	75.3859	69.1550
Euro/INR	83.0496	77.6725
JPY/INR	0.6965	0.6242

## (ii) Foreign currency risk monitoring and management

The Company has put in place a Board approved Currency Risk Management (CRM) policy to manage and hedge risks associated with foreign currency borrowings which prescribes the structure and organisation for management of associated risks.

The Company enters into various derivative transactions viz. principal only swaps, options and forward contracts for hedging the exchange rate risk. As per CRM policy, a system for reporting and monitoring of risks is in place wherein Risk Management Committee (RMC), consisting of senior executives of the Company, monitors the foreign currency exchange rate. These derivative transactions are done for hedging purpose and not for trading or speculative purpose. The policy lays down the appropriate systems and controls to identify, measure and monitors, the currency risk for reporting to the Management. Parameters like hedging ratio, unhedged exposure, mark-to market position, exposure limit with banks etc. are continuously monitored as a part of currency risk management.

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

## (iii) Foreign Currency Sensitivity Analysis

The following table presents the impact on total equity [Gain/(Loss)] for 5% change in foreign currency exchange rate against INR on unhedged portfolio of outstanding foreign currency borrowings:

Foreign Currency Liabilities	(₹ in crore)			
	As at 31.03.2020		As at 31.03.2019	
	Decrease	Increase	Decrease	Increase
	on account of change in foreign exchange rate			
USD	1,379.77	(1,379.77)	419.07	(419.07)
Euro	4.65	(4.65)	4.92	(4.92)
JPY	177.19	(177.19)	157.32	(157.32)
<b>Total</b>	<b>1,561.61</b>	<b>(1,561.61)</b>	<b>581.31</b>	<b>(581.31)</b>

## 34.2.4 Market Risk – Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in interest rates. The impact may be beneficial or adverse depending on the direction of change in interest rates and whether assets or liabilities re-price faster.

### (i) Interest rate risk is managed with the objective to control market risk exposure while optimising the return.

The Asset Liability Committee (ALCO) tracks the interest rate risk through the gap analysis i.e. by analysing the mis-matches between Rate Sensitive Assets and Rate Sensitive Liabilities. For gap analysis, the interest rate sensitivity statement prescribed by RBI is used, wherein the gap is measured between the Rate Sensitive Assets and Rate Sensitive Liabilities which are distributed based on the maturity date or the re-pricing date whichever is earlier.

Further, for managing the interest rate risk, the Company reviews its interest rates periodically based on prevailing market conditions, borrowing cost, yield, spread, competitors' rates, etc. The asset mix is managed by the Company through its interest rate & credit policies which *inter-alia* covers aspects like reset periods; repayment periods, prepayment premium etc. The liabilities are managed keeping in view factors like cost, market appetite, timing, market scenario, ALM gap position etc.

### (ii) Interest Rate Sensitivity Analysis

As per RBI Guidelines, Earning at Risk (EaR) is an important focal point for interest risk management. For Interest Rate Sensitivity analysis, the impact of movement of interest rates has been measured on the Earning at Risk derived from the gap statements. The impact has been worked out considering 25 basis upward/downward shock to interest rates over a one-year period, assuming a constant balance sheet. The analysis shows that if rates are increased/decreased by 25 bps, the impact on EaR will be (+/-) ₹ 73.08 crore. (As at 31.03.2019 (+/-) ₹ 70.00 crore)

The analysis assumes that the Rate Sensitive Assets and Rate Sensitive Liabilities are being re-priced at the same time. Further, the analysis considers the earliest/first re-pricing date of the Rate Sensitive Assets and Rate Sensitive Liabilities.

Note: A 25 basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates.



# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

## 34.2.5 Market Risk – Price risk

(i) The Company is exposed to price risks arising from investments in listed equity shares and units of venture capital fund. Refer Note 11 'Investments' for Company's exposure to the same. The Company's equity investments are held for strategic rather than trading purposes.

## (ii) Sensitivity Analysis

The table below represents the impact on P&L and OCI for 5% increase or decrease in the respective prices on Company's equity investments, outside the group and units of venture capital fund:

Particulars	As at 31.03.2020		As at 31.03.2019	
	Increase	(Decrease)	Increase	(Decrease)
Impact on P&L	1.59	(1.59)	-	-
Impact on OCI	35.80	(35.80)	51.47	(51.47)

(₹ in crore)

## 34.3 Hedge Accounting

Derivatives are measured at FVTPL unless designated under Hedge Accounting relationship. The Company has designated certain derivative contracts (Principal Only Swap and Interest Rate Swap) under cash flow hedge.

## (i) Hedge Effectiveness

By critical terms matching method (where principal terms of the hedging instrument and the hedged item are same), the Company ensures that the hedges are highly effective i.e. hedge ratio is nearly 100% and the same is re-assessed at each reporting date.

## (ii) Details of hedging instruments designated as Cash-flow hedge:

Sr. No.	Particulars	Nominal Amount (₹ in Crore)	Carrying Amount		Date of maturity	Weighted Average Rate/Strike Price
			Assets (₹ in Crore)	Liabilities (₹ in Crore)		
1.	POS	1,884.65	120.04	-	26.09.2023	4.12%
2.	POS	1,884.65	141.60	-	28.06.2022	4.53%
3.	POS	2,261.58	166.47	-	13.09.2024	4.43%
4.	IRS	1,884.65	-	183.34	26.09.2023	3.15%
5.	IRS	1,884.65	-	50.23	28.06.2022	1.76%

## (iii) Profile of timing of nominal amount of hedging instrument

Description (including derivative)	(₹ in crore)	
	As at 31.03.2020	As at 31.03.2019
<b>POS</b>		
Up to 1 year	-	-
1 – 5 years	6,030.88	1,884.65
More than 5 years	-	-
<b>Sub-Total (A)</b>	<b>6,030.88</b>	<b>1,884.65</b>
<b>IRS</b>		
Up to 1 year	-	-
1 – 5 years	3,769.30	1,884.65
More than 5 years	-	-
<b>Sub Total (B)</b>	<b>3,769.30</b>	<b>1,884.65</b>
<b>Total (A+B)</b>	<b>9,800.18</b>	<b>3,769.30</b>

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

## (iv) Reconciliation of Cash flow Hedge Reserve

(₹ in crore)

Sr. No.	Particulars	FY2019-20		FY2018-19	
		POS	IRS	POS	IRS
i.	Cash flow hedge reserve at the beginning	(12.33)	(64.75)	-	-
ii.	Hedge ineffectiveness recognised in P&L	-	-	-	-
iii.	Hedging Gains/losses recognised in OCI	552.41	(175.13)	(98.97)	(64.73)
iv.	Amount reclassified from OCI to P&L	430.10 <sup>(a)</sup>	(6.08) <sup>(b)</sup>	(86.63) <sup>(a)</sup>	0.02 <sup>(b)</sup>
v.	Effective portion of gain/ (loss) on hedging instrument (iii-iv)	122.31	(169.05)	(12.33)	(64.75)
vi.	Cash flow hedge reserve at the end (i+v)	109.98	(233.80)	(12.33)	(64.75)
vii.	Cash flow hedge reserve at the end (net of tax)	(92.66)		(50.15)	

<sup>(a)</sup> forms part of the line item 'Net Translation/Transaction exchange Gain/Loss' and

<sup>(b)</sup> forms part of line item 'Finance Cost' in the Standalone Statement of Profit and Loss

## 34.4 Fair Value Measurements

Some of the Company's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

(₹ in crore)

Sr. No.	Financial asset/ Financial Liability - Recurring fair value	Fair Value as at		Fair value hierarchy (Refer Note 5.1)	Valuation technique(s) & Key input(s)
		31.03.2020	31.03.2019		
1	Listed Equity investments	741.59	1,023.23	Level 1	The Company's investments in shares of PTC India Ltd., NHPC Ltd., Coal India Ltd. & Rattan India Power Limited are measured at their respective quoted market price.
2	Unlisted Equity investments	0.00	0.00	Level 3	Power Exchange India Ltd. - The value has been calculated as Nil on the basis of the financial statements of the investee company.
3	Optionally Convertible Cumulative Redeemable Preference Shares	100.58	0.00	Level 3	Rattan India Power Limited - Fair value has been calculated on the basis of discounted future cashflow as per terms of agreement.
4	Units of 'Small Is Beautiful' Fund of KSK	6.12	6.18	Level 2	Net asset value (NAV) specified by the SIB fund.
5	Investment in Bonds of Andhra Bank	810.05	809.84	Level 3	The Company invested in Tier 1 bonds of Andhra Bank in FY 2015-16. These bonds are listed on NSE. However, in absence of any trading in these bonds, the fair value as per Level 1 is not ascertainable. In absence of market interest rate for similar kind of bonds, the Company has considered the coupon rate as the present market rate and accordingly has computed the fair value using the discounted cash flow method. Any increase in the discount rate will result in decrease in fair value and vice-versa.
6	Derivative Financial Instruments			Level 2	The fair value of these contracts is obtained from counterparty banks, who determines it using valuation models that use inputs which are observable for the contracts, such as interest rates and yield curves, implied volatilities etc.
	Assets	1,863.42	567.98		
	Liabilities	599.82	505.59		

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

- i. There were no transfers between Level 1 and Level 2 in the period.  
 ii. Reconciliation of Financial Instruments fair valued through Level 3 inputs:

The following tables show the reconciliation of the opening and closing amounts of Level 3 financial assets and liabilities measured at fair value:

Particulars	Unlisted Equity investments	Investment in Bonds of Andhra Bank	Investment in Unlisted optionally Convertible Cumulative Redeemable Preference Shares
			(₹ in crore)
<b>FY2019-20</b>			
<b>Opening Balance</b>	<b>0.00</b>	<b>809.84</b>	<b>-</b>
Net interest income	-	87.81	-
Investment made during the year	-	-	94.73
Settlement	-*	(87.60)	-
Fair Value gain/ (loss)	-	-	5.85
<b>Closing Balance</b>	<b>0.00</b>	<b>810.05</b>	<b>100.58</b>
Unrealised gains/(loss) on balances held at the end of the period	-	10.05	5.85
<b>FY2018-19</b>			
<b>Opening Balance</b>	<b>0.00</b>	<b>809.84</b>	<b>-</b>
Net interest income	-	87.60	-
Settlement	-	(87.60)	-
<b>Closing Balance</b>	<b>0.00</b>	<b>809.84</b>	<b>-</b>
Unrealised gains/(loss) on balances held at the end of the period	(254.51)	9.84	-

\* Refer Note 11.8(b),(c)

- iii. Fair Value of financial assets/ liabilities measured at amortised cost:

The fair value of the following financial assets and liabilities have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant input being the discount rate that reflects the credit risk of counterparties except for the cases where quoted market prices are available. These fair values were calculated for disclosure purposes only.

Asset/Liability	Fair value hierarchy	(₹ in crore)			
		As at 31.03.2020		As at 31.03.2019	
		Amortised Cost	Fair Value	Amortised Cost	Fair Value
Loans	3	3,34,112.60	3,33,405.61	3,03,210.36	3,03,718
Other Financial Assets	2	5,339.12	5,343.52	5,330.96	5,336
Debt Securities <sup>(a)</sup>	1/2	2,21,847.67	2,24,795.43	2,05,584.49	2,01,965
Borrowings other than debt securities <sup>(b)</sup>	2	79,116.06	85,042.31	80,344.69	80,850.69
Subordinated Liabilities	2	9,310.95	10,138.66	9,309.70	9,407

<sup>(a)</sup> Includes listed instruments with Level 1 fair value hierarchy

Foreign currency Notes (GMTN issuances) being fair valued as per closing prices as per Reuters.

<sup>(b)</sup> Includes foreign currency loans linked to LIBOR and multilateral agencies loans being valued at par.

The carrying amounts of financial assets and financial liabilities other than those shown in the above table are considered to be a reasonable approximation of their fair values.

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

## 35. RELATED PARTY DISCLOSURES

### 35.1 Related Parties

#### Subsidiaries:

1	PFC Consulting Limited (PFCCL)	2	Power Equity Capital Advisors (Pvt.) Limited (PECAP) (Refer Note 11.3)
3	REC Limited (RECL) (formerly Rural Electrification Corporation Limited)	4	REC Transmission Projects Company Limited (through RECL)
5	REC Power Distribution Company Limited (through RECL)		

#### Joint Ventures:

1	Energy Efficiency Services Limited (EESL)	2	Creighton Energy Limited (through EESL)
3	EESL EnergyPro Assets Limited (through EESL)	4	Edina Acquisition Limited (through EESL)
5	Anesco Energy Services (South) Limited (through EESL)	6	Edina Limited (through EESL)
7	EPAL Holdings Limited (through EESL)	8	Edina Australia Pty Limited (through EESL)
9	Edina Power Services Limited (through EESL)	10	Stanbeck Limited (through EESL)
11	Edina UK Limited (through EESL)	12	Edina Power Limited (through EESL)
13	Armoura Holdings Limited (through EESL)	14	Edina Manufacturing Limited (through EESL)
15	EPSL Trigeration Private Limited (through EESL)		

#### Associates:

1	Bihar Mega Power Limited	2	Sakhigopal Integrated Power Company Limited
3	Orissa Integrated Power Limited	4	Ghogarpalli Integrated Power Company Limited
5	Jharkhand Infrapower Limited	6	Odisha Infrapower Limited
7	Coastal Tamil Nadu Power Limited	8	Deoghar Mega Power Limited
9	Bihar Infrapower Limited	10	Cheyyur Infra Limited
11	Deoghar Infra Limited	12	Tatiya Andhra Mega Power Limited
13	Chhattisgarh Surguja Power Limited	14	Coastal Maharashtra Mega Power Limited
15	Coastal Karnataka Power Limited		

#### Through PFCCL

16	Vapi II North Lakhimpur Transmission Limited	17	Karur Transmission Limited (incorporated on 20.11.2019)
18	Shongtong Karcham-Wangtoo Transmission Limited (under process of Striking off the name of Company from the records of Registrar of Companies)	19	Bijawar-Vidarbha Transmission Limited (National Committee on Transmission (NCT) has already recommended for closure/de-notification of the scheme/ITP, however, formal gazette notification from MoP is awaited)
20	Koppal-Narendra Transmission Limited (incorporated on 18.11.2019)	21	Tanda Transmission Company Limited (under process of Striking off the name of Company from the records of Registrar of Companies)
22	Bhuj-II Transmission Limited (transferred on 16.10.2019)	23	Fatehgarh-II Transco Limited (transferred on 14.10.2019)
24	Bikaner-Khetri Transmission Limited (transferred on 19.09.2019)	25	Lakadia-Vadodara Transmission Project Limited (transferred on 26.11.2019)
26	Meerut Simbhavali Transmission Limited (incorporated on 17.06.2019; transferred on 19.12.2019) Through RECL		
27	Dumka Transmission Limited	28	Dinchang Transmission Limited
29	Koderma Transmission Limited	30	Chandil Transmission Limited
31	Mandar Transmission Limited	32	Khetri Transco Limited (transferred on 29.08.2019)
33	Bhind-Guna Transmission Limited (transferred on 11.09.2019)	34	Rampur Sambhal Transco Limited (incorporated on 02.05.2019 and transferred on 12.12.2019)
35	Jam Khambaliya Transco Limited (transferred on 13.11.2019)	36	Udupi Kasagode Transmission Limited (transferred on 12.09.2019)
37	Ajmer Phagi Transco Limited (transferred on 03.10.2019)	38	WRSS XXI (A) Transco Limited (transferred on 14.10.2019)
39	Lakadia Banaskantha Transco Limited (transferred on 13.11.2019)		

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

Key Managerial Personnel (KMP) of the Company:		Designation
1	Shri Rajeev Sharma (superannuated on 31.05.2020)	Chairman and Managing Director
2	Shri Ravinder Singh Dhillon (Director (Projects) from 12.06.2019 till 31.05.2020)	Chairman and Managing Director (w.e.f. 01.06.2020)
3	Shri N. B. Gupta	Director (Finance)
4	Shri Chinmoy Gangopadhyay (superannuated on 30.04.2019)	Director (Projects)
5	Shri P.K. Singh	Director (Commercial)
6	Shri Arun Kumar Verma (Up to 27.08.2019)	Government Nominee Director
7	Shri Mritunjay Kumar Narayan (w.e.f. 28.08.2019)	Government Nominee Director
8	Shri Sitaram Pareek (Up to 05.02.2020)	Part Time Non-Official Independent Director
9	Smt. Gouri Chaudhury	Part Time Non-Official Independent Director
10	Shri Ram Chandra Mishra (w.e.f. 11.07.2019)	Part Time Non-Official Independent Director
11	Shri Manohar Balwani	Company Secretary
<b>Trusts/Funds under control of the Company</b>		
1	PFC Employees Provident Fund	2 PFC Employees Gratuity Fund
3	PFC Defined Contribution Pension Scheme 2007	4 PFC Superannuation Medical Fund
<b>Others</b>		
PTC India Limited		

## 35.2 Transactions with the Related Parties are as follows:

Particulars	₹ in crore	
	During FY2019-20	During FY2018-19
<b>Subsidiaries</b>		
Advances (including interest) to subsidiaries	0.78	-
Advances received (including interest) from subsidiaries	-	5.50
Repayment of advances (including interest) to subsidiaries	1.00	-
Dividend received from subsidiaries – PFCCCL	75.00	106.65
– RECL	1,143.44	-
Allocation of employee benefits	0.95	1.11
Others	0.02	-
<b>Joint Venture</b>		
Equity investment in EESL	-	99.00
Dividend received from EESL	2.37	4.01
Others	0.74	0.24
<b>Associates</b>		
Advances to associates	-	3.71
Recovery of advances (including interest) from associates	14.92	-
Interest income on advances to associates	20.51	26.68
Advances received from Associates	8.65	30.62
Interest expenses on advances from associates	5.07	6.14
<b>Trusts/Funds under control of the Company</b>		
Contributions made during the year	7.71	8.03
<b>Key managerial personnel</b>		
(i) Short-term employee benefits	3.90	5.30
(ii) Post-employment benefits	0.44	0.46
(iii) Other long-term benefits	0.33	0.24
<b>Sub-Total (i+ii+iii)</b>	<b>4.67</b>	<b>6.00</b>
Repayment/ Recovery of loans and advances	0.10	0.18
Directors' Sitting Fees	0.16	0.12
<b>PTC India Limited</b>		
Dividend received	4.80	-
Others	0.02	0.04

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

## 35.3 Outstanding balances with Related Parties are as follows:

Particulars	(₹ in crore)	
	As at 31.03.2020	As at 31.03.2019
<b>Amount recoverable towards loans &amp; advances (including interest)</b>		
Associates	154.28	196.22
Key managerial personnel	0.51	0.52
Joint Venture	-	0.23
Subsidiaries	0.78	-
<b>Amount payable towards loans &amp; advances (including interest)</b>		
Subsidiaries	-	0.99
Associates	168.43	188.12
<b>Debt Securities</b>		
Key managerial personnel	0.42	0.13
Trusts/ Funds under control of the Company	3.70	4.30

## 35.4 Disclosure in respect of entities under the control of the same government (Government related entities)

The Company is a Central Public Sector Undertaking (CPSU) controlled by Central Government. During the year, the Company had transactions with the related entities under the control/ joint control of the same government including but not limited to:

Bhartiya Rail Bijlee Company Ltd.	Damodar Valley Corporation
Tehri Hydro Development Corporation	Power Grid Corporation of India Ltd.
Neyveli UP Power Ltd.	Bihar Grid Company Ltd.
Meja Urja Nigam Pvt Ltd.	Coal India Ltd.
Raichur Power Corporation Ltd.	NHPC Ltd.
NTPC Ltd.	Aravali Power Company Pvt Ltd.
NLC Tamil Nadu Power Limited	North East Transmission Company Ltd.
National High Power Test Laboratory Pvt. Ltd.	Neyveli Lignite Corporation Limited

Significant transactions with entities under the control of same government:

Nature of Transaction	(₹ in crore)	
	During FY2019-20	During FY2018-19
Dividend received	62.67	42.94
Disbursement of loans	3,333.33	4,427.79
Interest received	4,459.12	4,282.35
Repayment of principal received	5,554.11	3,754.07

Above transactions with the Government related entities cover transactions that are significant individually and collectively. The Company has also entered into other transactions such as telephone expenses, air travel and deposits etc. with other CPSUs. They are insignificant individually & collectively and hence not disclosed. All the transactions have been carried out on market terms.

# Notes to the Standalone Financial Statements

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## 35.5 Major terms and conditions of transactions with related parties

- (i) Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions.
- (ii) The remuneration and staff loans to Key Managerial Personnel are in line with the service rules of the Company.
- (iii) The Company makes advances to its associate companies which are incorporated as SPVs to meet the preliminary expenditure. Such advances carry interest rates at the rate applicable to Term Loans as per the Company's policy.
- (iv) The interest and/or dividend paid to the Trusts and Key Managerial Personnel are on account of their investments in the debt securities and/or equity shares of the Company and the interest and/or dividend paid on such securities is uniformly applicable to all the holders.
- (v) Outstanding balances of group companies at the year-end are unsecured.

## 36. EMPLOYEE BENEFITS

### 36.1 Defined contribution plans:

#### a) Pension

The Company pays fixed contribution under the Corporate Sector Model of National Pension Scheme (NPS) for its pension obligation towards employees at pre-determined rates into the Tier-I NPS Account (Pension Account) of the employees.

#### b) Provident Fund

The Company pays fixed contribution on account of provident fund at prescribed rates to a separate trust, which invests the funds in permitted securities. The trust has to ensure a minimum rate of return to the members, as specified by GoI. However, any shortfall for payment of interest to members as per specified rate of return has to be compensated by the Company. The Company estimates that no liability will arise in this regard in the near future and hence, no further provision is considered necessary.

An amount of ₹ 12.90 crore (previous year ₹ 10.82 crore) for the year is recognised as expense in the Standalone Statement of Profit and Loss on account of the Company's contribution to the defined contribution plans.

### 36.2 Defined benefit plans:

#### (a) Gratuity

The Company has a defined gratuity scheme which is managed by a separate trust. Every employee who has rendered continuous service of five years or more is entitled to gratuity at 15 days salary for each completed year of service subject to a maximum of ₹ 0.20 crore on superannuation, resignation, termination, disablement or on death, considering the provisions of the Payment of Gratuity Act, 1972, as amended. The liability for the same is recognised on the basis of actuarial valuation.

Particulars	(₹ in crore)	
	As at 31.03.2020	As at 31.03.2019
(a) Present value of Defined benefit obligation	28.43	26.50
(b) Fair Value of Plan Assets	25.67	25.75
(c) Net Defined Benefit (Asset)/ Liability (a-b)	2.76	0.75

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

## Movement in net defined benefit (asset)/ liability

(₹ in crore)

Particulars	Present value of Defined Benefit Obligation		Fair Value of Plan Assets		Net Defined Benefit (Asset)/ Liability	
	For the year ended		For the year ended		For the year ended	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019	31.03.2020	31.03.2019
<b>I. Opening Balance</b>	<b>26.50</b>	<b>25.57</b>	<b>25.75</b>	<b>24.07</b>	<b>0.75</b>	<b>1.50</b>
<b>Included in profit or loss</b>						
Current service Cost	1.78	1.82	-	-	1.78	1.82
Past service cost	-	-	-	-	-	-
Interest cost/income	2.07	2.03	2.01	1.89	0.06	0.14
<b>II. Total amount recognised in profit or loss</b>	<b>3.85</b>	<b>3.85</b>	<b>2.01</b>	<b>1.89</b>	<b>1.84</b>	<b>1.96</b>
<b>Included in OCI</b>						
Re-measurement loss/ (gain)						
Actuarial loss (gain) arising from changes in financial assumptions	2.34	0.06	-	-	2.34	0.06
Actuarial loss (gain) arising from experience adjustment	(1.44)	0.19	-	-	(1.44)	0.19
Actuarial loss (gain) arising from changes in demographic assumptions	-	(1.26)	-	-	-	(1.26)
Return on plan assets excluding interest income	-	-	(0.03)	0.20	0.03	(0.20)
<b>III. Total amount recognised in OCI</b>	<b>0.90</b>	<b>(1.01)</b>	<b>(0.03)</b>	<b>0.20</b>	<b>0.93</b>	<b>(1.21)</b>
IV. Contribution by participants	-	-	-	-	-	-
V. Contribution by employer	-	-	0.76	1.50	(0.76)	(1.50)
VI. Benefits paid	(2.82)	(1.91)	(2.82)	(1.91)	-	-
<b>VII. Closing Balance (I+II+III+IV+V+VI)</b>	<b>28.43</b>	<b>26.50</b>	<b>25.67</b>	<b>25.75</b>	<b>2.76</b>	<b>0.75</b>

### (b) Post-Retirement Medical Scheme (PRMS)

The Company has a Post-Retirement Medical Scheme (PRMS) to provide medical facilities to superannuated and deceased employees and their dependent family members. The liability for PRMS is recognised on the basis of actuarial valuation.

This scheme is managed by a separate trust. The trust has to ensure adequate corpus for meeting the medical expenditure incurred by the eligible employees. However, any short fall has to be compensated by the Company. The Company estimates that no liability will arise in this regard in the near future and hence, no further provision is considered necessary.

(₹ in crore)

Particulars	As at 31.03.2020	As at 31.03.2019
(a) Present value of Defined benefit obligation	42.00	35.14
(b) Fair Value of Plan Assets	37.07	28.51
(c) Net Defined Benefit (Asset)/ Liability (a-b)	4.93	6.63



# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

## Movement in net defined benefit (asset)/ liability

(₹ in crore)

Particulars	Present value of Defined Benefit Obligation		Fair Value of Plan Assets		Net Defined Benefit (Asset)/ Liability	
	For the year ended		For the year ended		For the year ended	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019	31.03.2020	31.03.2019
<b>I. Opening Balance</b>	<b>35.14</b>	<b>27.81</b>	<b>28.51</b>	<b>22.20</b>	<b>6.63</b>	<b>5.61</b>
<b>Included in profit or loss</b>						
Current service Cost	1.78	1.34	-	-	1.78	1.34
Past service cost	-	-	-	-	-	-
Interest cost/income	2.75	2.19	2.22	1.75	0.53	0.44
<b>II. Total amount recognised in profit or loss</b>	<b>4.53</b>	<b>3.53</b>	<b>2.22</b>	<b>1.75</b>	<b>2.31</b>	<b>1.78</b>
<b>Included in OCI</b>						
Re-measurement loss/ (gain)						
Actuarial loss (gain) arising from changes in financial assumptions	2.35	0.47	-	-	2.35	0.47
Actuarial loss (gain) arising from Experience adjustment	1.79	4.39	-	-	1.79	4.39
Actuarial loss (gain) arising from changes in demographic assumptions	-	0.44	-	-	-	0.44
Return on plan assets excluding interest income	-	-	0.92	0.09	(0.92)	(0.09)
<b>III. Total amount recognised in OCI</b>	<b>4.14</b>	<b>5.30</b>	<b>0.92</b>	<b>0.09</b>	<b>3.22</b>	<b>5.21</b>
IV. Contribution by participants	-	-	0.03	0.04	(0.03)	(0.04)
V. Contribution by employer	-	-	6.95	6.53	(6.95)	(6.53)
VI. Benefits paid	(1.81)	(1.50)	(1.56)	(2.10)	(0.25)	0.60
<b>VII. Closing Balance (I+II+III+IV+V+VI)</b>	<b>42.00</b>	<b>35.14</b>	<b>37.07</b>	<b>28.51</b>	<b>4.93</b>	<b>6.63</b>

### (c) Economic Rehabilitation Scheme (ERS)

The Company has an Economic Rehabilitation Scheme (ERS) to provide monetary benefit in case of permanent disability/ death of an employee. This scheme is unfunded and the liability is determined based on actuarial valuation.

(₹ in crore)

Particulars	As at 31.03.2020	As at 31.03.2019
Present value of Defined benefit obligation	2.89	1.69

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

## Movement in defined benefit obligation

Particulars	Present value of Defined Benefit Obligation for the year ended	
	31.03.2020	31.03.2019
<b>I. Opening Balance</b>	<b>1.69</b>	<b>1.67</b>
<b>Included in profit or loss</b>		
Current service Cost	0.31	0.34
Past service cost	-	-
Interest cost/income	0.14	0.14
<b>II. Total amount recognised in profit or loss</b>	<b>0.45</b>	<b>0.48</b>
<b>Included in OCI</b>		
Actuarial loss (gain) arising from changes in financial assumptions	0.21	-
Actuarial loss (gain) arising from Experience adjustment	0.74	(0.38)
Actuarial loss (gain) arising from changes in demographic assumptions	-	-
Return on plan assets excluding interest income	-	-
<b>III. Total amount recognised in OCI</b>	<b>0.95</b>	<b>(0.38)</b>
IV. Contribution by participants	-	-
V. Contribution by employers	-	-
VI. Benefits paid	(0.20)	(0.08)
<b>VII. Closing Balance (I+II+III+IV+V+VI)</b>	<b>2.89</b>	<b>1.69</b>

### (d) Risk exposure

Through its defined benefit plans, the Company is exposed to a number of risks, the most significant of which are detailed below:

- i. Investment risk  
Most of the plan asset investments are in government securities, other fixed income securities with high grades and mutual funds. The fair value of these assets is subject to volatility due to change in interest rates and other market & macro-economic factors. There is also a risk of asset liability matching i.e. the cashflow for plan assets does not match with cashflow for plan liabilities.
- ii. Changes in discount rate  
The present value of defined benefit plan liabilities is calculated using a discount rate which is determined by reference to government bonds' yields at the end of the reporting period. A decrease (increase) in discount rate will increase (decrease) present values of plan liabilities, although this will be partially offset by an increase in the value of the plans' investments.
- iii. Mortality rate risk  
The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.
- iv. Salary escalation risk  
The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

## (e) Plan Assets

The value of plan assets for each category are as follows:

Particulars	(₹ in crore)	
	As at 31.03.2020	As at 31.03.2019
Cash & Cash Equivalents	1.46	0.41
State/ Central Government Debt Securities	31.33	28.67
Corporate Bonds/ Debentures	27.71	22.61
Others	0.80	1.40
<b>Total</b>	<b>61.30</b>	<b>53.09</b>

As at 31.03.2020, an amount of ₹ 0.50 crore (as at 31.03.2019 ₹ 0.60 crore) is included in the value of plan assets in respect of the Company's own financial instruments (corporate bonds).

Actual return on plan assets is ₹ 5.13 crore (previous year ₹ 3.86 crore).

## (f) Significant actuarial assumptions

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as at 31.03.2020 by TransValue Consultants. The present value of the defined benefit obligation, and the related current service cost, were measured using the projected unit credit method. The principal assumptions used for actuarial valuation are:-

Particulars	Gratuity		PRMS		ERS	
	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
Discount Rate & expected return on plan assets, if funded	6.76%	7.81%	6.76%	7.81%	6.76%	7.81%
Salary Escalation Rate/Medical inflation rate	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Mortality Rate	As per IALM (2012-14) Ultimate	As per IALM (2012-14) Ultimate	As per IALM (2012-14) Ultimate	As per IALM (2012-14) Ultimate	As per IALM (2012-14) Ultimate	As per IALM (2012-14) Ultimate
Withdrawal rate	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%

## (g) Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation by the amounts shown below:

Particulars	(₹ in crore)			
	As at 31.03.2020		As at 31.03.2019	
	Increase	Decrease	Increase	Decrease
Discount rate (0.50% movement)				
Gratuity	(1.13)	1.22	(0.99)	1.05
PRMS	(3.19)	3.59	(2.67)	3.00
ERS	(0.1)	0.12	(0.06)	0.07
Salary Escalation/ Medical inflation Rate (0.50% movement)				
Gratuity	0.31	(0.29)	0.25	(0.20)
PRMS	3.43	(3.15)	2.87	(2.64)
ERS	0.11	(0.09)	0.06	(0.05)
Medical Cost (10% movement)				
PRMS	4.59	(3.83)	3.51	(3.51)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

The Company actively monitors how the duration and expected yield of investments are matching the expected cash outflows arising from employee benefit obligations. Investments are well diversified, such that the failure of any single investment would not have a material impact on overall level of assets. There has been no change in the process used by the Company to manage its risks from prior periods.

## (h) Expected maturity analysis of the defined benefit plans in future years

(₹ in crore)

Particulars	Gratuity		PRMS		ERS	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019	31.03.2020	31.03.2019
Up to 1 year	1.68	1.45	1.85	1.48	0.31	0.19
1 to 5 years	7.76	9.96	12.45	10.16	1.27	0.82
Over 5 years	49.85	48.01	54.92	41.39	3.14	2.59
<b>Total</b>	<b>59.29</b>	<b>59.42</b>	<b>69.22</b>	<b>53.03</b>	<b>4.72</b>	<b>3.60</b>

The table above is drawn on the basis of expected cash flows.

## (i) Expected contributions to post-employment benefit plans

(₹ in crore)

Particulars	Gratuity		PRMS	
	FY2019-20	FY2018-19	FY2019-20	FY2018-19
Expected contribution	4.60	2.52	7.09	8.42

- (j) The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 16.02 years (as at 31.03.2019: 16.98 years).

## 36.3 Other long-term employee benefits

### (a) Leave

The Company provides for earned leave benefit and half-pay leave benefit to the credit of the employees, which accrues on half-yearly basis at 15 days and 10 days respectively. A maximum of 300 days of earned leave can be accumulated at any point of time during the service. There is no limit for accumulation of half pay leave. On separation after 10 years of service or on superannuation, earned leave plus half pay leave taken together can be en-cashed subject to a maximum of 300 days. However, there is no restriction on the number of years of service for encashment of earned leave on separation from the service. Provision based on actuarial valuation amounting to ₹ 11.73 crore (previous year ₹ 10.14 crore) for the year has been made at the year end and debited to the Standalone Statement of Profit and Loss.

### (b) Other employee benefits

Provision for settlement allowance and long service awards amounting to ₹ 3.53 crore for the year (previous year ₹ 2.07 crore) has been made on the basis of actuarial valuation and debited to the Standalone Statement of Profit and Loss.

- 36.4 Employee benefits (viz. Gratuity, PRMS, Terminal Benefits, Leave encashment and other employee benefits) in respect of Company's employees working in its wholly-owned subsidiaries on deputation/secondment basis, are being allocated based on a fixed percentage of employee cost.

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

## 37. DISCLOSURES RELATED TO 'INCOME TAXES'

### 37.1 Income tax expense recognised in Standalone Statement of Profit and Loss:

(₹ in crore)		
Particulars	FY2019-20	FY2018-19
<b>Current Tax expense in relation to:</b>		
Current Year	1,406.73	2,346.50
Adjustment of earlier years	17.75	1.22
<b>(A) Total Current Tax Expense</b>	<b>1,424.48</b>	<b>2,347.72</b>
<b>Deferred Tax Expense</b>		
Origination and reversal of temporary differences	(20.29)	515.15
Relating to changes in tax rates or the imposition of new taxes	1,133.21	-
<b>(B) Total Deferred Tax Expense</b>	<b>1,112.92</b>	<b>515.15</b>
<b>(C) Total Income Tax Expense (A+B)</b>	<b>2,537.40</b>	<b>2,862.87</b>

### 37.2 Income tax expense recognised in Other Comprehensive Income:

(₹ in crore)		
Particulars	FY2019-20	FY2018-19
<b>Deferred Tax Expense</b>		
<b>(A) Items that will not be reclassified to Profit or Loss</b>		
Re-measurement of Defined Benefit Plans	(0.08)	(1.69)
<b>(B) Items that will be reclassified to Profit or Loss</b>		
Effective portion of Gains and Losses on Hedging Instruments in Cashflow Hedge	(4.23)	(26.93)
<b>(C) Total Deferred Tax Expense (A+B)</b>	<b>(4.31)</b>	<b>(28.62)</b>

### 37.3 Reconciliation of tax expense and accounting profit

Reconciliation between tax expense (income) and the product of accounting profit multiplied by the applicable tax rate:

(₹ in crore)		
Particulars	FY2019-20	FY2018-19
<b>Profit before Tax</b>	<b>8,192.54</b>	<b>9,815.79</b>
Company's Applicable Tax Rate	25.168%	34.944%
<b>Tax using the Company's applicable tax rate</b>	<b>2,061.90</b>	<b>3,430.03</b>
Tax effect of:		
Non-deductible tax expenses	96.52	39.90
Tax exempt income	(324.55)	(58.37)
Deduction u/s 36(1)(viii)	(339.80)	(551.39)
Others	(107.63)	1.48
Previous year tax liability	17.75	1.22
Change in tax rate*	1,133.21	-
<b>Total tax expenses in the Standalone Statement of Profit and Loss</b>	<b>2,537.40</b>	<b>2,862.87</b>

\* Applicable tax rate has decreased from 34.944% to 25.168% in the current financial year as the Company has exercised the option permitted under Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019.

### 37.4 Deductible temporary differences/unused tax losses/unused tax credits carried forward

Particulars	As at	Expiry date	As at	Expiry date
	31.03.2020 (₹ in crore)		31.03.2019 (₹ in crore)	
Deductible temporary differences/unused tax losses/ unused tax credits for which no deferred tax asset has been recognised in the Standalone Balance Sheet	1.25	31.03.2024	1.25	31.03.2024
	2.54	31.03.2025	2.54	31.03.2025

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

## 37.5 Movement in Deferred Tax balances:

**FY2019-20**

(₹ in crore)

Description	Net balance at 01.04.2019	Recognised in Profit or Loss	Recognised in OCI	Others	Net balance at 31.03.2020
<b>(A) Deferred Tax Asset (+)</b>					
(i) Provision for expenses deductible on payment basis under Income Tax Act	26.77	(6.43)	0.08	-	20.42
(ii) Unamortised income on loans to borrowers	64.03	(12.04)	-	-	51.99
(iii) Impairment loss allowance on Financial instruments in excess of RBDD	4,416.17	(1,025.98)	-	-	3,390.19
(iv) Depreciation and amortisation	0.98	0.51	-	-	1.49
(v) Fair value of derivatives (Net)	31.56	(24.91)	4.23	-	10.88
(vi) Others	-	20.60	-	-	20.60
<b>(B) Deferred Tax Liabilities (-)</b>					
(i) Lease income	(66.64)	18.65	-	-	(47.99)
(ii) Unamortised Exchange Loss (Net)	(271.19)	(93.88)	-	-	(365.07)
(iii) Unamortised expenditure on loan liabilities	(98.65)	18.61	-	-	(80.04)
(iv) Others	(42.30)	(8.05)	-	-	(50.35)
<b>Net Deferred Tax liabilities (-) /Assets (+)</b>	<b>4,060.73</b>	<b>(1,112.92)</b>	<b>4.31</b>	<b>-</b>	<b>2,952.12</b>

**FY2018-19**

(₹ in crore)

Description	Net balance at 01.04.2018	Recognised in Profit or Loss	Recognised in OCI	Others	Net balance at 31.03.2019
<b>(A) Deferred Tax Asset (+)</b>					
(i) Provision for expenses deductible on payment basis under Income Tax Act	15.35	9.73	1.69	-	26.77
(ii) Unamortised income on loans to borrowers	64.28	(0.25)	-	-	64.03
(iii) Impairment loss allowance on Financial instruments in excess of RBDD	4,843.90	(427.73)	-	-	4,416.17
(iv) Depreciation and amortisation	0.49	0.49	-	-	0.98
(v) Fair value of derivatives (Net)	1.64	2.99	26.93	-	31.56
<b>(B) Deferred Tax Liabilities (-)</b>					
(i) Lease income	(66.64)	-	-	-	(66.64)
(ii) Unamortised Exchange Loss (Net)	(135.61)	(135.58)	-	-	(271.19)
(iii) Unamortised expenditure on loan liabilities	(102.17)	3.52	-	-	(98.65)
(iv) Others	(73.98)	31.68	-	-	(42.30)
<b>Net Deferred Tax liabilities (-) /Assets (+)</b>	<b>4,547.26</b>	<b>(515.15)</b>	<b>28.62</b>	<b>-</b>	<b>4,060.73</b>

## 38. LEASES

The Company had adopted Ind AS 116 - 'Leases' using modified retrospective approach w.e.f. 01.04.2019 as notified by the Ministry of Corporate Affairs (MCA) vide Companies (Indian Accounting Standards) Second Amendment Rules, 2019 dated 30.03.2019. The Company has recognised 'Right of Use Asset' of ₹ 36.20 crore and 'Lease Liability' of ₹ 8.81 crore with respect to leasehold land of the Company used as office premises. Prepaid rent on leasehold land, which was earlier classified under Other Non-Financial Assets, has been reclassified to Right-of-Use Assets. The impact of this adoption is insignificant on the net profit and EPS for the year ended 31.03.2020. Comparatives as at and for the year ended 31.03.2019 have not been restated.

Ind AS 116 has resulted in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

38.1 The table below shows the movement of lease liabilities during the year:

(₹ in crore)	
Particulars	As at 31.03.2020
Opening balance	-
Additions during the year	8.81
Finance cost accrued during the period	0.77
Payment of lease liabilities	(0.77)
<b>Closing balance</b>	<b>8.81</b>

38.2 The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis:

(₹ in crore)	
Particulars	As at 31.03.2020
Up to 1 year	0.77
1-5 years	3.09
More than 5 years	57.83

## 39. DIVIDEND INCOME

(₹ in crore)		
Particulars	FY2019-20	FY2018-19
Dividend on equity investments designated at FVTOCI		
- Investments held at the end of the year	66.81	47.42
- Investments derecognised during the year	0.66	0.56
<b>Sub-Total</b>	<b>67.47</b>	<b>47.98</b>
Dividend on equity investments at cost (Subsidiaries, JVs)	1,220.81	110.66
Dividend on mutual funds	1.24	8.39
<b>Total</b>	<b>1,289.52</b>	<b>167.03</b>

## 40. NET TRANSLATION / TRANSACTION EXCHANGE LOSS (+)/GAIN (-)

(₹ in crore)		
Net Translation/Transaction Exchange Loss (+)/Gain (-) on account of	FY2019-20	FY2018-19
- Translation of Long-term foreign currency monetary item (LTFCMI) recognised on or after 01.04.2018 (Refer Note 5.14)	1,950.69	(42.85)
- Amortisation of Foreign Currency Monetary Item Translation Difference Account created on LTFCMI recognised Up to 31.03.2018	682.73	563.10
<b>Total</b>	<b>2,633.42</b>	<b>520.25</b>

## 41. CORPORATE SOCIAL RESPONSIBILITY

41.1 Details of gross amount required to be spent on CSR activities by the Company during the year:

(₹ in crore)		
Particulars	FY2019-20	FY2018-19
Amount required to be spent on CSR activities as per Section 135 (5) of Companies Act, 2013	135.86	148.15
Add: Carry forward from previous year	178.88	131.23
<b>Gross amount required to be spent</b>	<b>314.74</b>	<b>279.38</b>
Less: Amount spent during the year	97.15	100.50
<b>Unspent amount</b>	<b>217.59</b>	<b>178.88</b>

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

## 41.2 Amount spent during the year on CSR activities:

(₹ in crore)

Sr. No.	Particulars	FY2019-20			FY2018-19		
		Paid or settled	Yet to be paid	Total	Paid or settled	Yet to be paid	Total
(i)	Construction/acquisition of any assets	-	-	-	-	-	-
(ii)	On purposes other than (i) above						
(iia)	Sanitation/Waste Management/Drinking water	11.88	-	11.88	8.18	-	8.18
(iib)	Education/Vocational Skill development	23.20	-	23.20	16.94	-	16.94
(iic)	Environmental Sustainability (Solar Applications/Afforestation/Energy efficient LED lighting)	21.49	-	21.49	17.89	-	17.89
(iid)	Sports	-	-	-	-	-	-
(iie)	Others	36.55	-	36.55	52.20	-	52.20
(iif)	Administrative overheads including training, impact assessment etc. limited to 5% of total amount required to be spent on CSR	4.03	-	4.03	5.29	-	5.29
<b>Total</b>		<b>97.15</b>	<b>-</b>	<b>97.15</b>	<b>100.50</b>	<b>-</b>	<b>100.50</b>

## 42. CONTINGENT LIABILITIES AND COMMITMENTS

(₹ in crore)

Sr. No.	Description	As at 31.03.2020	As at 31.03.2019
<b>Contingent Liabilities</b>			
(i)	Guarantees <sup>(a)</sup>	81.02	117.39
(ii)	Claims against the Company not acknowledged as debts	-	-
(iii)	Outstanding disbursement commitments to the borrowers by way of Letter of Comfort against loans sanctioned	870.49	1,019.06
(iv) <sup>(b)</sup>	- Additional demands raised by the Income Tax Department of earlier years which are being contested in the current year	88.14	62.23
	- Further, the Income Tax Department has filed appeals against the relief allowed by appellate authorities to the Company. The same are also being contested.	302.10	203.00
(v)	- Service Tax demand or show cause notices raised by Service Tax Department in respect of earlier years which are being contested.	20.56	1.04
	- Further, the Service Tax Department has filed appeals before CESTAT against the order of Commissioner (CE&ST) who had dropped a demand of service tax. The same is also being contested.	46.31	21.53
<b>Commitments</b>			
(i)	Estimated amount of contracts remaining to be executed on capital account and not provided for	430.40	430.40
(ii)	Contractual commitments for the acquisition of intangible assets	-	-
(iii)	Other Commitments – CSR unspent amount	217.59	178.88
<b>Total</b>		<b>2,056.61</b>	<b>2,033.53</b>

<sup>(a)</sup> Default payment guarantee given by the Company in favour of a borrower company. The amount paid /payable against this guarantee is reimbursable by Government of Madhya Pradesh.

<sup>(b)</sup> During the year, the Company has opted for Vivad Se Vishwas Scheme in respect of pending litigations pertaining to some earlier years under Income Tax Act, 1961. It has paid an additional sum of ₹ 116.90 crore in March 2020 as advance towards disputed tax in respect of appeals filed by Income Tax Department in order to settle departmental appeals under Vivad se Vishwas Scheme.

43. There are no Micro and Small Enterprises, to whom the Company owes dues, which are outstanding for more than 45 days as at 31.03.2020 (Nil as at 31.03.2019). This has been determined to the extent the status of such parties could be identified on the basis of information available with the Company.



# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

## 44. DISCLOSURE AS PER IND AS 33 "EARNINGS PER SHARE"

Description	FY2019-20	FY2018-19
Profit for the period used as numerator (basic & diluted) (₹ in crore):		
- from continuing operations	5,655.14	6,952.92
- from discontinued operations	-	-
- from continuing and discontinued operations	5,655.14	6,952.92
Weighted average number of equity shares used as denominator (basic & diluted)	2,64,00,81,408	2,64,00,81,408
Earning per equity share (basic & diluted), face value ₹ 10 each (₹):		
- for continuing operations	21.42	26.34
- for discontinued operations	-	-
- for continuing and discontinued operations	21.42	26.34

## 45. (a) Status of documentation subsequent to reorganisation of the State of Jammu & Kashmir

After the bifurcation of the State of Jammu & Kashmir into two Union territories- Jammu & Kashmir UT and Ladakh UT, the existing entities pertaining to the erstwhile state of Jammu & Kashmir have been restructured vide unbundling order dated 23.10.19. The addendums to the agreements with new restructured departments are yet to be executed. Pending the execution of such documents, the existing loans are being serviced/repaid in line with the existing loan agreement.

## (b) Status of documentation subsequent to reorganisation of the State of Andhra Pradesh

Subsequent to the reorganisation of erstwhile Andhra Pradesh, the State of Telangana has been formed on 02.06.2014. However, the assets and liabilities are yet to be transferred to the respective power utilities through a formal gazette notification.

Once the final transfer scheme is notified through Gazette Notification by Govt. duly indicating the transfer of assets and liabilities among the power utilities, action for execution of documentation formalities will be taken up in respect of all the outstanding loans with the new/name changed utilities. Till that time, the demand for payment of interest/principal is being segregated by the utilities and the respective portions are being paid by utilities in Telangana and Andhra Pradesh.

## 46. EXPOSURES

**46.1** RBI has categorised the Company as an Infrastructure Finance Company (IFC) in terms of instructions contained in RBI Circular CC No.168 dated February 12, 2010. As an IFC, the total permissible exposure for lending in the private sector is 25% of owned funds in case of single borrower and 40% in case of a single group of borrowers and exposure for lending & investing taken together can be Up to 30% and 50% of owned funds, respectively.

In respect of Central/State Government entities, RBI has exempted the Company from applicability of its concentration of credit/investment norms till 31.03.2022. The Company continues to follow MoP approved credit concentration norms for these entities.

**46.2** Details of Single Borrower Limit (SGL)/Group Borrower Limit (GBL) exceeded by the Company:

The Company has not exceeded applicable prudential exposure limits against Single Borrower/Group Borrower during FY2019-20 and FY2018-19.

**46.3** The Company does not have any exposure to real estate sector.

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

## 46.4 Exposure to Capital Market:

(₹ in crore)

Sr. No.	Description	Amount as at 31.03.2020	Amount as at 31.03.2019
(i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt (includes investment in fully convertible preference shares);	15,657.40	15,770.18
(ii)	Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/ convertible debentures/units of equity oriented mutual funds does not fully cover the advances;	-	-
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi)	Loans sanctioned to corporates against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	2,628.55	2,629.16
(vii)	Bridge loans to companies against expected equity flows/issues;	-	-
(viii)	All exposures to Venture Capital Funds (both registered and unregistered)	6.12	6.18
<b>Total Exposure to Capital Market</b>		<b>18,292.07</b>	<b>18,405.52</b>

## 46.5 Details of financing of parent company products:

The Company does not have a parent company.

## 47. ASSET LIABILITY MANAGEMENT – MATURITY PATTERN OF ITEMS OF ASSETS AND LIABILITIES:

In the tables below, the principal cash flows net of impairment loss allowance relating to Stage III assets have been considered in over 5 years bucket irrespective of the maturity date. Further, Bonds with put & call option have been shown considering the earliest exercise date. Further, the commercial papers and zero-coupon bonds have been shown at the maturity value.

(₹ in crore)

Bucket as at 31.03.2020	Deposits/ Investments	Advances	Domestic Borrowings	Foreign Currency Items	
				Assets	Liabilities
Up to 30/31 Days	0.00	1,529.70	8,046.86	0.00	5.40
Over 1 Month Up to 2 Months	1,519.90	492.70	5,988.50	0.00	0.00
Over 2 Months Up to 3 Months	0.00	416.63	10,845.00	0.00	6.09
Over 3 Months & Up to 6 Months	0.00	3,511.49	17,351.67	0.00	1,130.79
Over 6 Months & Up to 1 Year	0.00	18,837.19	5,305.25	0.00	2,156.10
Over 1 Year & Up to 3 Years	0.00	59,187.06	57,474.09	0.00	11,493.88
Over 3 Years & Up to 5 Years	0.00	56,046.51	60,813.03	0.00	10,231.67
Over 5 Years	14,953.42	1,90,314.82	90,071.03	0.00	22,676.86
<b>Total</b>	<b>16,473.32</b>	<b>3,30,336.11</b>	<b>2,55,895.42</b>	<b>0.00</b>	<b>47,700.79</b>

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

(₹ in crore)

Bucket as at 31.03.2019	Deposits/ Investments	Advances	Domestic Borrowings	Foreign Currency Items	
				Assets	Liabilities
Up to 30/31 Days	14,133.64	4,955.46	21,785.18	-	696.50
Over 1 Month Up to 2 Months	1,833.07	1,928.13	4,915.00	-	-
Over 2 Months Up to 3 Months	-	1,264.76	7,495.20	-	2,080.35
Over 3 Months Up to 6 Months	-	9,225.21	10,292.05	-	-
Over 6 Months Up to 1 Year	-	16,559.51	19,088.10	-	3,468.40
Over 1 Year & Up to 3 Years	-	50,663.28	76,608.05	-	4,971.67
Over 3 Years & Up to 5 Years	-	49,879.10	32,730.60	-	9,235.95
Over 5 Years	-	1,65,146.63	87,160.38	23.84	8,373.99
<b>Total</b>	<b>15,966.71</b>	<b>2,99,622.08</b>	<b>2,60,074.56</b>	<b>23.84</b>	<b>28,826.87</b>

#### 48. Disclosure of Penalties imposed by RBI and other regulators during the year

NSE and BSE vide their letters dated 03.02.2020 have levied fine on the Company for non-compliance in regard to composition of Board of Directors. The Company in its reply to NSE & BSE has stated that being a Central Public Sector Undertaking and in terms of Article 86 of Articles of Association of the Company, the Directors on the board of the Company are appointed by President of India through Ministry of Power, Government of India. The Company has taken up the matter with Ministry of Power to expedite the process of appointment of balance number of Independent Directors on the Board of the Company for compliance of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. During the previous year, NSE & BSE had also levied fine on the Company for the similar reason.

#### 49. CREDIT RATINGS

##### 49.1 Ratings assigned by credit rating agencies as at 31.03.2020 and migration of ratings during the year:

Sr. No.	Rating Agency	Long-Term Rating	Short-term Rating
1.	CRISIL	CRISIL AAA	CRISIL A1+
2.	ICRA	ICRA AAA	ICRA A1+
3.	CARE	CARE AAA	CARE A1+

There has been no migration of ratings during the year.

##### 49.2 Long-term foreign currency issuer rating assigned to the Company as at 31.03.2020:

Sr. No.	Rating Agency	Rating
1.	Fitch Ratings	BBB-
2.	Standard & Poor (S&P)	BBB-
3.	Moody's	Baa3

#### 50. PROVISIONS, CONTINGENCIES AND IMPAIRMENT LOSS ALLOWANCES DEBITED TO STANDALONE STATEMENT OF PROFIT AND LOSS

(₹ in crore)

Sr. No.	Particulars	FY2019-20	FY2018-19
1	Impairment loss allowance towards loans, investments and letter of comfort	980.86*	(879.27)
2	Impairment loss allowance on other receivables	10.11	7.79
3	Impairment loss allowance on investment	0.25	-
4	Provision made towards Income tax	1,424.48	2,347.72

\*including write off of loans ₹ 1,368.92 crore

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

## 51. CUSTOMER COMPLAINTS FOR FY2019-20

No complaints have been received by the Company from its borrowers during the year ended 31.03.2020. (Previous year Nil).

## 52. DETAILS OF REGISTRATIONS OBTAINED FROM REGULATORS

Sr. No.	Regulator	Particulars	Registration Details
1.	Ministry of Corporate Affairs	Corporate Identification Number	L65910DL1986GOI024862
2.	Reserve Bank of India	Registration Number	B- 14.00004
3.	Legal Entity Identifier India Ltd	LEI Number	3358003Q6D9LIJZ1614

53. (a) The Company is preparing Consolidated Financial Statements in accordance with Ind AS – 110.
- (b) The Company does not have any Overseas Assets in the form of Joint Ventures/Subsidiaries abroad.
- (c) There are no Off-balance Sheet SPVs sponsored by the Company which are required to be consolidated as per accounting norms.

## 54. DRAW DOWN FROM RESERVES

Reference may be made to Standalone Statement of Changes in Equity.

55. Information/Particulars as set out in Annex IV of RBI's Master Direction dated 01.09.2016 applicable to the Company, as updated from time to time:

Particulars	Amount as on 31.03.2020		Amount as on 31.03.2019	
	Outstanding	Overdue	Outstanding	Overdue
(₹ in crore)				
<b>Liabilities Side</b>				
(1) Loans and Advances availed by the Company inclusive of interest accrued thereon but not paid:				
(a) Bonds: Secured	15,157.24	0.00	14,498.53	0.00
: Unsecured	2,16,267.03	0.00	1,90,814.82	0.00
(b) (i) Rupee Term Loans	57,409.63	0.00	46,542.21	0.00
(ii) Foreign Currency Loans	19,872.75	0.00	20,592.26	0.00
(c) Commercial Paper	-	0.00	9,715.92	0.00
(d) Short-term Borrowings	2,038.40	0.00	13,357.45	0.00

Assets Side	Amount Outstanding as on 31.03.2020	Amount Outstanding as on 31.03.2019
	(2) Break-up of Loans and Advances including bills receivables (other than those included in (3) below) (Net of Provisions):	
(a) Secured	2,12,693.81	1,98,393.65
(b) Unsecured	1,32,235.76	1,16,323.18
(c) Less: Impairment loss allowance	(15,658.97)	(16,057.16)
(d) Loans and advances (net of provision)	3,29,270.60	2,98,659.67
(3) Break-up of Leased Assets and stock on hire and other assets counting towards AFC activities (Net of Provisions):		
(i) Lease assets including lease rentals under sundry debtors:		
(a) Financial lease	99.18	99.89

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

Assets Side	Amount Outstanding as on 31.03.2020	Amount Outstanding as on 31.03.2019
<b>(4) Break-up of Investments (Net of Provisions)</b>		
<b>Current Investments</b>		
<b>1. Quoted</b>		
(i) Shares		
(a) Equity	663.35	935.09
<b>2. Unquoted</b>		
(i) Shares		
(a) Equity	-	-
<b>Long-Term Investments</b>		
<b>1. Quoted</b>		
(i) Shares		
(a) Equity	14,578.74	14,588.64
(ii) Debentures and Bonds	810.05	809.84
<b>2. Unquoted</b>		
(i) Shares		
(a) Equity	246.20	246.45
(b) Preference	168.86	-
(ii) Units of SIB Fund	6.12	6.18

(5) Borrower group-wise classification of assets financed as in (2) and (3) above: (as per applicable provisioning norms)

Category	Amount Net of Provisions (as on 31.03.2020)			Amount Net of Provisions (as on 31.03.2019)		
	Secured	Unsecured	Total	Secured	Unsecured	Total
1. Related Parties						
(a) Subsidiaries and Associates	-	155.05	155.05	-	196.22	196.22
(b) Companies in the same group	-	-	-	-	-	-
(c) Other related parties	0.51	-	0.51	0.52	-	0.52
2. Other than related parties	2,12,792.48	1,32,080.71	3,44,873.19	1,98,493.02	1,16,126.96	3,14,619.98
<b>Total</b>	<b>2,12,792.99</b>	<b>1,32,235.76</b>	<b>3,45,028.75</b>	<b>1,98,493.54</b>	<b>1,16,323.18</b>	<b>3,14,816.72</b>

(6) Investor group-wise classification of all investments (current and long-term) in shares and securities (both quoted and unquoted)

Category	As on 31.03.2020		As on 31.03.2019	
	Break up value\$	Book Value (Net of Provisions)	Break up value\$	Book Value (Net of Provisions)
1. Related Parties				
(a) Subsidiaries	18,685.88	14,500.45	18,145.15	14,500.70
(b) Companies in the same group	289.35	246.25	295.99	246.25
2. Other than related parties	1,726.62	1,726.62	1,839.25	1,839.25
<b>Total</b>	<b>20,701.85</b>	<b>16,473.32</b>	<b>20,280.39</b>	<b>16,586.20</b>

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

## (7) Other Information

Particulars	Amount (as on 31.03.2020)	Amount (as on 31.03.2019)
(i) Gross Stage III Assets		
(a) Other than related parties	27,871.70	29,540.31
(ii) Net Stage III Assets		
(a) Other than related parties	13,123.24	14,519.30
(iii) Assets acquired in satisfaction of debt (Gross value of investment)	200.60	-

\$In case of negative break-up value, Nil value has been considered.

## 56. DISCLOSURES IN ACCORDANCE WITH RBI GUIDELINES ON LIQUIDITY RISK MANAGEMENT

### 56.1 Funding Concentration based on significant counterparty (borrowings)

Particulars	Number of significant counterparties*	Amount (₹ crore)	% of Total Liabilities
As at 31.03.2020	8	81,440.48	25.72%
As at 31.03.2019	8	67,042.85	22.24%

\*Significant counterparty/significant instrument/product is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the total liabilities.

### 56.2 Top 10 borrowings (amount in ₹ crore & % of total borrowings)

Sr. No.	Particulars*	As at 31.03.2020		As at 31.03.2019	
		Amount (₹ crore)	% of Total Borrowings	Amount (₹ crore)	% of Total Borrowings
1	RTL from State Bank of India	8,999.98	2.97%	8,999.98	3.12%
2	RTL from National Small Savings Scheme Fund (NSSF)	7,500.00	2.47%	7,500.00	2.60%
3	RTL from Canara Bank	6,000.00	1.98%	-	-
4	3 95 USD Bonds 2030	5,674.87	1.87%	-	-
5	7 41 Taxable Bond Series 197	5,000.00	1.65%	-	-
6	7 62 Taxable Bond Series 171	5,000.00	1.65%	5,000.00	1.73%
7	8 41 Taxable Bond Series 131 C	5,000.00	1.65%	5,000.00	1.73%
8	8 65 Taxable Bond Series 126	5,000.00	1.65%	5,000.00	1.73%
9	7 93 Taxable Bond Series 193	4,710.50	1.55%	-	-
10	4 50 USD Bonds 2029	4,539.90	1.50%	-	-

\*Based on size of bond issuance/term loans from banks

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

## 56.3 Funding Concentration based on significant instrument /product

Sr. No. Significant instrument /product	As at 31.03.2020		As at 31.03.2019	
	Amount (₹ crore)	% of Total Liabilities	Amount (₹ crore)	% of Total Liabilities
<b>1 Debt Securities</b>				
- Infrastructure Bonds	278.63	0.09%	278.63	0.09%
- Tax Free Bonds	12,275.11	3.88%	12,275.11	4.07%
- 54EC Capital Gain Tax Exemption Bonds	1,918.54	0.61%	784.10	0.26%
- Taxable Bonds	1,72,930.24	54.62%	1,67,774.95	55.66%
- Foreign Currency Notes	27,892.78	8.81%	8,298.60	2.75%
- Commercial Paper	-	0.00%	9,715.92	3.22%
<b>Sub-Total (1)</b>	<b>2,15,295.30</b>	<b>68.00%</b>	<b>1,99,127.31</b>	<b>66.06%</b>
<b>2 Borrowings (other than Debt Securities)</b>				
- Foreign Currency Loans	172.38	0.05%	4,676.17	1.55%
- Syndicated Foreign Currency Loans	19,635.63	6.20%	15,852.09	5.26%
- Rupee Term Loan	49,598.98	15.66%	38,703.55	12.84%
- Rupee Term Loan - Gol	7,500.00	2.37%	7,500.00	2.49%
- Loan against Term Deposits	-	0.00%	12,737.18	4.23%
- 'Working Capital Demand Loan/Overdraft/Cash Credit/Line of Credit	2,038.36	0.64%	620.00	0.21%
<b>Sub-Total (2)</b>	<b>78,945.35</b>	<b>24.93%</b>	<b>80,088.99</b>	<b>26.57%</b>
<b>3 Subordinated Liabilities</b>	9,211.50	2.91%	9,211.50	3.06%
<b>Sub-Total (3)</b>	<b>9,211.50</b>	<b>2.91%</b>	<b>9,211.50</b>	<b>3.06%</b>
<b>Total (1+2+3)</b>	<b>3,03,452.15</b>	<b>95.84%</b>	<b>2,88,427.80</b>	<b>95.68%</b>

## 56.4 Stock Ratios

Sr. No. Particulars	% to total public funds	% to total liabilities	% to total assets
<b>As at 31.03.2020</b>			
1 Non-convertible debentures (original maturity less than 1 year)	-	-	-
2 Commercial papers	-	-	-
3 Other short-term liabilities	0.67%	0.64%	0.56%
<b>As at 31.03.2019</b>			
1 Non-convertible debentures (original maturity less than 1 year)	-	-	-
2 Commercial papers	3.37%	3.22%	2.82%
3 Other short-term liabilities	4.63%	4.43%	3.87%

## 57. IMPACT OF COVID-19 ON THE COMPANY

The outbreak of Coronavirus (COVID-19) pandemic globally and in India is causing significant disturbance in the financial markets. Lockdown announced by Government of India to contain the spread of virus has resulted in substantial slowdown in the economic activity. The Govt. and various regulators have since then introduced a variety of measures to contain the spread of virus and to mitigate the impacts of economic disruptions. However, Management believes that the impact of this outbreak on the business and financial position of the Company will not be significant.

With its robust IT infrastructure and digital communication technology, the Company encouraged its employees to "Work from Home". This enabled its workforce to work securely through remote technology ensuring business continuity. The Company disbursed around ₹ 11,000 crore to finance power sector projects during the first week of lockdown till March 31 which bears testimony to its attempt to create pandemic proof workplace.

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

In order to mitigate the burden of debt servicing during this period, RBI notified certain guidelines. In accordance with RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 and April 17, 2020, PFC has offered moratorium on payment of instalments falling due between March 1, 2020 and May 31, 2020 to eligible borrowers. RBI vide circular dated 23.05.2020 has further extended period of loan moratorium by another 3 months i.e. up to August 31, 2020.

Further, the Govt. of India, as a part of its Covid-19 package announcement, has also announced liquidity injection of ₹ 90,000 crore to the State Discoms in the form of State Govt. guaranteed loans through PFC and its subsidiary REC Ltd to clear the outstanding dues of CPSE Gencos/Transco, IPP and RE generators.

The Company is well geared to meet its funding needs. Currently, the Company has adequate undrawn lines of credits from various banks. Considering PFC's high credit worthiness well established relationship with lenders, it can mobilise funds from domestic & international markets.

Thus, there are no reasons to believe that the current crisis will have any significant impact on the ability of the Company to maintain its operations, including the assessment of going concern for the Company. The Company will, however, continue to closely monitor any material changes arising of future economic conditions and impact on its business.

Further, as part of its CSR initiatives, the Company contributed ₹ 200 crore to PM CARES Fund to combat Covid-19 in the month of April 2020. Additionally, the employees of the Company have also contributed their one-day salary for the same. Various other pan India initiatives have also been taken by the Company like financial aid to district administrations, support to frontline workers and conducting awareness programmes as a part of its social responsibility.

- 58.** Disclosure in respect of Moratorium and asset classification with regards to RBI Covid-19 Regulatory package pursuant to RBI circular DOR.No.BP.BC.63/21.04.048/2019-20 dated 17.04.2020

		(₹ in Crore)
Sr. no.	Particulars	Amount
1	Amounts in SMA/overdue categories, where the moratorium/deferment was extended -For SMA 1	594.72
2	Amount where asset classification benefits is extended	Nil
3	Provisions made during the Q4FY2020	Nil
4	Provisions adjusted during the respective accounting periods against slippages and the residual provisions	Nil

- 59.** Disclosures in accordance with SEBI Circular SEBI/HO/DDHS/CIR/P2018/144 dated 26.11.2018 on fund raising by issuances of debt securities by large entities

Details of incremental borrowings:

		(₹ in Crore)
Particulars		FY2019-20
Incremental borrowing done in FY (a)		59,542.04
Mandatory borrowing to be done through issuance of debt securities (b) = (25% of a)		14,885.51
Actual borrowings done through debt securities in FY		36,353.60
Shortfall in the mandatory borrowing through debt securities, if any (d) = (b)-(c)		Nil
Reasons for shortfalls		NA

- 60.** In the context of reporting business/geographical segment as required by Ind AS 108 - "Operating Segments", the Company's operations comprise of only one business segment - lending to power sector entities. All activities revolve around the main business. Hence, there are no reportable segments as per Ind AS 108.



# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

## 61. MODIFICATIONS IN THE SIGNIFICANT ACCOUNTING POLICIES:

The Company has adopted Ind AS 116 – Leases' using modified retrospective approach w.e.f. 01.04.2019 as notified by the Ministry of Corporate Affairs (MCA). Refer Note 38 for details of the adoption of Ind AS 116.

Further, policies on Company's business model in line with the requirements of Ind AS 109 and contingent assets have been incorporated in the Note 5 - significant accounting policies. In addition, certain accounting policies have also been reworded to bring in more clarity. There is no financial impact of such modifications carried out in the accounting policies.

## 62. Amounts expected to be recovered/ settled within 12 months and beyond for each line item under asset and liabilities:

(₹ in Crore)

Particulars	As at 31.03.2020		As at 31.03.2019	
	Within 12 months	More than 12 months	Within 12 months	More than 12 months
<b>ASSETS</b>				
<b>1 Financial Assets</b>				
(a) Cash and Cash Equivalents	182.52	-	310.09	-
(b) Bank Balance other than included in Cash & Cash Equivalents	16.47	-	13,890.52	-
(c) Derivative Financial Instruments	63.94	1,799.48	105.38	462.60
(d) Loans	57,818.46	2,76,294.14	45,971.12	2,57,239.24
(e) Investments	663.35	15,809.97	935.14	15,651.06
(f) Other Financial Assets	103.88	5,235.24	87.03	5,243.93
<b>Total financial assets (1)</b>	<b>58,848.62</b>	<b>2,99,138.83</b>	<b>61,299.28</b>	<b>2,78,596.83</b>
<b>2 Non-Financial Assets</b>				
(a) Current Tax Assets (Net)	133.19	518.12	-	498.42
(b) Deferred Tax Assets (Net)	-	2,952.12	-	4,060.73
(c) Property, Plant and Equipment	-	31.35	-	27.74
(d) Other Intangible Assets	-	0.41	-	0.59
(e) Right of use asset	-	35.75	-	-
(f) Other Non-Financial Assets	84.75	44.12	180.22	61.87
<b>Total non-financial assets (2)</b>	<b>217.94</b>	<b>3,581.87</b>	<b>180.22</b>	<b>4,649.35</b>
<b>Total Asset (1+2)</b>	<b>59,066.56</b>	<b>3,02,720.70</b>	<b>61,479.50</b>	<b>2,83,246.18</b>
<b>LIABILITIES</b>				
<b>1 Financial Liabilities</b>				
(a) Derivative Financial Instruments	56.40	543.42	88.64	416.95
(b) Debt Securities	37,152.92	1,84,694.75	44,608.95	1,60,975.54
(c) Borrowings (other than Debt Securities)	17,902.17	61,213.89	28,998.61	51,346.08
(d) Subordinated Liabilities	103.04	9,207.91	102.30	9,207.40
(e) Other Financial Liabilities	316.07	5,059.09	274.44	5,053.40
<b>Total financial liabilities (1)</b>	<b>55,530.60</b>	<b>2,60,719.06</b>	<b>74,072.94</b>	<b>2,26,999.37</b>
<b>2 Non-Financial Liabilities</b>				
(a) Current Tax Liabilities (Net)	0.11	-	-	0.53
(b) Provisions	219.38	44.91	196.87	67.13
(c) Other Non-Financial Liabilities	2.93	106.14	4.49	96.36
<b>Total non-financial liabilities (2)</b>	<b>222.42</b>	<b>151.05</b>	<b>201.36</b>	<b>164.02</b>
<b>Total liabilities (1+2)</b>	<b>55,753.02</b>	<b>2,60,870.11</b>	<b>74,274.30</b>	<b>2,27,163.39</b>

# Notes to the Standalone Financial Statements

for the year ended March 31, 2020

- 63.** Figures of the previous year have been regrouped/rearranged wherever necessary, in order to make them comparable.
- 64.** Figures have been rounded off to the nearest crore of rupees with two decimals.

Sd/-  
**(Manohar Balwani)**  
Company Secretary

**For and on behalf of Board of Directors**

Sd/-  
**(N. B. Gupta)**  
Director (Finance)  
DIN: 00530741

Sd/-  
**(R. S. Dhillon)**  
Chairman and Managing Director  
DIN: 00278074

**Signed in terms of our report of even date attached**

**For Gandhi Minocha & Co.**  
Chartered Accountants  
Firm Regn. No.: 000458N

**For Dass Gupta & Associates**  
Chartered Accountants  
Firm Regn. No.: 000112N

Place: New Delhi  
Dated: 24.06.2020

Sd/-  
**(CA Manoj Bhardwaj)**  
Partner  
Membership No.: 098606

Sd/-  
**(CA Ashok Kumar Jain)**  
Partner  
Membership No.: 090563

# Independent Auditors' Report

To the Members of Power Finance Corporation Limited

## REPORT ON THE AUDIT OF THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

### OPINION

We have audited the accompanying Consolidated Ind AS Financial Statements of Power Finance Corporation Limited (hereinafter referred to as "Holding Company") and its subsidiaries (Holding company and its subsidiaries together referred to as "the Group"), its associates and jointly controlled entity, which comprise the Consolidated Balance Sheet as at March 31, 2020, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated statement of Changes in Equity and the Consolidated Statement of Cash Flow for the year then ended, and notes to the consolidated Ind AS financial statements, including a summary of significant accounting policies (hereinafter referred to as "the Consolidated Ind AS Financial Statements").

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate Ind AS financial statements and on the other financial information of the subsidiaries, associates and jointly controlled entity, the aforesaid Consolidated Ind AS Financial Statements give the information required by the Companies Act, 2013 (hereinafter referred to as "the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group, its associates and jointly controlled entity as at March 31, 2020, of consolidated profit (including other comprehensive income), consolidated changes in equity and its consolidated cash flows for the year then ended.

### BASIS FOR OPINION

We conducted our audit of the Consolidated Ind AS Financial Statements in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of

the Act. Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Ind AS Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the Consolidated Ind AS financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Ind AS Financial Statements.

### Emphasis of matter

We draw attention to Note No. 68 of the Consolidated Ind AS Financial Statements regarding the impact of COVID-19 pandemic on the Group. Management is of the view that there are no reasons to believe that the pandemic will have any significant impact on the ability of the Group to continue as a going concern. Nevertheless, the impact in sight of involvement of pandemic in future period is uncertain and could impact the impairment allowance in future years.

Our opinion is not modified in respect of the matter.

### KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated Ind AS financial statements of the current period. These matters were addressed in the context of our audit of the consolidated Ind AS financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the Key Audit Matters to be communicated in our report:

Sr. No. Key Audit Matter	Auditors' Response
<p><b>1 Credit impairment of financial instruments-Loan Assets</b></p> <p>The Holding Company follows a Board approved methodology wherein assessment for allowance is carried out by an external agency for impairment based on certain guidelines and procedures in respect of criterion/framework classifying the assets into various stages depending upon credit risk and level of evidence of impairment.</p>	<p><b>Our audit procedures included:</b></p> <ul style="list-style-type: none"> <li>Company has availed services of independent expert to estimate the carrying value of the loan assets. We verified the criterion/framework with various regulatory updates along with Company's internal guidelines and procedures in respect of the impairment allowance as well as the completeness and accuracy of the data shared with the independent experts.</li> </ul>

Sr. No.	Key Audit Matter	Auditors' Response
	<p>Impairment loss measurement requires use of statistical models to estimate the Probabilities of Default (PD), Loss Given Default (LGD) and Exposure at Default (EAD). These models are key driver to measure Impairment loss.</p> <p>The key indicators underlying for assessment of impairment allowance are appraised on the ongoing basis by the management.</p> <p>The most significant areas where we identified greater levels of management judgement are:</p> <p>Significant Increase in Credit Risk (SICR) – Company has classified SICR based on the indicator defined in Ind AS, estimate the Probabilities of Default (PD), Loss Given Default (LGD) and Individually assessed Stage 3 carrying value – the carrying value of loans and advances to borrowers may be materially misstated if individual impairments are not appropriately estimated based upon future cash flow and asset valuations.</p> <p>The effect of these matters is that, as part of our risk assessment, we determined that the value of ECL has a high degree of estimation &amp; uncertainty. In view of the significance of the amount of loan assets in the standalone Ind AS Financial Statements as % of total assets, impairment of loan assets there on has been considered as Key Audit Matter in our audit.</p>	<ul style="list-style-type: none"> <li>• Recoveries are verified applying the standard audit procedures. Loan balances are confirmed and quality of the borrower is evaluated and tested with key control parameters.</li> <li>• We have reviewed the underlying assumptions and broad methodology of ECL assessment and shared our inputs.</li> <li>• Components and calculations in the study for impairment allowance carried out by the third party are test checks, discussed with management and relied upon by us.</li> </ul> <p>We considered the credit impairment charge and provision recognised and the related disclosures to be acceptable &amp; satisfactory.</p>
<b>2</b>	<p><b>Fair Valuation of Derivative financial instruments</b></p> <p>The Holding Company enters into derivative contracts in accordance with RBI guidelines to mitigate its currency and interest rate risk in accordance with Company's board approved currency risk management policy.</p> <p>Derivative contracts are either categorised at FVTPL or under cash flow hedge (Hedge Accounting). Mark to market gain/loss on derivatives categorised at FVTPL is recognised in P&amp;L and that of Hedge Accounting is recognised in the other comprehensive income.</p> <p>We consider the valuation of the derivative financial instruments and hedge accounting as a key audit matter due to material exposure and the fact that the inappropriate application of these requirements/ assumptions/ estimate by contracting bank could lead to a material effect on the income statement.</p>	<p><b>Our audit procedures included:</b></p> <p>Discussing and understanding management's perception and studying policy of the Company for risk management.</p> <p>Verification of fair value of derivative in term of Ind AS 109.</p> <p>Evaluation of key internal control over classification, of derivative instruments.</p> <p>Company obtains fair value of derivative from the counterparty banks. Our procedure includes evaluation of details of various financial derivative contracts outstanding as on 31.03.2020 and fair value thereon. Additionally, we verified the accounting of gain or loss on mark to market basis of derivative contracts in profit and loss account and other comprehensive income in case of derivatives contracts under cash flow hedge.</p> <p>We did not find any material misstatement in measuring derivative contracts at fair value obtained from counterparty banks</p>
<b>3</b>	<p><b>Alternate audit procedure carried out in light of COVID-19 outbreaks</b></p> <p>Due to the outbreak of COVID-19 pandemic, the consequent nationwide lockdown and travel restrictions imposed by the Government/local administration during the period commencing from March 25, 2020 onwards, the audit processes could not be carried out physically at the Company's premises.</p> <p>The statutory audit was conducted via making arrangements to provide requisite documents/ information through electronic medium as an alternative audit procedure.</p> <p>We have identified such alternative audit procedure as a key audit matter.</p>	<p>As a part of alternative audit procedure, the Company has made available the following information/ records/ documents/ explanations to us through e-mail and remote secure network of the Company:-</p> <ol style="list-style-type: none"> <li>a) Scanned copies of necessary records/documents deeds, certificates and the related records made available electronically through e-mail or remote secure network of the Company; and</li> <li>b) By way of enquiries through video conferencing, dialogues and discussions over phone, e-mails and similar communication channels.</li> </ol> <p>It has also been represented by the management that the data and information provided electronically for the purpose of our audit are correct, complete, reliable and are directly generated from the accounting system of the Company, extracted from the records and files, without any further manual modifications so as to maintain its integrity, authenticity, readability and completeness. In addition, based on our review of the various internal audit reports/inspection reports, nothing has come to our knowledge that make us believe that such alternate audit procedure would not be adequate.</p>

## Information Other than the Consolidated Ind AS Financial Statements and Auditor's Report Thereon

The Holding Company's Board of Directors is responsible for the preparation of the other information. The other information comprises the information included in the Board's Report including Annexures to Board's Report, Management Discussion and Analysis, Business Responsibility Report and Report on Corporate Governance but does not include the consolidated Ind AS financial statements and our auditors' report thereon. The above-referred information is expected to be made available to us after the date of this audit report.

Our opinion on the consolidated Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated Ind AS financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

When we read the other information, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take appropriate actions necessitated by the circumstances and the applicable laws and regulations.

## RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the preparation and presentation of these Consolidated Ind AS financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance, consolidated statement of changes in equity and consolidated cash flows of the Group including its associates and jointly controlled entity in accordance with the accounting principles generally accepted in India, including the applicable Indian Accounting Standards specified under Section 133 of the Act read with Companies (Indian Accounting Standards) Rule 2015 as amended (Ind AS). The responsibility also includes maintenance of adequate accounting records in accordance with the provisions

of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Ind AS Financial Statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated Ind AS financial statements, the respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entity are responsible for assessing the ability of the Group and of its associates and jointly controlled entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associates and jointly controlled entity are responsible for overseeing the financial reporting process of the Group and of its associates and jointly controlled entity.

## AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated Ind AS financial

statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under Section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the Group and its associates and jointly controlled entity have adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group and its associates and jointly controlled entities to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated Ind AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group and its associates and jointly controlled entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated Ind AS financial statements, including the disclosures, and whether the consolidated Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group and its associates and jointly controlled entity to express an opinion on the consolidated Ind AS financial statements. We are responsible for the direction, supervision and performance of the audit of the Ind AS financial statements of such entities included in the consolidated Ind AS financial statements of

which we are the independent auditors. For the other entities included in the consolidated Ind AS financial statements, which have been audited by other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

We communicate with those charged with governance of the Holding Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated Ind AS financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### OTHER MATTERS

1. We did not audit the Ind AS financial statements/ financial information of one subsidiary whose financial statements/financial information reflect total assets of ₹ 3,47,030.08 crore as at March 31, 2020, total revenues of ₹ 30,007.05 crore and net cash flows amounting to ₹ 1,335.72 crore for the year ended on that date, as considered in the consolidated Ind AS financial statements. The consolidated Ind AS financial statements also include the Group's share of net profit of Nil for the year ended March 31, 2020, as considered in the consolidated Ind AS financial statements, in respect of two associates, whose Ind AS financial statements/financial information have not been audited by us. These Ind AS financial statements/ financial information have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Consolidated Ind AS Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and

associates, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associates, is based solely on the reports of the other auditors.

2. We did not audit the Ind AS financial statements/ financial information of two subsidiaries, whose Ind AS financial statements/financial information reflect total assets of ₹ 92.07 crore as at March 31, 2020, total revenues of ₹ 118.07 crore and net cash flows amounting to ₹ (29.57) crore for the year ended on that date, as considered in the consolidated Ind AS financial statements. The consolidated Ind AS Financial Statements also include unaudited financial Statements/ other financial information in respect of one jointly controlled entity and thirteen associates, whose financial statements reflect Group's share of net profit of ₹ 3.45 crore and ₹ 21.43 crore for the quarter and year ended March 31, 2020, as considered in the consolidated Ind AS financial statements.
3. These financial statements/financial information are unaudited and have been furnished to us by the Management, and our report in terms of sub-sections (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, associates and jointly controlled entity, is based solely on such unaudited Ind AS financial statements/financial information. In our opinion and according to the information and explanations given to us by the Management, these Ind AS financial statements/financial information are not material to the Group.
4. The Group has recognised expected credit loss in respect of loan assets and undisbursed letter of comfort as required under Ind AS 109, on the basis of documents provided by independent expert agencies appointed by the Holding Company and its subsidiaries. Since the calculation parameters require certain technical and professional expertise, we and auditors of the subsidiaries have relied on the expected credit loss calculation as provided by the said independent expert agencies.
5. The standalone Ind AS financial statements of the Company for the year ended March 31, 2019 were audited by the then joint auditors of the Company one of whom is the predecessor audit firms, and have expressed an unmodified opinion dated 29<sup>th</sup> May, 2019 on such Ind AS financial statements.

Our opinion on the Consolidated Ind AS financial statements, and our report on Other Legal and

Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done by expert agency, the reports of the other auditors and the Ind AS financial statements/financial information certified by the Management.

## REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by Section 143(3) of the Act, we report, to the extent applicable, that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Ind AS Financial Statements.
  - (b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid Consolidated Ind AS Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
  - (c) The consolidated Balance Sheet, the consolidated Statement of Profit and Loss Consolidated change in equity and the consolidated statement of cash flow dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Ind AS Financial Statements.
  - (d) In our opinion, the aforesaid Consolidated Ind AS Financial Statements comply with the Accounting Standards specified under Section 133 of the Act read with rule 7 of the Companies (Accounts Rule), 2014.
  - (e) In terms of Notification No. GSR 463(E) dated 05.06.2015 issued by Ministry of Corporate Affairs, Government of India, provisions of sub-section 2 of Section 164 of the Act, are not applicable to the Group and its associates & jointly controlled entity, being Government Companies.
  - (f) With respect to the adequacy of internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate Report in **Annexure A.**

- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Consolidated Ind AS Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and jointly controlled entity-Refer Note No. 49 to the Consolidated Ind AS Financial Statements;
  - ii. The group, its associates and its jointly controlled entity did not have any material foreseeable losses on long-term contracts including derivative contracts;
  - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies, associate companies and jointly controlled entity incorporated in India.

### **FOR GANDHI MINOCHA & CO.**

Chartered Accountants  
Firm's Registration No.: 000458N

Sd/-

**CA Manoj Bhardwaj**

Partner

Membership No. 098606

UDIN: 20098606AAAABW4034

Dated: June 24, 2020

Place: New Delhi

### **FOR DASS GUPTA & ASSOCIATES**

Chartered Accountants  
Firm's Registration No.: 000112N

Sd/-

**CA Ashok Kumar Jain**

Partner

Membership No. 090563

UDIN: 20090563AAAAAN2328



## Annexure A

to the Independent Auditors' Report on the Audit of the Consolidated Ind AS Financial Statements (Referred to in Para 1(f) under the heading 'Report on other Legal and Regulatory Requirements' of our report of even date to The Members of Power Finance Corporation Limited on the consolidated financial statements for the year ended March 31, 2020)

### **Report on the Internal Financial Controls with reference to consolidated Ind AS financial statements under Clause (i) of sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

In conjunction with our audit of the consolidated Ind AS financial statements of **Power Finance Corporation Limited** (hereinafter referred to as "the Holding Company") as of and for the year ended March 31, 2020, We have audited the internal financial controls with reference to consolidated Ind AS financial statements of the Holding Company, its subsidiary companies, its associate companies and jointly controlled entity, which are companies incorporated in India, as of that date.

### **MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS**

The respective Board of Directors of the Holding Company, its subsidiary companies, its associate companies and jointly controlled entity are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company, its subsidiary companies, its associate companies and jointly controlled entity, which are companies incorporated in India, considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ('ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls with reference to consolidated Ind AS financial statements that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

### **AUDITORS' RESPONSIBILITY**

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated Ind AS financial statements of the Holding Company, its subsidiary companies, its associate companies and jointly controlled entity, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI prescribed under sub-section 10 of Section 143 of the Act, to the extent

applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether internal financial controls with reference to financial statements were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the internal financial controls system with reference to consolidated Ind AS financial statements and their operating effectiveness. Our audit of internal financial control with reference to consolidated Ind AS financial statements included obtaining an understanding of internal financial controls with reference to consolidated Ind AS financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor in terms of their reports referred to in the Other Matters paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system with reference to consolidated Ind AS financial statements.

### **MEANING OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO CONSOLIDATED IND AS FINANCIAL STATEMENTS**

A company's internal financial control with reference to Ind AS financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control with reference to Ind AS financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and

expenditures of the Company are being made only in accordance with authorisation of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

### **INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO CONSOLIDATED IND AS FINANCIAL STATEMENTS**

Because of the inherent limitations of internal financial controls with reference to consolidated Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to consolidated Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **OPINION**

In our opinion, the Holding Company, its subsidiary companies, its associate companies and jointly

controlled entity, which are companies incorporated in India have, in all material respects, an internal financial controls system with reference to Ind AS financial statements and such internal financial controls with reference to Ind AS financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

### **OTHER MATTERS**

Our aforesaid reports under sub-section 3 (i) of Section 143 of the Act, on the internal financial controls with reference to consolidated Ind AS financial statements in so far as applicable to one subsidiary company and two associate companies is based on the corresponding reports of the auditors of such companies incorporated in India and in respect of two subsidiary, thirteen associates and one jointly controlled entity, we have relied on the explanation provided by the management of holding company in absence of report on Internal Financial Controls of such entity. In our opinion, the same is not considered material for the consolidated Ind AS financial statement of the Group, its associates and its jointly controlled entity.

#### **FOR GANDHI MINOCHA & CO.**

Chartered Accountants  
Firm's Registration No.: 000458N

Sd/-

**CA Manoj Bhardwaj**

Partner

Membership No. 098606

UDIN: 20098606AAAABW4034

Dated: June 24, 2020

Place: New Delhi

#### **FOR DASS GUPTA & ASSOCIATES**

Chartered Accountants  
Firm's Registration No.: 000112N

Sd/-

**CA Ashok Kumar Jain**

Partner

Membership No. 090563

UDIN: 20090563AAAAAN2328

## Comments of the Comptroller and Auditor General of India

Under Section 143(6)(B) read with Section 129(4) of the Companies Act, 2013 on the Consolidated Financial Statements of Power Finance Corporation Limited for the Year Ended March 31, 2020

The preparation of consolidated financial statements of Power Finance Corporation Limited for the year ended March 31, 2020 in accordance with the financial reporting framework prescribed under the Companies Act, 2013 (Act) is the responsibility of the management of the Company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 139 (5) read with Section 129 (4) of the Act are responsible for expressing opinion on the financial statements under section 143 read with Section 129 (4) of the Act based on independent audit in accordance with the standards on auditing prescribed under Section 143(10) of the Act. This is stated to have been done by them vide their Audit Report dated June 24, 2020.

I, on behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit of the consolidated financial statements of Power Finance

Corporation Limited for the year ended March 31, 2020 under Section 143(6)(a) read with Section 129(4) of the Act. We conducted a supplementary audit of the financial statements of Power Finance Corporation Limited and REC Limited, but did not conduct supplementary audit of the financial statements of subsidiaries, associate companies and jointly controlled entities listed in Annexure I for the year ended on that date. This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to inquiries of the statutory auditors and company personnel and a selective examination of some of the accounting records.

On the basis of my supplementary audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to statutory auditors' report under Section 143(6)(b) of the Act.

For and on behalf of the  
**Comptroller & Auditor General of India**

Sd/-  
**(D. K. Sekar)**  
Director General of Audit (Energy),  
New Delhi

Place: New Delhi  
Date: August 13, 2020

# Annexure I

**List of subsidiaries, associate companies and jointly controlled entities whose financial statements were not audited by the Comptroller and Auditor General of India**

## **SUBSIDIARIES**

1. PFC Consulting Limited
2. Power Equity Capital Advisors (Private) Limited

## **JOINT VENTURE**

3. Energy Efficiency Services Limited

## **ASSOCIATE COMPANIES**

4. Coastal Maharashtra Mega Power Limited
5. Orissa Integrated Power Limited
6. Coastal Karnataka Power Limited
7. Coastal Tamil Nadu Power Limited
8. Chhattisgarh Surguja Power Limited
9. Sakhigopal Integrated Power Company Limited
10. Ghogarpalli Integrated Power Company Limited
11. Tatiya Andhra Mega Power Limited
12. Deoghar Mega Power Limited
13. Cheyyur Infra Limited
14. Odisha Infrapower Limited
15. Deoghar Infra Limited
16. Bihar Infrapower Limited
17. Bihar Mega Power Limited
18. Jharkhand Infrapower Limited

# Consolidated Balance Sheet

as at March 31, 2020

(₹ in crore)				
Sr. No.	Particulars	Note No.	As at 31.03.2020	As at 31.03.2019
<b>ASSETS</b>				
<b>1</b>	<b>Financial Assets</b>			
	(a) Cash and Cash Equivalents	8	1,905.21	726.64
	(b) Bank Balance other than included in Cash and Cash Equivalents	9	2,282.96	15,650.40
	(c) Derivative Financial Instruments	10	5,182.27	2,370.56
	(d) Trade Receivables	11	137.31	172.13
	(e) Loans	12	6,46,196.11	5,73,661.28
	(f) Investments (Other than accounted for using equity method)	13A	3,853.72	4,122.38
	(g) Other Financial Assets	14	27,462.12	23,712.97
	<b>Total Financial Assets (1)</b>		<b>6,87,019.70</b>	<b>6,20,416.36</b>
<b>2</b>	<b>Non-Financial Assets</b>			
	(a) Current Tax Assets (Net)	15	1,138.33	800.94
	(b) Deferred Tax Assets (Net)	44	5,005.31	6,369.74
	(c) Investment Property	16	0.01	0.01
	(d) Property, Plant and Equipment	17	186.79	186.45
	(e) Capital Work-in-Progress	17	287.62	196.94
	(f) Intangible Assets under development	17	0.77	1.59
	(g) Other Intangible Assets	17	9.23	9.18
	(h) Right of Use Assets	18	42.07	-
	(i) Other Non-Financial Assets	19	263.94	393.50
	(j) Investments accounted for using equity method	13B	549.90	481.35
	<b>Total Non-Financial Assets (2)</b>		<b>7,483.97</b>	<b>8,439.70</b>
<b>3</b>	Assets Classified as held for sale	20	16.98	12.66
	<b>Total Assets (1+2+3)</b>		<b>6,94,520.65</b>	<b>6,28,868.72</b>
<b>LIABILITIES AND EQUITY</b>				
<b>LIABILITIES</b>				
<b>1</b>	<b>Financial Liabilities</b>			
	(a) Derivative Financial Instruments	10	1,925.55	664.99
	(b) Trade Payables	21		
	(i) Total outstanding dues of Micro, Small and Medium Enterprises		0.15	2.65
	(ii) Total outstanding dues of creditors other than Micro, Small and Medium Enterprises		53.07	72.26
	(c) Debt Securities	22	4,41,765.90	3,98,352.00
	(d) Borrowings (other than Debt Securities)	23	1,40,666.72	1,27,007.23
	(e) Subordinated Liabilities	24	14,130.60	14,128.46
	(f) Other Financial Liabilities	25	29,177.04	24,574.28
	<b>Total Financial Liabilities (1)</b>		<b>6,27,719.03</b>	<b>5,64,801.87</b>
<b>2</b>	<b>Non-Financial Liabilities</b>			
	(a) Current Tax Liabilities (Net)	15	67.40	5.74
	(b) Provisions	26	374.32	366.81
	(c) Other Non-Financial Liabilities	27	193.85	209.95
	<b>Total Non-Financial Liabilities (2)</b>		<b>635.57</b>	<b>582.50</b>
<b>3</b>	Liabilities directly associated with assets classified as held for sale	20	0.68	0.08
	<b>Total Liabilities (1+2+3)</b>		<b>6,28,355.28</b>	<b>5,65,384.45</b>

# Consolidated Balance Sheet

as at March 31, 2020

		(₹ in crore)		
Sr. No.	Particulars	Note No.	As at 31.03.2020	As at 31.03.2019
<b>4</b>	<b>Equity</b>			
	(a) Equity Share Capital	28	2,640.08	2,640.08
	(b) Other Equity	29	46,759.72	44,481.17
	<b>Equity attributable to owners of the Company (a+b)</b>		<b>49,399.80</b>	<b>47,121.25</b>
	(c) Non-Controlling interest	30	16,765.57	16,363.02
	<b>Total Equity (4)</b>		<b>66,165.37</b>	<b>63,484.27</b>
	<b>Total Liabilities and Equity (1+2+3+4)</b>		<b>6,94,520.65</b>	<b>6,28,868.72</b>

Notes annexed hereto form integral part of Consolidated Financial Statements.

Sd/-  
**(Manohar Balwani)**  
Company Secretary

**For and on behalf of Board of Directors**

Sd/-  
**(N. B. Gupta)**  
Director (Finance)  
DIN: 00530741

Sd/-  
**(R. S. Dhillon)**  
Chairman and Managing Director  
DIN: 00278074

**Signed in terms of our report of even date attached**

**For Gandhi Minocha & Co.**  
Chartered Accountants  
Firm Regn. No.: 000458N

**For Dass Gupta & Associates**  
Chartered Accountants  
Firm Regn. No.: 000112N

Place : New Delhi  
Dated : 24.06.2020

Sd/-  
**(CA Manoj Bhardwaj)**  
Partner  
Membership No.: 098606

Sd/-  
**(CA Ashok Kumar Jain)**  
Partner  
Membership No.: 090563

# Consolidated Statement of Profit and Loss

for the Year ended March 31, 2020

(₹ in crore)				
Sr. No.	Particulars	Note No.	Year ended 31.03.2020	Year ended 31.03.2019
<b>REVENUE FROM OPERATIONS</b>				
	(i) Interest Income	31	61,628.35	53,427.41
	(ii) Dividend Income	46	105.65	76.63
	(iii) Fees and Commission Income	32	161.91	374.11
	(iv) Other Operating Income	34	293.53	227.50
<b>I.</b>	<b>Total Revenue from Operations</b>		<b>62,189.44</b>	<b>54,105.65</b>
<b>II.</b>	Other Income	35	85.92	51.18
<b>III.</b>	<b>Total Income (I+II)</b>		<b>62,275.36</b>	<b>54,156.83</b>
<b>EXPENSES</b>				
	(i) Finance Costs	36	40,844.65	34,626.80
	(ii) Net Translation/Transaction Exchange Loss/(Gain)	47	4,991.32	1,041.44
	(iii) Fees and Commission Expense	37	36.20	44.47
	(iv) Net Loss/(Gain) on Fair Value changes	33	(673.20)	263.54
	(v) Impairment on Financial Instruments	38	1,910.83	(625.73)
	(vi) Cost of Services Rendered		85.18	85.15
	(vii) Employee Benefit Expenses	39	399.72	362.66
	(viii) Depreciation and Amortisation	17/18	24.43	15.49
	(ix) Corporate Social Responsibility Expenses	48	356.44	206.32
	(x) Other Expenses	40	228.55	318.91
<b>IV.</b>	<b>Total Expenses</b>		<b>48,204.12</b>	<b>36,339.05</b>
<b>V.</b>	<b>Profit/(Loss) Before Exceptional Items and Tax (III-IV)</b>		<b>14,071.24</b>	<b>17,817.78</b>
<b>VI.</b>	Exceptional Items		-	-
<b>VII.</b>	Share of Profit/(Loss) in Joint Venture and Associates		21.43	44.25
<b>VIII.</b>	<b>Profit/(Loss) Before Tax (V-VI+VII)</b>		<b>14,092.67</b>	<b>17,862.03</b>
	<b>Tax Expense:</b>			
	(1) Current Tax:	44		
	- Current Year		3,004.98	4,182.75
	- Earlier Years		83.02	(12.75)
	(2) Deferred Tax		1,527.42	1,051.76
<b>IX.</b>	<b>Total Tax Expense</b>		<b>4,615.42</b>	<b>5,221.76</b>
<b>X.</b>	<b>Profit/(Loss) for the year from Continuing Operations (VIII-IX)</b>		<b>9,477.25</b>	<b>12,640.27</b>
<b>XI.</b>	Profit/(Loss) From Discontinued Operations (After Tax)		-	-
<b>XII.</b>	<b>Profit/(Loss) for the year (for continuing and discontinued operations) (X+XI)</b>		<b>9,477.25</b>	<b>12,640.27</b>
<b>XIII. Other Comprehensive Income</b>				
<b>(A)</b>	(i) Items that will not be reclassified to Profit or Loss			
	- Re-measurement of Defined Benefit Plans		(7.96)	(23.00)
	- Net Gain/(Loss) on Fair Value of Equity Instruments		(416.31)	(202.25)
	- Share of Other Comprehensive Income/(Loss) in Joint Venture accounted for using equity method		(0.30)	(0.13)
	(ii) Income Tax relating to items that will not be reclassified to Profit or Loss			
	- Re-measurement of Defined Benefit Plans		0.80	8.46
	- Net Gain/(Loss) on Fair Value of Equity Instruments		12.39	(0.68)
	- Share of Other Comprehensive Income/ (loss) of Joint Venture accounted for using equity method		0.05	-
	<b>Sub-Total (A)</b>		<b>(411.33)</b>	<b>(217.60)</b>
<b>(B)</b>	(i) Items that will be reclassified to Profit or Loss			
	- Effective Portion of Gains and (Loss) on Hedging Instruments in Cash Flow Hedge		(348.86)	(77.08)
	- Cost of Hedging Reserve		(273.61)	-
	- Share of Other Comprehensive Income/ (loss) of Joint Venture accounted for using equity method		(3.94)	-
	(ii) Income Tax relating to items that will be reclassified to Profit or Loss			
	- Effective Portion of Gains and (Loss) on Hedging Instruments in Cash Flow Hedge		80.27	26.93
	- Cost of Hedging Reserve		68.86	-
	- Share of Other Comprehensive Income/ (loss) of Joint Venture accounted for using equity method		-	-
	<b>Sub-Total (B)</b>		<b>(477.28)</b>	<b>(50.15)</b>
	<b>Other Comprehensive Income (A+B)</b>		<b>(888.61)</b>	<b>(267.75)</b>
<b>XIV.</b>	<b>Total Comprehensive Income for the Year (XII+XIII)</b>		<b>8,588.64</b>	<b>12,372.52</b>

# Consolidated Statement of Profit and Loss

for the Year ended March 31, 2020

(₹ in crore)

Sr. No.	Particulars	Note No.	Year ended 31.03.2020	Year ended 31.03.2019
	<b>Profit for the year attributable to:</b>			
	- Owners of the Company		7,122.13	9,920.86
	- Non-Controlling Interest		2,355.12	2,719.41
			<b>9,477.25</b>	<b>12,640.27</b>
	<b>Other Comprehensive Income for the Year</b>			
	- Owners of the Company		(626.28)	(239.05)
	- Non-Controlling Interest		(262.33)	(28.70)
			<b>(888.61)</b>	<b>(267.75)</b>
	<b>Total Other Comprehensive Income for the Year</b>			
	- Owners of the Company		6,495.85	9,681.81
	- Non-Controlling Interest		2,092.79	2,690.71
			<b>8,588.64</b>	<b>12,372.52</b>
<b>XV.</b>	<b>Basic and Diluted Earnings Per Equity Share (Face Value ₹ 10/- each):</b>	51		
	(1) For continuing operations (in ₹)		26.98	37.58
	(2) For discontinued operations (in ₹)		-	-
	(3) For continuing and discontinued operations (in ₹)		26.98	37.58

Notes annexed hereto form integral part of Consolidated Financial Statements.

Sd/-  
**(Manohar Balwani)**  
Company Secretary

**For and on behalf of Board of Directors**

Sd/-  
**(N. B. Gupta)**  
Director (Finance)  
DIN: 00530741

Sd/-  
**(R. S. Dhillon)**  
Chairman and Managing Director  
DIN: 00278074

**Signed in terms of our report of even date attached**

**For Gandhi Minocha & Co.**  
Chartered Accountants  
Firm Regn. No.: 000458N

**For Dass Gupta & Associates**  
Chartered Accountants  
Firm Regn. No.: 000112N

Sd/-  
**(CA Manoj Bhardwaj)**  
Partner  
Membership No.: 098606

Sd/-  
**(CA Ashok Kumar Jain)**  
Partner  
Membership No.: 090563

Place : New Delhi  
Dated : 24.06.2020



# Consolidated Statement of Changes in Equity

for the Year ended March 31, 2020

## A. EQUITY SHARE CAPITAL

Particulars	₹ (in crore)		
	Opening Balance	Changes during the period	Closing Balance
FY 2018-19	2,640.08	-	2,640.08
FY 2019-20	2,640.08	-	2,640.08

## B. OTHER EQUITY

Particulars	Reserves and Surplus										Other Comprehensive Income				Share of other Comprehensive Income of Joint Venture and associated accounted using equity method	Total			
	Capital Reserve - Common shareholding in joint Venture of India Act, 1934	Special Reserve created u/s 45-1C(1) of Reserve Bank of India Act, 1934	Reserve for Bad & doubtful debts u/s 36(1)(vii)(c) of Income-Tax Act, 1961	Special Reserve created u/s 36(1) of Income Tax Act, 1961	Special Reserve created and maintained u/s 36(1)(viii) of Income Tax Act, 1961	Debt Redemption Reserve	Securities Premium	Foreign Currency Monetary Item Translation Difference Account	Interest Differential Reserve - KFW Loan	General Reserve	Impairment Reserve	Retained Earnings	Equity Instruments through comprehensive Income	Effective portion of Gain/(Loss) on Hedging Instruments in Cash Flow Hedges			Costs of Hedging Reserve	Attributable to owners of the parent	Non-Controlling interest
<b>Balance as at 31.03.2018</b>	(13,461.00)	23.36	4,840.09	599.85	23,190.91	2,317.16	3,953.74	(401.83)	57.90	9,191.77	-	6,887.10	(6.82)	-	2.22	37,194.45	15,435.22	52,629.67	
Profit for the year	-	-	-	-	-	-	-	-	-	-	-	9,920.86	-	-	-	9,920.86	2,719.41	12,640.27	
Re-measurement of Defined Benefit Plans	-	-	-	-	-	-	-	-	-	-	-	(8.57)	-	-	-	(8.57)	(5.97)	(14.54)	
Other Comprehensive Income/(Expense)	-	-	-	-	-	-	-	-	-	-	-	(0.11)	(180.22)	(50.14)	-	(230.47)	(22.73)	(253.20)	
<b>Total Comprehensive Income</b>	-	-	-	-	-	-	-	-	-	-	-	9,912.18	(180.22)	(50.14)	-	9,681.82	2,690.71	12,372.53	
Dividends	-	-	-	-	-	-	-	-	-	-	-	(1,325.29)	-	-	-	(1,325.29)	(1,192.61)	(2,517.90)	
Dividends Distribution Tax	-	-	-	-	-	-	-	-	-	-	-	(299.35)	-	-	-	(299.35)	(248.91)	(548.26)	
Transfer to/from retained earnings	-	1,997.46	497.44	-	2,274.58	393.21	-	-	-	1,000.00	-	(6,148.13)	(14.56)	-	-	(0.00)	-	(0.00)	
Additions/Deletion during the year (net)	-	-	-	-	-	(2.30)	-	(770.46)	2.10	-	-	0.20	-	-	-	(770.46)	(321.39)	(1,091.85)	
Reclassification of gain/loss on sale of equity instrument measured at OCI	-	-	-	-	-	-	-	-	-	-	-	2.85	(2.85)	-	-	-	-	-	
<b>Balance as at 31.03.2019</b>	(13,461.00)	2,020.82	5,337.53	599.85	25,465.49	2,708.07	3,953.74	(1,172.29)	60.00	10,191.77	-	9,029.56	(204.45)	(50.14)	2.22	44,481.17	16,363.02	60,844.18	
Profit for the period	-	-	-	-	-	-	-	-	-	-	-	7,122.13	-	-	-	7,122.13	2,355.12	9,477.25	
Re-measurement of Defined Benefit Plans	-	-	-	-	-	-	-	-	-	-	-	(6.14)	-	-	-	(6.14)	(1.02)	(7.16)	
Other Comprehensive Income/(Expense)	-	-	-	-	-	-	-	-	-	-	-	(0.20)	(348.59)	(161.51)	(107.77)	(2.07)	(620.14)	(261.31)	
Other Adjustments	-	-	-	-	-	-	-	-	-	-	-	(22.86)	-	-	-	(22.86)	-	(22.86)	
<b>Total Comprehensive Income</b>	-	-	-	-	-	-	-	-	-	-	-	7,092.94	(348.59)	(161.51)	(107.77)	(2.07)	6,472.99	2,092.79	8,565.78

# Consolidated Statement of Changes in Equity

for the Year ended March 31, 2020

Particulars	Reserves and Surplus										Other Comprehensive Income				Total				
	Capital Reserve - Common shareholding in Joint Venture of India Act, 1934	Capital Reserve - Change in Reserve - 45-IC(1) of Reserve Bank of India Act, 1934	Reserve for Bad & doubtful debts u/s 36(1)(vii)(c) of Income-Tax Act, 1961	Special Reserve created u/s 36(1) of Income Tax Act, 1961	Special Reserve created u/s 36(1)(viii) of Income Tax Act, 1961	Debt Redemption Reserve	Securities Premium	Foreign Currency Monetary Item Translation Difference Account	Interest Differential Reserve - KFW Loan	General Reserve	Impairment Reserve	Retained Earnings	Equity Instruments through comprehensive Income	Effective portion of Gain/(Loss) on Hedging Instruments in Cash Flow Hedges		Costs of Hedging Reserve and associated accounted using equity method	Share of other Comprehensive Income of Joint Venture and associates	Attributable to owners of the parent	Non-Controlling interest
Dividends	-	-	-	-	-	-	-	-	-	-	(2,508.08)	-	-	-	-	(2,508.08)	(1,028.97)	(3,537.05)	
Dividends Distribution Tax	-	-	-	-	-	-	-	-	-	-	(514.99)	-	-	-	-	(514.99)	(211.28)	(726.27)	
Transfer to/from Retained Earnings	-	1,645.79	481.94	-	2,151.40	25.87	-	-	-	-	417.55	(4,722.54)	-	-	-	-	-	-	
Transfer to/from General Reserve	-	-	-	-	-	(2,733.94)	-	-	2,733.94	-	-	-	-	-	-	-	-	-	
Utilisation of reserve against bad debts written off	-	-	(1,730.03)	-	-	-	-	-	1,730.03	-	-	-	-	-	-	-	-	-	
Additions/Deletion during the year (net)	-	-	-	-	-	-	-	(1,173.89)	1.40	0.03	(1.37)	-	-	-	-	(1,173.83)	(452.23)	(1,626.06)	
Gain on increase in share in EESL	-	2.47	-	-	-	-	-	-	-	-	-	-	-	-	-	2.47	2.23	4.70	
Reclassification of gain/loss on sale of equity instrument measured at OCI	-	-	-	-	-	-	-	-	-	-	(295.33)	-	-	-	-	-	-	-	
<b>Balance as at 31.03.2020</b>	<b>2.47</b>	<b>3,666.61</b>	<b>4,089.44</b>	<b>599.85</b>	<b>27,616.89</b>	<b>0.00</b>	<b>3,953.74</b>	<b>(2,346.18)</b>	<b>61.40</b>	<b>14,655.76</b>	<b>417.55</b>	<b>8,080.18</b>	<b>(257.72)</b>	<b>(211.65)</b>	<b>(107.77)</b>	<b>0.15</b>	<b>46,759.73</b>	<b>16,765.57</b>	<b>63,525.30</b>

Notes annexed hereto form integral part of Consolidated Financial Statements.

Sd/-  
**(Manohar Balwani)**  
Company Secretary

For and on behalf of Board of Directors

Sd/-  
**(N. B. Gupta)**  
Director (Finance)  
DIN: 00530741

Sd/-  
**(R. S. Dhillon)**  
Chairman and Managing Director  
DIN: 00278074

Signed in terms of our report of even date attached

For **Gandhi Minocha & Co.**  
Chartered Accountants  
Firm Regn. No.: 000458N

For **Dass Gupta & Associates**  
Chartered Accountants  
Firm Regn. No.: 000112N

Sd/-  
**(CA Manoj Bhardwaj)**  
Partner  
Membership No.: 098606

Sd/-  
**(CA Ashok Kumar Jain)**  
Partner  
Membership No.: 090563

Place : New Delhi  
Dated : 24.06.2020

# Consolidated Statement of Cash Flows

for the Year ended March 31, 2020

(₹ in crore)

Sr. No.	Description	Year ended 31.03.2020	Year ended 31.03.2019
<b>I.</b>	<b>CASH FLOW FROM OPERATING ACTIVITIES :-</b>		
	<b>Profit before Tax</b>	<b>14,092.67</b>	<b>17,862.03</b>
	<b>Adjustments for:</b>		
	Loss on derecognition of Property, Plant and Equipment (net)	2.66	1.23
	Loss/(Gain) on sale of Investments	(3.16)	-
	Depreciation and Amortisation	24.43	15.49
	Interest expense on Zero Coupon Bonds and Commercial Papers	898.53	363.04
	Unrealised Foreign Exchange Translation Loss/(Gain)	5,250.80	1,077.58
	Net Change in Fair Value	(657.73)	266.54
	Impact of Effective Interest Rate on Loans	59.05	(9.14)
	Impairment on Financial Instruments	1,910.83	(625.73)
	Interest income on Investments and Others	(437.36)	(505.59)
	Interest on Interest Subsidy Fund	1.35	3.46
	Provision for interest under Income Tax Act, 1961	0.20	9.56
	Excess Liabilities written back	(0.48)	(1.68)
	Provision for Retirement Benefits etc.	44.44	56.09
	Dividend Income	(105.65)	(76.63)
	Effective Interest Rate on Borrowings/Debt Securities/ Subordinated Liabilities	(125.75)	(788.63)
	Interest on Income Tax Refund	(0.66)	(8.29)
	Interest expenses on Lease Liability	0.77	-
	Interest expense on Other Liabilities	0.21	-
	Share of Profit/Loss of Joint Venture accounted for using equity method	(21.43)	(44.25)
	<b>Operating profit before Working Capital Changes:</b>	<b>20,933.72</b>	<b>17,595.09</b>
	<b>Increase/Decrease:</b>		
	Loans (Net)	(73,762.52)	(78,082.12)
	Other Financial and Non-Financial Assets	8,730.00	(27,652.25)
	Derivative	(912.65)	(1,611.07)
	Other Financial & Non-Financial Liabilities and Provisions	5,631.70	14,044.08
	<b>Cash Flow from Operations Before Tax</b>	<b>(39,379.75)</b>	<b>(75,706.27)</b>
	Income Tax paid	(3,385.85)	(4,626.89)
	Income Tax Refund	75.70	81.34
	<b>Net Cash flow from Operating Activities</b>	<b>(42,689.90)</b>	<b>(80,251.82)</b>
<b>II.</b>	<b>CASH FLOW FROM INVESTING ACTIVITIES:</b>		
	Proceeds from disposal of Property, Plant and Equipment	1.02	0.28
	Purchase of Property, Plant and Equipment (including CWIP and capital advance)	(130.52)	(99.46)
	Investment in Subsidiaries	-	(14,500.00)
	Interest income on investment	487.04	411.15
	Dividend on investment	105.65	76.63
	Increase/Decrease in Other Investments	6.62	648.39
	<b>Net Cash Used in Investing Activities</b>	<b>469.81</b>	<b>(13,463.02)</b>
<b>III.</b>	<b>CASH FLOW FROM FINANCING ACTIVITIES:</b>		
	Raising of Bonds (including premium) (Net of Redemptions)	27,537.63	(4,737.02)
	Raising of Long-term Loans (Net of Repayments)	16,045.23	60,028.55
	Raising of Foreign Currency Loans (Net of Repayments)	27,911.51	13,353.18
	Raising of Subordinated Liabilities (Net of Redemptions)	0.00	7,562.70
	Raising of Commercial paper (Net of Repayments)	(15,270.30)	7,113.04
	Raising of Working Capital Demand Loan/OD/CC/Line of Credit (Net of Repayments)	(8,563.96)	13,357.17
	Unclaimed Bonds (Net)	0.59	(2.78)

# Consolidated Statement of Cash Flows

for the Year ended March 31, 2020

(₹ in crore)

Sr. No.	Description	Year ended 31.03.2020	Year ended 31.03.2019
	Unclaimed Dividend (Net)	0.32	0.53
	Payment of Lease Liability	(1.41)	-
	Payment of Interim Dividend	(3,534.68)	(2,511.50)
	Payment of Corporate Dividend Tax	(726.27)	(547.44)
	<b>Net Cash in-flow from Financing Activities</b>	<b>43,398.66</b>	<b>93,616.44</b>
	<b>Net Increase/Decrease in Cash and Cash Equivalents</b>	<b>1,178.57</b>	<b>(98.40)</b>
	Add : Cash and Cash Equivalents at beginning of the financial year	726.64	825.04
	<b>Cash and Cash Equivalents at the end of the Year</b>	<b>1,905.21</b>	<b>726.64</b>
	<b>Details of Cash and Cash Equivalents at the end of the Year:</b>		
i)	Balances with Banks (of the nature of cash and cash equivalents)		
	In current accounts	1,380.56	369.41
	In Term Deposit Accounts	524.59	357.22
		1,905.15	726.63
ii)	Cheques, Drafts on hand including postage and Imprest	0.06	0.01
	<b>Total Cash and Cash Equivalents at the end of the Year</b>	<b>1,905.21</b>	<b>726.64</b>

The above statement of cash flows has been prepared under the indirect method as set out in Ind AS 7 'Statement of Cash Flows'.

## Reconciliation of liabilities arising from financing activities

(₹ in crore)

Sr. No.	Particulars	Bonds/ Debenture*	Term Loans**	Foreign Currency Loans	Commercial Paper	WCDL etc.	Subordinated Debts	Total
	<b>Opening Balance as at 01.04.2018</b>	<b>3,52,792.99</b>	<b>10,924.98</b>	<b>48,066.67</b>	<b>10,174.74</b>	-	<b>6,300.00</b>	<b>4,28,259.40</b>
	Cash Flow During the Year	(4,737.02)	60,028.55	13,353.18	7,113.04	13,357.17	7,562.70	96,677.63
	<b>Non-Cash Changes due to:</b>							
	Adjustments	139.01	-	-	403.14	-	-	542.14
	Variation in Exchange Rates	-	-	2,164.52	-	-	-	2,164.52
	<b>Closing Balance as at 31.03.2019</b>	<b>3,48,194.98</b>	<b>70,953.53</b>	<b>63,584.37</b>	<b>17,690.92</b>	<b>13,357.17</b>	<b>13,862.70</b>	<b>5,27,643.69</b>
	Cash Flow During the Year	27,537.63	16,045.23	27,911.51	(15,270.30)	(8,563.96)	0.00	47,660.11
	<b>Non-Cash Changes due to:</b>							
	Adjustments	150.71	-	-	504.39	-	-	655.10
	Variation in Exchange Rates	-	(0.00)	7,556.60	-	-	-	7,556.60
	<b>Closing Balance as at 31.03.2020</b>	<b>3,75,883.33</b>	<b>86,998.76</b>	<b>99,052.48</b>	<b>2,925.01</b>	<b>4,793.21</b>	<b>13,862.70</b>	<b>5,83,515.50</b>

\*Foreign Currency Notes form part of Foreign Currency Loans in Statement of Cash Flow.

\*\* Foreign Currency loans and syndicated foreign currency loans form part of foreign currency loan in statement of cash flow.

Sd/-  
(Manohar Balwani)  
Company Secretary

### For and on behalf of Board of Directors

Sd/-  
(N. B. Gupta)  
Director (Finance)  
DIN: 00530741Sd/-  
(R. S. Dhillon)  
Chairman and Managing Director  
DIN: 00278074

### Signed in terms of our report of even date attached

For Gandhi Minocha & Co.  
Chartered Accountants  
Firm Regn. No.: 000458NFor Dass Gupta & Associates  
Chartered Accountants  
Firm Regn. No.: 000112NPlace : New Delhi  
Dated : 24.06.2020Sd/-  
(CA Manoj Bhardwaj)  
Partner  
Membership No.: 098606Sd/-  
(CA Ashok Kumar Jain)  
Partner  
Membership No.: 090563

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

## 1. GROUP INFORMATION

Power Finance Corporation Limited ("PFC" or "the Company") was incorporated in India in the year 1986. PFC is domiciled in India and is limited by shares, having its registered office at 'Urjanidhi', 1, Barakhamba Lane, Connaught Place, New Delhi - 110 001.

PFC is a Government company engaged in extending financial assistance to power sector and is a Systemically Important Non-Deposit taking Non-Banking Financial Company (NBFC) registered with Reserve Bank of India (RBI) as an Infrastructure Finance Company (IFC).

Equity shares of PFC are listed on the National Stock Exchange of India Limited (NSE) and BSE Limited.

These Consolidated Financial Statements comprise the financial statements of PFC & its subsidiaries (referred to collectively as the 'Group'), its associates and the Group's interest in its joint venture entities, as listed at Note 5. The Group is primarily engaged in extending financial assistance to power sector. Other businesses include providing consultancy services to power sector and facilitation of development of Ultra Mega Power Projects (UMPPs) and Independent Transmission Projects (ITPs) as per mandate from Government of India (GoI).

## 2. STATEMENT OF COMPLIANCE

These Consolidated Financial Statements comply with Ind AS notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended), applicable provisions of the Companies Act, 2013 and other applicable regulatory norms/guidelines.

3. These Consolidated Financial Statements have been approved for issue by Board of Directors (BoD) of PFC on 24.06.2020.

## 4. STANDARDS / AMENDMENTS ISSUED BUT NOT YET EFFECTIVE

Ministry of Corporate Affairs (MCA) notifies new standards or amendments to the existing standards. As at 31.03.2020, there is no such notification which would have been applicable from 01.04.2020.

## 5. THE CONSOLIDATED FINANCIAL STATEMENTS REPRESENT CONSOLIDATION OF ACCOUNTS OF THE COMPANY, ITS SUBSIDIARIES, JOINT VENTURE ENTITY AND ASSOCIATES AS DETAILED BELOW:

Sr. No.	Name of the Company	Country of incorporation/ Principal place of Business	Proportion of ownership interest as at		Status of Audit as on 31.03.2020	
			31.03.2020	31.03.2019		
<b>Subsidiaries:</b>						
1	REC Limited* (RECL)	India	52.63%	52.63%	Audited	
2	PFC Consulting Ltd. (PFCCCL)*	India	100%	100%	Unaudited	
3	Power Equity Capital Advisors (Private) Ltd.	India	100%	100%	(Refer Note 5.1)	
<b>Joint Venture:</b>						
1	Energy Efficiency Services Ltd. (EESL) - (Refer Note 74)	India	PFC's share	24.97%	36.36%	Unaudited
			through RECL	22.18%	21.70%	
			Group's share	47.15%	58.06%	
<b>Associates:</b>						
1	Coastal Maharashtra Mega Power Limited	India	100%	100%	Unaudited	
2	Orissa Integrated Power Limited	India	100%	100%	Unaudited	
3	Coastal Karnataka Power Limited	India	100%	100%	Unaudited	
4	Coastal Tamil Nadu Power Limited	India	100%	100%	Unaudited	
5	Chhattisgarh Surguja Power Limited	India	100%	100%	Unaudited	
6	Sakhigopal Integrated Power Company Limited	India	100%	100%	Unaudited	

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

Sr. No.	Name of the Company	Country of incorporation/ Principal place of Business	Proportion of ownership interest as at		Status of Audit as on 31.03.2020
			31.03.2020	31.03.2019	
7	Ghogarpalli Integrated Power Company Limited	India	100%	100%	Unaudited
8	Tatiya Andhra Mega Power Limited	India	100%	100%	Unaudited
9	Deoghar Mega Power Limited	India	100%	100%	Unaudited
10	Cheyur Infra Limited	India	100%	100%	Unaudited
11	Odisha Infrapower Limited	India	100%	100%	Audited
12	Deoghar Infra Limited	India	100%	100%	Unaudited
13	Bihar Infrapower Limited	India	100%	100%	Audited
14	Bihar Mega Power Limited	India	100%	100%	Unaudited
15	Jharkhand Infrapower Limited	India	100%	100%	Unaudited

\* Consolidated Financial Statements of these subsidiaries have been used for consolidation with PFC.

- 5.1** Pursuant to approval from Ministry of Power (MoP), GoI, PFC had applied for striking off the name of its wholly owned subsidiary Power Equity Capital Advisors Private (PECAP) Ltd. from the records of Registrar of Companies. The necessary Gazette Notification in this regard is yet to be issued by the Ministry of Corporate Affairs (MCA).
- 5.2** The Board of Directors of REC Transmission Projects Company Limited (RECTPCL) and REC Power Distribution Company Limited (RECPDCL), wholly owned subsidiaries of REC Limited, have approved the scheme of amalgamation of RECTPCL ("Transferor Company") with RECPDCL ("Transferee Company") which was also approved by the Board of Directors of RECL, subject to requisite approvals.

## 6. GROUP'S SIGNIFICANT ACCOUNTING POLICIES

The group's significant accounting policies applied in preparation of the Consolidated Financial Statements are as given below:

### 6.1 Basis of Preparation and Measurement

These Consolidated Financial Statements have been prepared on going concern basis following accrual system of accounting. The assets and liabilities have been measured at historical cost or at amortised cost or at fair value at the end of each reporting period.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

Fair value measurements are categorised into Level 1, 2 or 3 as per Ind AS requirement, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

### 6.2 Basis of Consolidation

The Consolidated Financial Statements incorporate the financial statements of the Company and its subsidiaries (collectively referred as the "Group"). The Group has investment in joint venture entity and associates which are accounted using equity method in these Consolidated Financial Statements.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

The financial statements of Subsidiaries, Joint Venture and Associates are drawn up to the same reporting date as of the Company for the purpose of Consolidation.

## i) Subsidiaries:

A subsidiary is an entity over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the relevant activities of the entity. Subsidiaries are fully consolidated from the date on which the Company obtains the control (except for Business Combinations under Common Control).

The Company combines the financial statements of its subsidiaries on a line by line basis, adding together like items of assets, liabilities, equity, income and expenses. The carrying amount of the Company's investment in each subsidiary and the Company's portion of equity of each subsidiary are eliminated. Intercompany transactions, balances, unrealised gains on transactions between the Company and subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the transferred asset.

Non-controlling interests (NCI) represent the proportion of income, other comprehensive income and net assets in subsidiaries that is not attributable to the Company's shareholders. Non-controlling interests are initially measured at the proportionate share of the recognised amounts of the acquiree's identifiable net assets. Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of the interest at initial recognition plus the non-controlling interests' share of subsequent changes in equity.

The Consolidated Financial Statements are prepared using uniform accounting policies consistently for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's Standalone Financial Statements except as otherwise stated. When necessary, adjustments are made to the financial statements to bring their accounting policies in line with the Group's Significant Accounting Policies.

If the Company loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in Statement of Profit and Loss.

## ii) Joint Venture and Associates:

A Joint Venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

An Associate is an entity over which the Company has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of Joint Venture or Associates are incorporated in these Consolidated Financial Statements using the equity method of accounting, except when the investment or a portion thereof, is classified as held for sale, in which case it is measured at lower of their carrying amount and fair value less cost to sell. Under the equity method, an investment in a Joint Venture or Associate is initially recognised in the Consolidated Balance Sheet at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the Joint Venture or Associate. Distributions received from a joint venture/associate reduce the carrying amount of the investment.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

Upon loss of joint control over the Joint Venture or significant influence over the Associate, the Company measures and recognises any retained investment at its fair value. Any difference between a) the carrying amount of the Joint Venture or Associate upon loss of joint control or significant influence respectively and b) the fair value of the retained investment and proceeds from disposal is recognised in Statement of Profit and Loss.

## 6.3 Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits. The Group considers cash equivalents as all Short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

## 6.4 Derivative financial instruments

**6.4.1** The Group enters into a variety of derivative financial instruments such as Principal only swaps, Interest rate swaps, Options and forward contracts to manage its exposure to interest rate and foreign exchange rate risks.

**6.4.2** The Group designates certain derivative contracts under hedge relationship either as cash flow hedges or fair value hedges.

### Cash flow hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in Other Comprehensive Income. The gain or loss relating to ineffective portion is recognised immediately in Consolidated Statement of Profit and Loss. Amounts recognised in Other Comprehensive Income (being effective portion) are reclassified to Consolidated Statement of Profit and Loss in the periods when the hedged item affects profit or loss.

### Fair value hedge

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in Consolidated Statement of Profit and Loss immediately, together with any changes in the fair value of the hedged item that are attributable to the hedged risk. The change in the fair value of the designated portion of hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in Consolidated Statement of Profit and Loss in the line item relating to the hedged item.

Hedge accounting is discontinued when the hedging instrument expires, or terminated, or exercised, or when it no longer qualifies for hedge accounting.

**6.4.3** Derivatives, other than those designated under hedge relationship, are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently re-measured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in Consolidated Statement of Profit and Loss.

## 6.5 Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instruments.

On initial recognition, financial assets and financial liabilities are recognised at fair value plus/ minus transaction cost that is attributable to the acquisition or issue of financial assets and financial liabilities. In case of financial assets and financial liabilities which are recognised at fair value through profit and loss (FVTPL), its transaction costs are recognised in Consolidated Statement of Profit and Loss.



# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

## 6.5.1 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a settlement date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

After initial recognition, financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

### i) Classification and Measurement of Financial assets (other than Equity instruments)

#### a) Financial assets at Amortised Cost

Financial assets that meet the following conditions are subsequently measured at amortised cost using Effective Interest Rate method (EIR):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

#### Effective Interest Rate (EIR) method

The effective interest rate method is a method of calculating the amortised cost of financial asset and of allocating interest income over the expected life. The Group while applying EIR method, generally amortises any fees, transaction costs and other premiums or discount that are integral part of the effective interest rate of a financial instrument.

Income is recognised in the Consolidated Statement of Profit and Loss on an effective interest rate basis for financial assets other than those classified as at FVTPL.

EIR is determined at the initial recognition of the financial asset. EIR is subsequently updated at every reset, in accordance with the terms of the respective contract.

Once the terms of financial assets are renegotiated, other than market driven interest rate movement, any gain/loss measured using the previous EIR as calculated before the modification, is recognised in the Consolidated Statement of Profit and Loss in period during which such renegotiations occur.

#### b) Financial assets at Fair Value through Other Comprehensive Income (FVTOCI)

A financial asset is measured at FVTOCI if both the following conditions are met:

- the objective of the business model is achieved both by collecting contractual cash flows and selling the financial asset; and
- the contractual terms of the asset give rise on specified dates to cash flows that are Solely Payments of Principal and Interest (SPPI) on the principal amount outstanding.

All fair value changes are recognised in Other Comprehensive Income (OCI) and accumulated in Reserve.

#### c) Financial assets at fair value through profit or loss (FVTPL)

A financial asset is measured at FVTPL unless it is measured at amortised cost or FVTOCI, with all changes in fair value recognised in Consolidated Statement of Profit and Loss.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

## Business Model

An assessment of business model for managing financial assets is fundamental to the classification of a financial asset. The Group determines the business model at a level that reflects how financial assets are managed together to achieve a particular business objective of generating cash flows. The Group's business model assessment is performed at a higher level of aggregation rather than on an instrument-by-instrument basis.

The Group is primarily in the business of lending loans across power sector value chain and such loans are managed to realise the contractual cash flows over the tenure of the loan. Further, other financial assets may also be held by the Group to collect the contractual cash flows.

## ii) Classification and measurement of Equity Instruments

All equity investments other than in subsidiaries, joint ventures and associates are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Group at initial recognition makes an irrevocable election to classify it as either FVTOCI or FVTPL. The Group makes such election on an instrument by instrument basis.

An equity investment classified as FVTOCI is initially measured at fair value plus transaction costs. Subsequently, it is measured at fair value and, all fair value changes are recognised in Consolidated Other Comprehensive Income (OCI) and accumulated in Consolidated Reserve. There is no recycling of the amounts from Consolidated OCI to Consolidated Statement of Profit and Loss, even on sale of investment. However, the Group transfers the same within Consolidated equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the Consolidated Statement of Profit and Loss.

## iii) Impairment of financial assets

a) Subsequent to initial recognition, the Group recognises expected credit loss (ECL) on financial assets measured at amortised cost as required under Ind AS 109 'Financial Instruments'. ECL on such financial assets, other than loan assets, is measured at an amount equal to life time expected losses. The Group presents the ECL charge or reversal (where the net amount is a negative balance for a particular period) in the Consolidated Statement of Profit and Loss as "Impairment on financial instruments".

The impairment requirements for the recognition and measurement of ECL are equally applied to loan asset at FVTOCI except that ECL is recognised in Other Comprehensive Income and is not reduced from the carrying amount in the Balance Sheet.

b) Impairment of Loan Assets and commitments under Letter of Comfort (LoC):

The Group measures ECL on loan assets at an amount equal to the lifetime ECL if there is credit impairment or there has been significant increase in credit risk (SICR) since initial recognition. If there is no SICR as compared to initial recognition, the Group measures ECL at an amount equal to 12-month ECL. When making the assessment of whether there has been a SICR since initial recognition, the Group considers reasonable and supportable information, that is available without undue cost or effort. If the Group measured loss allowance as lifetime ECL in the previous period, but determines in a subsequent period that there has been no SICR since initial recognition due to improvement in credit quality, the Group again measures the loss allowance based on 12-month ECL.

ECL is measured on individual basis for credit impaired loan assets, and on other loan assets it is generally measured on collective basis using homogenous groups.

The Group measures impairment on commitments under LoC on similar basis as in case of Loan assets.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

- c) The impairment losses and reversals are recognised in Consolidated Statement of Profit and Loss.
- d) Financial assets are written off by RECL either partially or in their entirety only when it has stopped pursuing the recovery.

## iv) De-recognition of financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset along with all the substantial risks and rewards of ownership of the asset to another party.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received & receivable, and the cumulative gain or loss that had been recognised in Consolidated Other Comprehensive Income and accumulated in Consolidated Equity, is recognised in Consolidated Statement of Profit and Loss if such gain or loss would have otherwise been recognised in Consolidated Statement of Profit and Loss on disposal of that financial asset.

## 6.5.2 Financial liabilities

- i) All financial liabilities other than derivatives and financial guarantee contracts are subsequently measured at amortised cost using the effective interest rate (EIR) method.

EIR is determined at the initial recognition of the financial liability. EIR is subsequently updated for financial liabilities having floating interest rate, at the respective reset date, in accordance with the terms of the respective contract.

- ii) Financial guarantee

A financial guarantee issued by the Group is initially measured at fair value and, if not designated as at FVTPL, is subsequently measured at the higher of:

- the best estimate of expenditure required to settle any financial obligation arising as a result of the guarantee; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in the Consolidated Statement of Profit and Loss.

- iii) De-recognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognised and the consideration paid & payable is recognised in Consolidated Statement of Profit and Loss.

## 6.5.3 Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

## 6.6 Investment property

Investment properties are the assets which have undetermined future use. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, the investment properties are stated at cost less accumulated depreciation. The cost comprises purchase price, borrowing

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group beyond one year. All other repair and maintenance costs are recognised in the Consolidated Statement of Profit and Loss as incurred.

## Subsequent measurement (depreciation and useful lives)

The Group only has land as an investment property, which is not depreciated.

## De-recognition

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in Consolidated Statement of Profit and Loss in the period in which the property is derecognised.

## 6.7 Property, Plant and Equipment (PPE) and Depreciation

- i. Items of PPE are initially recognised at cost. Subsequent measurement is done at cost less accumulated depreciation and accumulated impairment losses, if any, except for freehold land which is not depreciated. An item of PPE retired from active use and held for disposal is stated at lower of its book value or net realisable value.
- ii. The expenditure incurred on improvement of leasehold premises is recognised at cost and is shown as "Leasehold Improvements" under PPE.
- iii. In case of assets put to use, capitalisation is done on the basis of bills approved or estimated value of work done as per contracts where final bill(s) is/are yet to be received/approved subject to necessary adjustment in the year of final settlement.
- iv. Cost of replacing part of an item of PPE is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. Maintenance or servicing costs of PPE are recognised in Consolidated Statement of Profit and Loss as incurred.
- v. Under-construction PPE is carried at cost, less any recognised impairment loss. Such PPE items are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as of other assets, commences when the assets are ready for their intended use.
- vi. Depreciation is recognised so as to write-off the cost of assets less their residual values# as per written down value method\*, over the estimated useful lives that are similar to as prescribed in Schedule II to the Companies Act, 2013, except following:

Nature of PPE	Life of PPE
Cell phones <sup>(1)</sup>	2 years
Lease hold improvement <sup>(2)</sup>	Lease period or their useful lives whichever is shorter (in case of PFCCCL)

# Residual value is estimated as 5% of the original cost of PPE.

\* Depreciation is provided using Straight-line method by RECL.

<sup>(1)</sup> Useful life has been taken as 2 years by the Group

<sup>(2)</sup> Lease hold improvements are amortised on Straight-line basis

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

- vii. Depreciation on additions to/deductions from PPE during the year is charged on pro-rata basis from/up to the month in which the asset is available for use/disposed.
- viii. An item of PPE is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the de-recognition of an item of PPE is determined as the difference between the net disposal proceeds and the carrying amount of the asset and is recognised in the Consolidated Statement of Profit and Loss.
- ix. Items of PPE costing up to ₹ 5,000/- each are fully depreciated, in the year of purchase.
- x. The cost of PPE under construction at the reporting date is disclosed as 'Capital work-in-progress.' The cost comprises purchase price, borrowing cost if capitalisation criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discount and rebates are deducted in arriving at the purchase price. Advances paid for the acquisition/ construction of PPE which are outstanding at the Balance Sheet date are classified under 'Capital Advances.'

## 6.8 Intangible assets and Amortisation

- i. Intangible assets with finite useful lives that are acquired separately are recognised at cost. Cost includes any directly attributable incidental expenses necessary to make the assets ready for its intended use. Subsequent measurement is done at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is recognised on a straight-line basis over their estimated useful lives.
- ii. Expenditure incurred which are eligible for capitalisation under intangible assets is carried as Intangible Assets under Development till they are ready for their intended use.
- iii. Estimated useful life of intangible assets with finite useful lives has been estimated by the Group as 5 years. In case of PFCCCL, life is estimated as 36 months.
- iv. An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset are recognised in the Consolidated Statement of Profit and Loss when the asset is derecognised.
- v. Expenditure incurred which are eligible for capitalisation under intangible assets is carried as 'Intangible assets under development' till they are ready for their intended use.

## 6.9 Assets/ Disposal Groups held for sale

Assets are classified as held for sale if their carrying amount will have recovered principally through sale transaction rather than through continuing use and a sale is considered highly probable. They are measured at lower of their carrying amount or fair value less cost to sell, except for assets such as deferred tax, assets arising from employee benefit, financials assets and contractual rights under insurance contracts, which are specifically exempted from this requirement.

Non-current assets are not depreciated or amortised while they are classified as held for sale. Non-current assets held for sale are presented separately from other assets in the Balance Sheet.

Where the Group is committed to a sale plan involving loss of control of an entity, it classifies investment in the entity (i.e. all the assets and liabilities of that entity) as held for sale.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

## 6.10 Provisions, Contingent Liabilities and Contingent Assets

- i. Provisions are recognised when the Group has a present legal or constructive obligation as a result of a past event, if it is probable that the Group will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.
- ii. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.
- iii. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.
- iv. Where it is not probable that an outflow of economic benefits will be required or the amount cannot be estimated reliably, the obligation is disclosed as contingent liability in notes to accounts, unless the probability of outflow of economic benefits is remote.
- v. Contingent assets are not recognised in the financial statements. However, contingent assets are disclosed in the financial statements when inflow of economic benefits is probable.

## 6.11 Recognition of Income and Expenditure

- i. Interest income on financial assets subsequently measured at amortised cost, is recognised using the Effective Interest Rate (EIR) method. The Effective Interest Rate (EIR) is the rate that exactly discounts estimated future cash receipts through expected life of the financial asset to that asset's net carrying amount on initial recognition.
- ii. Unless otherwise specified, the recoveries from the borrowers of RECL are appropriated in the order of (i) costs and expenses of RECL (ii) delayed and penal interest including interest tax, if any (iii) overdue interest including interest tax, if any and (iv) repayment of principal; the oldest being adjusted first, except for credit impaired loans and recalled loans, where principal amount is appropriated only after the complete recovery of other costs, expenses, delayed and penal interest and overdue interest including interest tax, if any. The recovery under One Time Settlement (OTS)/ Insolvency and Bankruptcy Code (IBC) proceedings is appropriated first towards the principal outstanding and remaining recovery thereafter, towards interest and other charges, if any.
- iii. Interest on financial assets subsequently measured at fair value through profit and loss, is recognised on accrual basis in accordance with the terms of the respective contract and is disclosed separately under Interest Income.
- iv. Rebate on account of timely payment of dues by borrowers is recognised on receipt of entire dues in time, in accordance with the terms of the respective contract and is presented against the corresponding interest income.
- v. The Group uses the principles laid down by Ind AS 115 to determine that how much and when revenue is recognised, what is the nature, amount, timing and uncertainty of revenues etc. In accordance with the same, revenue is recognised through a five-step approach:
  - a) Identify the contract(s) with customer;
  - b) Identify separate performance obligations in the contract;

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

- c) Determine the transaction price;
- d) Allocate the transaction price to the performance obligations; and
- e) Recognise revenue when a performance obligation is satisfied.

Revenues are measured at the fair value of the consideration received or receivable, net of discounts and other indirect taxes.

In Cost Plus Contracts - Revenue is recognised by including eligible contractual items of expenditures plus proportionate margin as per contract;

In Fixed Price Contracts – Revenue is recognised on the basis of stage of completion of the contract. The Group has assessed that the stage of completion is determined as the proportion of the total time expected to complete the performance obligation to that has lapsed at the end of the reporting period, which is an appropriate measure of progress towards complete satisfaction of these performance obligations under Ind AS 115.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

- vi. Revenue from consulting services, in connection with development of Independent Transmission Projects (ITP) and Ultra Mega Power Projects (UMPP) taken up as per the directions from the Ministry of Power, Government of India, is recognised on completed contract method basis i.e. when the ITP / UMPP created for the project is transferred to a successful bidder evidenced by share purchase agreement. The expenses incurred on development of these projects which are not recovered as direct costs are recovered through billing manpower charges at agreed charge out rates decided by the management.
- vii. The sale proceeds from Request for qualification (RfQ) documents for Independent Transmission Projects (ITPs) and Ultra Mega Power Project (UMPPs) are accounted for when received.
- viii. Income from short /medium-term bidding of power and Coal Flexibility Scheme is recognised when letter of award (LOA) is issued to the successful bidder.
- ix. Dividend income from investments is recognised in Consolidated Statement of Profit and Loss when the Group's right to receive dividend is established, which in the case of quoted securities is the ex-dividend date.
- x. Dividend on financial assets subsequently measured at fair value through profit and loss is recognised separately under the head 'Dividend Income'.
- xi. Interest expense on borrowings subsequently measured at amortised cost is recognised using Effective Interest Rate (EIR) method.
- xii. Other income and expenses are accounted on accrual basis, in accordance with terms of the respective contract.
- xiii. A Prepaid expense up to ₹ 1,00,000/- is recognised as expense upon initial recognition.

## 6.12 Expenditure on issue of shares

Expenditure on issue of shares is charged to the securities premium account.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

## 6.13 Borrowing costs

Borrowing costs consist of interest and other costs that the Group incurred in connection with the borrowing of funds. Borrowing costs that are directly attributable to the acquisition and/or construction of a qualifying asset, till the time such a qualifying asset becomes ready for its intended use sale, are capitalised. A qualifying asset is one that necessarily takes a substantial period to get ready for its intended use.

All other borrowing costs are charged to the Consolidated Statement of Profit and Loss on an accrual basis as per the effective interest rate method.

## 6.14 Employee benefits

### i. Defined Contribution Plan

Group's contribution paid/payable during the reporting period towards provident fund and pension are charged in the Consolidated Statement of Profit and Loss when employees have rendered service entitling them to the contributions.

### ii. Defined Benefit Plan

The Group's obligation towards gratuity to employees and post-retirement benefits such as medical benefit, economic rehabilitation benefit and settlement allowance after retirement are determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Actuarial gain/loss on re-measurement of gratuity and other post-employment defined benefit plans is recognised in Other Comprehensive Income (OCI). Past service cost is recognised in the Consolidated Statement of Profit and Loss in the period of a plan amendment.

### iii. Other long-term employee benefits

The Group's obligation towards leave encashment, service award scheme is determined using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. These obligations are recognised in the Consolidated Statement of Profit and Loss.

### iv. Short-term employee benefits

Short-term employee benefits such as salaries and wages are recognised in the Consolidated Statement of Profit and Loss, in the period in which the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

### v. Loan to employees at concessional rate

Loans given to employees at concessional rate are initially recognised at fair value and subsequently measured at amortised cost. The difference between the initial fair value of such loans and transaction value is recognised as deferred employee cost upon issuance of Loan, which is amortised on a straight-line basis over the expected remaining period of the loan. In case of change in expected remaining period of the loan, the unamortised deferred employee cost on the date of change is amortised over the updated expected remaining period of the Loan on a prospective basis.

## 6.15 Income Taxes

Income Tax expense comprises of current and deferred tax. It is recognised in Consolidated Statement of Profit and Loss, except when it relates to an item that is recognised in OCI or directly in equity, in which case, tax is also recognised in OCI or directly in equity.



# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

## i. Current Tax

Current tax is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted and as applicable at the reporting date, and any adjustments to tax payable in respect of previous years.

Current tax assets and liabilities are offset when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle the asset and liability on a net basis.

## ii. Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Consolidated Financial Statements and the corresponding tax bases used in the computation of taxable income. Deferred tax is measured at the tax rates based on the laws that have been enacted or substantively enacted by the reporting date, based on the expected manner of realisation or settlement of the carrying amount of assets/liabilities. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against liabilities, and they relate to income taxes levied by the same tax authority.

A deferred tax liability is recognised for all taxable temporary differences. A deferred tax asset is recognised for all deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the deductible temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

## iii. Additional Income Tax that arises from distribution of dividend is recognised at the same time when the liability to pay dividend is recognised.

## 6.16 Leasing

For recognition, measurement and presentation of lease contracts, the Group applies the principles of Ind AS 116 'Leases'.

### The Group as a lessee

The Group at inception of a contract assesses, whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Group assesses whether (a) the Group has substantially all of the economic benefits from use of the asset through the period of the lease, and (b) the Group has the right to direct the use of the identified asset.

The Group at inception of a lease contract recognizes a Right-of-Use (RoU) asset at cost and a corresponding lease liability, except for leases with term of less than twelve months (Short-term) and low-value assets which are recognised as an operating expense on a straight-line basis over the term of the lease.

Certain lease arrangements include the options to extend or terminate the lease before the end of the lease term. RoU assets and lease liabilities includes these options when it is reasonably certain that they will be exercised.

The right-of-use (RoU) assets are initially recognised at cost, which comprise the initial amount of the lease liability adjusted for any lease payments made at or before the inception date of the lease plus any initial direct costs, less any lease incentives received. They are subsequently measured at cost less any accumulated depreciation and accumulated impairment losses. The right-of-use assets is depreciated using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use assets.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

The lease liability is initially measured at amortised cost at the present value of future lease payments. The lease payments are discounted using the interest rate implicit in the lease or, if not readily determinable, using the Group's incremental borrowing rates in the country of domicile of the leases.

Lease liabilities are re-measured with a corresponding adjustment to the related right-of-use (RoU) asset if the Group changes its assessment if whether it will exercise an extension or a termination option.

Lease liability and RoU asset is separately presented in the Balance Sheet. Interest expense on lease liability is presented separately from depreciation on right of use asset as a component of finance cost in the Consolidated Statement of Profit and Loss. Lease payments are classified as Cash flow used in financing activities.

## The Group as a lessor

Leases for which the Group is a lessor is classified as a finance or operating lease. Contracts in which all the risks and rewards of the lease are substantially transferred to the lessee are classified as a finance lease. All other leases are classified as operating leases. For operating leases, rental income is recognised on a Straight-line basis over the term of the relevant lease.

Amount due from lessee under finance leases is recognised as receivable at an amount equal to the net investment of the Group in the lease. Finance income on the lease is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of lease at the reporting date.

## 6.17 Foreign Currency Transactions and Translations

The functional currency of the Group is Indian Rupees. Foreign currency transactions are translated into the functional currency using exchange rates at the date of the transaction.

At the end of each reporting period, monetary items denominated in foreign currency are translated using exchange rates prevailing on the last day of the reporting period. Exchange differences on monetary items are recognised in the Consolidated Statement of Profit and Loss in the period in which they arise. However, for the long-term monetary items recognised in the consolidated financial statements before April 1, 2018, such exchange differences are accumulated in a "Foreign Currency Monetary Item Translation Difference Account" and amortised over the balance period of such long-term monetary item.

## 6.18 Business Combination under Common Control

A business combination involving entities or businesses under common control is a business combination in which all of the combining entities or businesses are ultimately controlled by the same party or parties both before and after the business combination and that control is not transitory.

Business combinations involving entities or businesses under common control are accounted for using the pooling of interest method as follows:

- The assets and liabilities of the combining entities are reflected at their carrying amounts.
- No adjustments are made to reflect fair values, or recognize new assets or liabilities. Adjustments are made only to harmonise significant accounting policies.
- The financial information in the Consolidated Financial Statements in respect of prior periods is restated as if the business combination has occurred from the beginning of the preceding period in the financial statements, irrespective of the actual date of the combination.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

The balance of the retained earnings appearing in the Consolidated Financial Statements of the transferor is aggregated with the corresponding balance appearing in the financial statements of the transferee. The identity of the reserves is preserved and the reserves of the transferor become the reserves of the transferee.

The difference, if any, between the amounts recorded as share capital issued plus any additional consideration in the form of cash or other assets and the amount of share capital of the transferor is transferred to capital reserve and is presented separately from other capital reserves.

## 6.19 Material prior period errors

Material prior period errors are corrected retrospectively by restating the comparative amounts for the prior periods presented in which the error occurred. If the error occurred before the earliest period presented, the opening balances of assets, liabilities and equity for the earliest period presented, are restated.

## 6.20 Dividends

Final dividends are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Board of Directors of the respective company in the Group.

## 6.21 Earnings per share

Basic earnings per equity share are calculated by dividing the net profit or loss attributable to equity shareholders of the Group by the weighted average number of equity shares outstanding during the financial year.

To calculate diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

## 7. USE OF ESTIMATES AND MANAGEMENT JUDGEMENT

In preparation of the Consolidated Financial Statements, the Management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities including contingent liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience & other relevant factors and are reviewed on an ongoing basis. Actual results may differ from these estimates.

Changes in accounting estimates, if any, are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if it affects both current and future periods.

### 7.1 Significant management judgements

In order to enhance understanding of the Consolidated Financial Statements, information about significant areas of critical judgements, apart from those involving estimation (Note No. 7.2), in applying accounting policies that have the most significant effect on the amounts recognised in the Consolidated Financial Statements, are as under:

#### (i) Deferred tax Liability on Special Reserve

The Company and its subsidiary RECL have obtained resolution from their respective Board of Directors that there is no intention to make withdrawal from the Special Reserve created and maintained under Section 36(1) (viii) of the Income tax Act, 1961 and the same is not capable of being reversed. Accordingly, no deferred tax liability has been created on the said reserve.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(ii) Non-recognition of income on Credit Impaired Loans

As a matter of prudence, income on credit impaired loans is recognised as and when received and on accrual basis either on resolutions of stressed assets or when expected realisation is higher than the loan amount outstanding.

(iii) Classification of Investments

In order to classify an investment in a company as investment in subsidiary or joint venture (JV) or associate, judgement is required to assess the level of control depending upon the facts and circumstances of each case.

- a) Energy Efficiency Services Limited (EESL) was incorporated in 2009 as a Joint Venture (JV) of NTPC Ltd., Power Grid Corporation of India Ltd. (PGCIL), REC Ltd. (RECL) and PFC.

In line with the JV agreement of EESL, all the joint venture partners have identical rights and privileges including without limitation, dividend, voting rights etc., thereby providing substantive participative rights through their right to affirmative vote on certain reserved matters. Hence, all the JV partners have joint control over EESL. In view of above, EESL has been consolidated as per equity method.

Expert Advisory Committee of The Institute of Chartered Accountants of India was referred for their opinion on the method of consolidation and they have also opined in favour of equity method for consolidation with EESL.

As at 31.03.2020, PFC along with RECL holds 47.15% stake in equity share capital of EESL (24.97% directly and 22.18% through RECL). However, as at 31.03.2019, the Company and RECL held 58.06% shareholding in EESL.

- b) Ultra-Mega Power Projects (UMPPs), RECL's transmission projects (SPV) and PFCCL's ITPs are managed as per the mandate from Government of India (GoI) and the Group does not have the practical ability to direct their relevant activities unilaterally. The Group therefore, considers its investment in respective UMPPs, ITPs and SPVs as associates having significant influence despite the respective Companies holding 100% of their paid-up equity share capital.

(iv) Evaluation of indicators for impairment loss allowance of financial assets

The evaluation of the applicability of indicators for computation of impairment loss allowance of assets requires assessment of several external and internal factors which could result in deterioration of recoverable amount of the assets.

Judgement is also made in identifying the default and significant increase in credit risk (SICR) on financial assets based on available information such as external ratings of the borrower/ latest financial information, latest operational data such as Plant Load Factor, Capacity Utilisation Factor, ACC-ARR gap etc. Further, to assess the impairment of assets, performance of the concerned State has also been considered.

(v) Deferred tax liability/deferred tax asset in respect of undistributed profits/losses of subsidiaries, branches, investments in associates and joint ventures

Judgement is required in accounting for deferred tax liability/deferred tax asset in respect of Group's investments in respect of undistributed profits/losses of subsidiaries, investments in associates and joint ventures. In respect of undistributed profits/losses of subsidiaries, investments in joint ventures, the Company is able to control the timing of the reversal of the temporary differences and the temporary differences will not be reversed in the foreseeable future. Accordingly, the Group does not recognise a deferred tax liability for all taxable temporary differences associated with investments in subsidiaries, and interests in joint ventures.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

## 7.2 Assumptions and Key Sources of Estimation Uncertainty

Information about estimates and assumptions that have the significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below:

(i) Defined benefit obligation (DBO)

The Group's estimate of the DBO is based on a number of underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses as detailed at Note 43.

(ii) Impairment test of Financial Assets (Expected Credit Loss)

The measurement of impairment loss allowance for financial assets which includes loan, lease assets, LoCs and guarantees measured at amortised cost requires use of statistical models, future economic conditions, and credit behaviour (e.g. inputs and weights used for credit risk scoring, likelihood of borrowers defaulting and resulting losses).

In estimating the cash flows expected to be recovered from credit impaired loans, the borrower's financial situation, current status of the project net realisable value of securities/collateral etc are assessed. As these estimates are based on various assumptions, actual results may vary. Refer Note 41.2.1 for further details.

(iii) Fair value measurement

Fair value of financial instruments is required to be estimated for financial reporting purposes. The Group applies appropriate valuation techniques and inputs for fair value measurements. In estimating the fair value of an asset or a liability, the Group uses quoted prices and market-observable data to the extent it is available. In case of non-availability of the same, unobservable inputs are used for calculation of fair value of the assets/liabilities. The information about the valuation techniques, inputs used in determination of fair value of various assets & liabilities and other details is disclosed at Note 41.4.

(iv) Income Taxes

Estimates are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions and also in respect of expected future profitability to assess deferred tax asset. Refer Note 44 for details.

(v) Useful life of Property, Plant & Equipment (PPE) and Intangible Assets

The Group reviews its estimate of the useful lives of depreciable/amortisable assets at the end of each financial year, based on the expected utility of the assets. Uncertainties in these estimates relate to technical and economic obsolescence that may change the utility of assets. Refer Note 17 for details on useful lives and carrying values of PPE and Intangible assets.

(vi) Impact of COVID-19 on financials

Currently, there is no major impact of COVID-19 on the Consolidated Financial Statements of the Group. However, the extent to which COVID-19 pandemic will impact the Group's financial statements in the future will depend on further developments which are highly uncertain, including, any new information concerning the severity of pandemic and any action to contain its spread or mitigate its impact.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

## 8. CASH AND CASH EQUIVALENTS

(₹ in crore)		
Sr. No. Particulars	As at 31.03.2020	As at 31.03.2019
(i) Balances with Banks (of the nature of cash and cash equivalents)		
- In Current Accounts	1,380.56	369.41
- In Term Deposit Accounts	524.59	357.22
(ii) Cash, Cheques, Drafts on hand including postage & Imprest	0.06	0.01
<b>Total Cash and Cash Equivalents</b>	<b>1,905.21</b>	<b>726.64</b>

## 9. BANK BALANCE OTHER THAN INCLUDED IN CASH AND CASH EQUIVALENTS

(₹ in crore)		
Sr. No. Particulars	As at 31.03.2020	As at 31.03.2019
(i) Earmarked Balances and Term Deposits with Banks for:		
- Term Deposits	-	13,877.63
- Unpaid Dividend (Refer Note 9.2)	8.23	7.31
- Unpaid - Bonds/Interest on Bonds etc. (Refer Note 9.2)	12.99	9.73
- Govt. funds for further Disbursement	1,850.70	990.46
(ii) Deposit in compliance of Court	0.53	2.47
(iii) Balance with Bank not available for use pending allotment of securities	400.19	722.04
(iv) Term Deposits with Banks- More than 3 months but less than 12 months	9.04	26.80
(v) Other Term Deposits	1.28	13.96
<b>Total Bank Balance other than included in Cash and Cash Equivalents</b>	<b>2,282.96</b>	<b>15,650.40</b>

**9.1** There are no repatriation restrictions with respect to 'Bank Balances other than included in Cash and Cash equivalents' as at the end of the reporting periods presented above.

**9.2** No amount is due for deposit in Investor Education and Protection Fund.

## 10. DERIVATIVE FINANCIAL INSTRUMENTS

The Company and its Subsidiary REC Ltd., enters into derivatives for hedging Currency and Interest Rate risk. Derivatives include hedges that either meet the hedge accounting requirements or hedges that are economic hedges. Derivative transactions include forwards, interest rate swaps, cross currency swaps, currency/cross currency options etc. to hedge the liabilities. These derivative transactions are done for hedging purpose and not for trading or speculative purpose.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

Refer Note 41.2.3 for Risk Management Disclosures in respect of derivatives.

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2020			As at 31.03.2019		
		Notional amounts	Fair value Assets	Fair value Liabilities	Notional amounts	Fair value Assets	Fair value Liabilities
<b>Part - I</b>							
(i)	<b>Currency Derivatives:</b>						
	- Spot and Forwards	5,937.27	210.49	20.23	15,808.90	295.95	345.72
	- Currency Swaps	15,156.06	1,833.15	-	5,701.69	419.05	0.41
	- Options	28,389.78	2,716.58	-	20,912.19	1,301.36	18.57
	<b>Total Currency Derivatives:</b>	<b>49,483.11</b>	<b>4,760.22</b>	<b>20.23</b>	<b>42,422.78</b>	<b>2,016.36</b>	<b>364.70</b>
(ii)	<b>Interest Rate Derivatives</b>						
	- Forward Rate Agreements and Interest Rate Swaps	46,573.66	422.05	1,165.65	39,864.98	354.20	300.29
	<b>Total Interest Rate Derivatives</b>	<b>46,573.66</b>	<b>422.05</b>	<b>1,165.65</b>	<b>39,864.98</b>	<b>354.20</b>	<b>300.29</b>
(iii)	<b>Other Derivatives</b>						
	- Reverse cross currency swaps	4,347.00	-	739.67	-	-	-
	<b>Total Other Derivatives</b>	<b>4,347.00</b>	<b>-</b>	<b>739.67</b>	<b>-</b>	<b>-</b>	<b>-</b>
	<b>Total Derivative Financial Instruments [(i)+(ii)+(iii)]</b>	<b>1,00,403.77</b>	<b>5,182.27</b>	<b>1,925.55</b>	<b>82,287.76</b>	<b>2,370.56</b>	<b>664.99</b>
<b>Part - II</b>							
Included in above (Part I) are Derivatives held for hedging and risk management purposes as follows:							
(i)	<b>Cash Flow Hedging (Designated):</b>						
	- Currency Derivatives	27,902.90	2,189.79	303.14	1,728.88	-	100.03
	- Interest Rate Derivatives	13,267.92	5.24	368.02	1,728.88	-	64.84
	<b>Total Cash Flow Hedging (Designated)</b>	<b>41,170.82</b>	<b>2,195.03</b>	<b>671.16</b>	<b>3,457.76</b>	<b>-</b>	<b>164.87</b>
(ii)	Undesignated Derivatives	59,232.95	2,987.24	1,254.39	78,830.00	2,370.56	500.12
	<b>Total Undesignated Derivatives</b>	<b>59,232.95</b>	<b>2,987.24</b>	<b>1,254.39</b>	<b>78,830.00</b>	<b>2,370.56</b>	<b>500.12</b>
	<b>Total Derivative Financial Instruments [(i)+(ii)]</b>	<b>1,00,403.77</b>	<b>5,182.27</b>	<b>1,925.55</b>	<b>82,287.76</b>	<b>2,370.56</b>	<b>664.99</b>

## 10.1 Details of Forward Rate Agreements / Interest Rate Swaps:

(₹ in crore)

Sr. No.	Description	As at 31.03.2020	As at 31.03.2019
(i)	Notional principal of swap agreements	46,573.66	39,864.98
(ii)	Losses which would be incurred if counterparties failed to fulfil their obligations under the agreements	422.05	354.20
(iii)	Collateral required by NBFC upon entering into swaps	-	-
(iv)	Concentration of credit risk arising from swaps	-	-
(v)	Fair value of swap book (obtained from counterparty banks)	(743.60)	53.90

The Group has entered into swap agreements with Category-I Authorized Dealer Banks only, in accordance with the RBI guidelines.

## 10.2 The Group does not hold any exchange traded derivatives as at 31.03.2020 (as at 31.03.2019 Nil).

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

## 10.3 Quantitative Disclosures on Risk Exposure in Derivatives:

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2020			As at 31.03.2019		
		Currency Derivatives	Interest Rate Derivatives <sup>(1)</sup>	Other Derivatives (Reverse cross currency swaps) <sup>(3)</sup>	Currency Derivatives	Interest Rate Derivatives <sup>(1)</sup>	Other Derivatives (Reverse cross currency swaps) (3)
(i)	Derivatives (Notional Principal Amount)						
	For hedging	49,483.11	46,573.66	4,347.00	42,422.78	39,864.98	-
(ii)	Marked to Market Positions (MTM)						
a)	Asset (+MTM)	4,760.22	422.05	-	2,016.36	354.20	-
b)	Liability (-MTM)	20.23	1,165.65	739.67	364.70	300.29	-
(iii)	Unhedged Exposures <sup>(2)</sup>	50,534.31	6,522.56	-	22,017.13	5,907.41	-

<sup>(1)</sup> Interest rate derivatives include derivatives on Rupee liabilities and also those held as strategy of cost reduction

<sup>(2)</sup> Includes certain hedges of one currency pair in respect of Cross Currency exposures

<sup>(3)</sup> Includes Reverse Cross Currency swap as a strategy of cost reduction

10.4 Refer Note 41.2.3 and 41.2.4 for Foreign Currency Risk Management and Interest Rate Risk Management respectively and 41.3 for disclosures related to hedge accounting.

## 11. TRADE RECEIVABLES

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2020	As at 31.03.2019
(i)	Trade Receivables		
	- considered good - Unsecured (Gross)	114.51	182.96
	Less: Impairment loss allowance	(13.66)	(12.51)
	- which have Significant Increase in Credit Risk (Gross)	52.01	3.37
	Less: Impairment loss allowance	(15.55)	(1.69)
	- Credit Impaired (Gross)	40.04	28.16
	Less: Impairment loss allowance on Credit Impaired	(40.04)	(28.16)
	<b>Total Trade Receivables</b>	<b>137.31</b>	<b>172.13</b>

11.1 For details of impairment loss allowance on Trade Receivables Refer Note 41.2.1.13

## 12. LOANS

The Company and its Subsidiary REC Ltd., have categorised all loans at amortised cost in accordance with the requirements of Ind AS 109 except "Leasing" which is measured in accordance with Ind AS 116.

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2020	As at 31.03.2019
(A)	<b>Loans to Borrowers</b>		
(i)	- Rupee Term Loans (RTLs)	6,52,971.18	5,78,485.27
(ii)	- Foreign Currency Loans	240.99	240.99
(iii)	- Buyer's Line of Credit	2,031.28	1,759.67
(iv)	- Working Capital Loans	11,417.96	14,770.27
(v)	- Leasing (Refer Note 12.2)	223.77	223.77
(vi)	- Receivable for invoked Default Payment Guarantee	444.09	396.64
(vii)	- Interest accrued but not due on Loans	5,327.77	4,971.81
(viii)	- Interest accrued & due on Loans	1,499.41	627.13



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(₹ in crore)			
Sr. No.	Particulars	As at 31.03.2020	As at 31.03.2019
(ix)	- Unamortised Fee on Loans	(180.74)	(135.30)
	<b>Gross Loans to Borrowers*</b>	<b>6,73,975.71</b>	<b>6,01,340.25</b>
	Less: Impairment loss allowance	(27,779.60)	(27,678.97)
	<b>Net Loans to Borrowers</b>	<b>6,46,196.11</b>	<b>5,73,661.28</b>
<b>(B)</b>	<b>Security-wise classification</b>		
(i)	Secured by Tangible Assets	4,62,325.24	4,08,335.85
(ii)	Secured by Intangible Assets	-	-
(iii)	Covered by Bank/Government Guarantees	1,32,352.12	1,12,226.15
(iv)	Unsecured	79,298.35	80,778.25
	<b>Gross Security-wise classification</b>	<b>6,73,975.71</b>	<b>6,01,340.25</b>
	Less: Impairment loss allowance	(27,779.60)	(27,678.97)
	<b>Net Security-wise classification</b>	<b>6,46,196.11</b>	<b>5,73,661.28</b>
<b>(C)</b>	<b>ILoans in India</b>		
(i)	Public Sector	5,78,351.25	5,13,929.13
(ii)	Private Sector	95,624.46	87,411.12
	<b>Gross Loans in India</b>	<b>6,73,975.71</b>	<b>6,01,340.25</b>
	Less: Impairment loss allowance	(27,779.60)	(27,678.97)
	<b>Net Loans in India</b>	<b>6,46,196.11</b>	<b>5,73,661.28</b>
<b>II</b>	<b>Loans Outside India</b>	-	-
	Less: Impairment loss allowance	-	-
	<b>Net Loans Outside India</b>	-	-
	<b>Net Loans in India and Outside India</b>	<b>6,46,196.11</b>	<b>5,73,661.28</b>

\*For details of Loans pledged as security refer Note 22.8 to 22.16 and 23.12.

## 12.1 Balance Confirmation from Borrowers

During the year, PFC has sent letters to borrowers, seeking confirmation of balances as at 31.03.2020 except where loans have been recalled or pending before court/NCLT. Confirmations for 98.78% of the said balances have been received. Out of the remaining loans amounting to ₹ 4,191.19 crore for which balance confirmations have not been received, 22.75% loans are secured by tangible securities, 49.26% by way of Government Guarantee/ Loans to Government and 27.99% are unsecured loans.

In respect of subsidiary RECL, loan balance confirmations for 88% of total loan assets as at 31.03.2020 have been received from the borrowers. Out of the remaining 12% loan assets amounting to ₹ 37,240.72 crore for which balance confirmations have not been received, 67% loans are secured by way of hypothecation of assets, 21% by way of Government Guarantee/ Loans to Government and 12% are unsecured loans.

## 12.2 Details related to Lease Assets in respect of PFC:

Gross investment in leased assets and present value of minimum value receivable at the reporting date and value of unearned financial income are given in table below:

(₹ in crore)		
Particulars <sup>(a)</sup>	As at 31.03.2020	As at 31.03.2019
(i) Total of future undiscounted lease payments receivable (Gross Investment) <sup>(b)</sup>	280.04	305.75
(ii) Present value of lease payments receivable (Net Investments)	223.77	223.77
<b>Total Unearned finance income (i)-(ii)</b>	<b>56.27</b>	<b>81.98</b>
Maturity profile of total of future undiscounted lease payments receivable (Gross Investment):-		
0-1 year	25.70	25.70
1-2 years	25.70	25.70
2-3 years	25.70	25.70

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for the year ended March 31, 2020

Particulars <sup>(a)</sup>	(₹ in crore)	
	As at 31.03.2020	As at 31.03.2019
3-4 years	25.70	25.70
4-5 years	25.70	25.70
Later than 5 years	151.54	177.25
<b>Total gross investment</b>	<b>280.04</b>	<b>305.75</b>

<sup>(a)</sup> Finance lease for financing wind turbine generators.

<sup>(b)</sup> Lease rent is to be recovered within a period of 25 years, starting from 01.01.2012, which comprises of 18 years as primary period and a maximum of 7 years as secondary period.

## 12.3 Disclosures related to Securitization

- (i) The Group has not entered into any securitization transaction during the year and there is no exposure on account of securitization as at 31.03.2020 (As at 31.03.2019 Nil).
- (ii) The Group has entered into an One Time Settlement (OTS) scheme involving assignment of debt in case of one of the borrower for the year ended 31.03.2020. (Previous year Nil).
- (iii) The Group has not undertaken any assignment transaction during the year ended 31.03.2020 (Previous year Nil).
- (iv) The Group has neither purchased nor sold any non-performing financial assets to other NBFCs during the year ended 31.03.2020 (Previous year Nil).

**12.4** Pursuant to implementation of resolution plans in case of three borrowers of PFC, an amount of ₹ 1,202.67 crore has been written off with reversal of corresponding impairment loss allowance of ₹ 1,374.28 crore during the FY 2019-20. Refer Note 13 for the details of instruments received under settlement.

**12.5** In terms of the settlement under Insolvency and Bankruptcy Code (IBC) proceedings/ One Time Settlement (OTS), RECL has written off loans amounting to ₹ 378.41 crore (Previous year Nil). The details of write-offs for the current year are as below:

- (i) Pursuant to the approval of Resolution Plan passed by the Hon'ble National Company Law Tribunal (NCLT), Hyderabad Bench dated 26th July, 2019 in respect of Lanco Teesta Hydro Power Ltd, RECL has written off the loan amount of ₹112.67 crore (net of recoveries of ₹ 124.12 crore) and equity investment of ₹ 102 crore (10.20 crore equity shares of ₹ 10 each) upon extinguishment of such equity shares as per the Order.
- (ii) Pursuant to the One Time Settlement arrangement executed on 23rd December 2019 in respect of Rattan India Power Ltd, RECL has written-off an amount of ₹ 265.74 crore after appropriating the recoveries of ₹ 478.09 crore (Cash ₹ 405.90 crore, Equity Shares ₹ 17.59 crore, Redeemable Preference Shares ₹ 22.18 crore and Optionally convertible cumulative Redeemable Preference Shares ₹ 32.42 crore). The instruments received under Settlement have been classified under the head 'Investments' (Note 13).

**12.6** For details of credit risk exposure and management by the Group refer Note 41.2.1.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

## 13A. INVESTMENTS (OTHER THAN ACCOUNTED FOR USING EQUITY METHOD)

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2020				
		Amortised Cost (1)	Designated at Fair Value through Other Comprehensive Income (2)	At Fair Value through Profit or Loss (3)	Sub-Total (4)=(2)+(3)	Total (1)+(4)
<b>(A) Investments</b>						
	<b>Government Securities</b>					
	- Govt. of MP Power Bonds - II [1 bond of ₹ 47.16 crore]	-				-
	<b>(i) Debt securities</b>					
	- 10.95% perpetual bonds of Andhra Bank [8,000 bonds of ₹ 10,00,000 each]			810.05	810.05	<b>810.05</b>
	- 11.15 % perpetual bonds of Indian Bank [5,000 bonds of ₹ 10,00,000 each]			500.31	500.31	<b>500.31</b>
	- 11.25 % perpetual bonds of Bank of Baroda [5,000 bonds of ₹ 10,00,000 each]			500.00	500.00	<b>500.00</b>
	- 11.25 % perpetual bonds of Syndicate Bank [5,000 bonds of ₹ 10,00,000 each]			500.31	500.31	<b>500.31</b>
	- 7.39% Tax Free 15 years Secured Redeemable Non-Convertible Bonds of Housing and Urban Development Corporation (HUDCO) [86,798 bonds of ₹ 1,000 each]	8.81				<b>8.81</b>
	- 7.35% Tax Free 15 years Secured Redeemable Non-Convertible Bonds of National Highway Authority of India Ltd. (NHAI) [42,855 bonds of ₹ 1,000 each]	4.60				<b>4.60</b>
	- 7.39% Tax Free 15 years Secured Redeemable Non-Convertible Bonds of National Highway Authority of India Ltd. (NHAI) [35,463 bonds of ₹ 1,000 each]	3.67				<b>3.67</b>
	- 7.49% Tax Free 15 years Secured Redeemable Non-Convertible Bonds of Indian Renewable Energy Development Agency (IREDA) [61,308 bonds of ₹ 1,000 each]	6.22				<b>6.22</b>
	- 7.35% Tax Free 15 years Secured Redeemable Non-Convertible Bonds of Indian Railway Finance Corporation (IRFC) [22,338 bonds of ₹ 1,000 each]	2.31				<b>2.31</b>
	- 7.35% Tax Free 15 years Secured Redeemable Non-Convertible Bonds of National Bank for Agriculture and Rural Development (NABARD) [14,028 bonds of ₹ 1,000 each]	1.40				<b>1.40</b>
	- 8.76% Tax Free 20 years Secured Redeemable Bonds of Housing and Urban Development Corporation (HUDCO) [50,000 bonds of ₹ 1,000 each]	5.09				<b>5.09</b>
	<b>(ii) Equity instruments:</b>					-
	- PTC India Limited [1,20,00,000 equity shares of ₹ 10 each]		46.50		46.50	<b>46.50</b>
	- Coal India Limited [1,39,64,530 equity shares of ₹ 10 each]		195.57		195.57	<b>195.57</b>
	- NHPC Limited (Refer Note 13.5) [40,97,75,446 equity shares of ₹ 10 each]		817.50		817.50	<b>817.50</b>
	- Power Exchange India Limited [32,20,000 equity shares of ₹ 10 each]		-		-	-

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for the year ended March 31, 2020

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2020			Sub-Total (4)=(2)+(3)	Total (1)+(4)
		Amortised Cost (1)	Designated at Fair Value through Other Comprehensive Income (2)	At Fair Value through Profit or Loss (3)		
	- GMR Chhattisgarh Energy Limited (Refer Note 13.5)		-		-	-
	- Shree Maheshwar Hydro Power Projects Limited (Refer Note 13.5)		-		-	-
	- RattanIndia Power Limited (Refer Note 13.3(a)) [32,76,95,820 equity shares of ₹ 10 each]			44.24	44.24	<b>44.24</b>
	- Housing and Urban Development Corporation. Ltd. [3,47,429 equity shares of ₹ 10 each]		0.69		0.69	<b>0.69</b>
	- Indian Energy Exchange Ltd. (Refer Note 13.5) [1,22,71,211 equity shares of ₹ 1 each]		157.01		157.01	<b>157.01</b>
	- Universal Commodity Exchange Ltd. [1,60,00,000 equity shares of ₹ 10 each]					-
	- Lanco Teesta Hydro Power Pvt. Ltd. (Refer Note 13.5)		-			-
(iii)	<b>Preference Shares</b>					
	- Raipur Energen Limited (Refer Note 13.3(b)) [59,82,371 Redeemable Preference Shares of ₹ 100 each]	9.29				<b>9.29</b>
	- Ratnagiri Gas and Power Private Limited (Refer Note 13.4) [15,24,88,000 Cumulative Redeemable Preference Shares of ₹ 10 each]	-				-
	- RattanIndia Power Limited (Refer Note 13.3(a)) [10,16,70,764 Redeemable Preference Shares of ₹ 10 each]	81.92				<b>81.92</b>
	- RattanIndia Power Limited (Refer Note 13.3(a)) [15,32,97,013 Optionally Convertible Cumulative Redeemable Preference Shares of ₹ 10 each]			145.99	145.99	<b>145.99</b>
(iv)	<b>Others</b>					
	- Units of "Small is Beautiful" Fund [1,23,04,400 units of ₹ 10 each]		12.24		12.24	<b>12.24</b>
	<b>Total Investments (Other than accounted for using equity method)</b>	<b>123.31</b>	<b>1,229.51</b>	<b>2,500.90</b>	<b>3,730.41</b>	<b>3,853.72</b>
(B)	<b>Geography wise investment</b>					
(i)	Investments Outside India	-	-	-	-	-
(ii)	Investments in India	123.31	1,229.51	2,500.90	3,730.41	<b>3,853.72</b>
	<b>Gross Geography wise investment</b>	<b>123.31</b>	<b>1,229.51</b>	<b>2,500.90</b>	<b>3,730.41</b>	<b>3,853.72</b>
	Less: Impairment loss allowance	-	-	-	-	-
	<b>Net Geography wise investment</b>	<b>123.31</b>	<b>1,229.51</b>	<b>2,500.90</b>	<b>3,730.41</b>	<b>3,853.72</b>

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for the year ended March 31, 2020

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2019				Total (1)+(4)
		Amortised Cost (1)	Designated at Fair Value through Other Comprehensive Income (2)	At Fair Value through Profit or Loss (3)	Sub-Total (4)=(2)+(3)	
<b>(A) Investments</b>						
<b>Government Securities</b>						
	- Govt. of MP Power Bonds - II [1 bond of ₹ 47.16 crore]	47.16	-	-	-	<b>47.16</b>
<b>(i) Debt securities</b>						
	- 10.95% perpetual bonds of Andhra Bank [8,000 bonds of ₹ 10,00,000 each]	-	-	809.84	809.84	<b>809.84</b>
	- 11.15 % perpetual bonds of Indian Bank [5,000 bonds of ₹ 10,00,000 each]	-	-	500.31	500.31	<b>500.31</b>
	- 11.25 % perpetual bonds of Vijaya Bank [5,000 bonds of ₹ 10,00,000 each]	-	-	556.25	556.25	<b>556.25</b>
	- 11.25 % perpetual bonds of Syndicate Bank [5,000 bonds of ₹ 10,00,000 each]	-	-	500.31	500.31	<b>500.31</b>
	- 7.39% Tax Free 15 years Secured Redeemable Non-Convertible Bonds of Housing and Urban Development Corporation(HUDCO) [86,798 bonds of ₹ 1,000 each]	8.81	-	-	-	<b>8.81</b>
	- 7.35% Tax Free 15 years Secured Redeemable Non-Convertible Bonds of National Highway Authority of India Ltd. (NHAI) [42,855 bonds of ₹ 1,000 each]	4.60	-	-	-	<b>4.60</b>
	- 7.39% Tax Free 15 years Secured Redeemable Non-Convertible Bonds of National Highway Authority of India Ltd. (NHAI) [35,463 bonds of ₹ 1,000 each]	3.68	-	-	-	<b>3.68</b>
	- 7.49% Tax Free 15 years Secured Redeemable Non-Convertible Bonds of Indian Renewable Energy Development Agency (IREDA) [61,308 bonds of ₹ 1,000 each]	6.22	-	-	-	<b>6.22</b>
	- 7.35% Tax Free 15 years Secured Redeemable Non-Convertible Bonds of Indian Railway Finance Corporation (IRFC) [22,338 bonds of ₹ 1,000 each]	2.31	-	-	-	<b>2.31</b>
	- 7.35% Tax Free 15 years Secured Redeemable Non-Convertible Bonds of National Bank for Agriculture and Rural Development (NABARD) [14,028 bonds of ₹ 1,000 each]	1.40	-	-	-	<b>1.40</b>
	- 8.76% Tax Free 20 years Secured Redeemable Bonds of Housing and Urban Development Corporation (HUDCO) [50,000 bonds of ₹ 1,000 each]	5.09	-	-	-	<b>5.09</b>
<b>(ii) Equity instruments:</b>						
	- PTC India Limited [1,20,00,000 equity shares of ₹ 10 each]	-	88.14	-	88.14	<b>88.14</b>
	- Coal India Limited [1,39,64,530 equity shares of ₹ 10 each]	-	331.24	-	331.24	<b>331.24</b>
	- NHPC Limited [41,97,75,446 equity shares of ₹ 10 each]	-	1,036.85	-	1,036.85	<b>1,036.85</b>
	- Power Exchange India Limited [32,20,000 equity shares of ₹ 10 each]	-	-	-	-	-
	- GMR Chhattisgarh Energy Private Limited [27,50,00,000 equity shares of ₹ 10 each]	-	-	-	-	-

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for the year ended March 31, 2020

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2019			Sub-Total (4)=(2)+(3)	Total (1)+(4)
		Amortised Cost (1)	Designated at Fair Value through Other Comprehensive Income (2)	At Fair Value through Profit or Loss (3)		
	- Shree Maheshwar Hydro Power Projects Limited [13,18,46,779 equity shares of ₹ 10 each]	-	-	-	-	-
	- Housing and Urban Development Corporation Ltd. [3,47,429 equity shares of ₹ 10 each]	-	1.56	-	1.56	1.56
	- Indian Energy Exchange Ltd. [1,25,00,000 equity shares of ₹ 1 each]	-	206.25	-	206.25	206.25
	- Universal Commodity Exchange Ltd. [1,60,00,000 equity shares of ₹ 10 each]	-	-	-	-	-
	- Lanco Teesta Hydro Power Pvt. Ltd. [10,20,00,000 equity shares of ₹ 10 each]	-	-	-	-	-
(iii)	<b>Others</b>					
	- Units of "Small is Beautiful" Fund [1,23,04,400 units of ₹ 10 each]	-	12.36	-	12.36	12.36
	<b>Total Investments (Other than accounted for using equity method)</b>	<b>79.27</b>	<b>1,676.40</b>	<b>2,366.71</b>	<b>4,043.11</b>	<b>4,122.38</b>
	<b>(B) Geography wise investment</b>					
(i)	Investments Outside India	-	-	-	-	-
(ii)	Investments in India	79.27	1,676.40	2,366.71	4,043.11	4,122.38
	<b>Gross Geography wise investment</b>	<b>79.27</b>	<b>1,676.40</b>	<b>2,366.71</b>	<b>4,043.11</b>	<b>4,122.38</b>
	Less: Impairment loss allowance	-	-	-	-	-
	<b>Net Geography wise investment</b>	<b>79.27</b>	<b>1,676.40</b>	<b>2,366.71</b>	<b>4,043.11</b>	<b>4,122.38</b>

## 13B. Investments accounted for using equity method

(₹ in crore)

Sr. No.	Particulars	As at 31.03.2020	As at 31.03.2019
(i)	<b>Joint Venture</b>		
	- Energy Efficiency Services Limited (Refer Note 74) [46,36,00,000 equity shares of ₹ 10 each; previous year 39,20,00,000 equity shares of ₹ 10 each]	549.40	480.65
(ii)	<b>Associates (Refer Note 13.1)</b>		
	- Ultramega Power Projects/Independent Transmission Projects [7,60,000 equity shares of ₹ 10 each; previous year 7,60,000 equity shares of ₹ 10 each]	0.50	0.70
	<b>Sub-Total</b>	<b>549.90</b>	<b>481.35</b>
	Less: Impairment loss allowance	-	-
	<b>Total Investments accounted for using equity method</b>	<b>549.90</b>	<b>481.35</b>

## 13.1 Carrying Value of Investment in Associates accounted for using equity method:

(₹ in crore)

Sr. No.	Name of investee company	As at 31.03.2020	As at 31.03.2019
(i)	Chhattisgarh Surguja Power Limited	-	0.05
(ii)	Coastal Karnataka Power Limited	-	0.05
(iii)	Coastal Maharashtra Mega Power Limited	-	0.05
(iv)	Orissa Integrated Power Limited	-	-
(v)	Coastal Tamil Nadu Power Limited	0.08	0.05
(vi)	Sakhigopal Integrated Power Limited	0.05	0.05
(vii)	Ghogarpalli Integrated Power Company Limited	0.05	0.05

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			(₹ in crore)	
Sr. No.	Name of investee company	As at 31.03.2020	As at 31.03.2019	
(viii)	Tatiya Andhra Mega Power Limited	-	0.05	
(ix)	Deoghar Mega Power Limited	0.04	0.05	
(x)	Cheyyur Infra Limited	0.05	0.05	
(xi)	Odisha Infrapower Limited	0.04	0.05	
(xii)	Deoghar Infra Limited	0.05	0.05	
(xiii)	Bihar Infrapower Limited	0.05	0.05	
(xiv)	Bihar Mega Power Limited	0.05	0.05	
(xv)	Jharkhand Infrapower Limited	0.04	0.05	
<b>Total Carrying Value</b>		<b>0.50</b>	<b>0.70</b>	

Associates are companies incorporated as SPVs under mandate from Gol for development of UMPPs with the intention to hand over the same to successful bidders on completion of the bidding process and Special Purpose Vehicle in respect of Independent Transmission Project (ITPs) incorporated by PFCCL, being the bid process coordinator for transmission schemes.

**13.2** Government of India (Gol) has communicated for closure/ discontinuation of four UMPPs viz. Tatiya Andhra Mega Power Limited, Coastal Karnataka Power Limited, Coastal Maharashtra Mega Power Limited and Chhattisgarh Surguja Power Limited.

**13.3** During the year, subsequent to implementation of Resolution Plans, Group has obtained the following investments:

- (a) In respect of RattanIndia Power Ltd. (RIPL), the group has been allotted 32,76,95,820 equity shares, 10,16,70,764 redeemable preference shares and 15,32,97,013 optionally convertible cumulative redeemable preference shares of RIPL.
- (b) 59,82,371 Redeemable Preference Shares (RPS) of ₹ 100 each of Raipur Energen Limited (previously known as GMR Chhattisgarh Energy Ltd). The RPS bears a dividend at the rate of 0.01% p.a.

**13.4** Subsequent to the implementation of demerger scheme, PFC has received 15,24,88,000, 0.01% Cumulative Redeemable Preference Shares (CRPS) of Ratnagiri Gas & Power Pvt Ltd. of ₹ 10 per share (valued at ₹ 1 as at 31.03.2020).

**13.5** At initial recognition, companies in the Group made an irrevocable election to present in other comprehensive income, subsequent changes in the fair value of investments in certain equity instruments. The Group's main operation is to provide financial assistance to power sector. Thus, in order to insulate the Statement of Profit and Loss from price fluctuations of these instruments, the Management of the respective companies believes that FVTOCI classification provides a more meaningful presentation, rather than classifying them at FVTPL.

Details of FVTOCI instruments derecognised during the year:

				(₹ in crore)	
Details of investment	No. of shares derecognised	Fair Value as on date of de- recognition	Cumulative gain/ (loss) on de- recognition		
<b>FY 2019-20</b>					
NHPC Limited <sup>(1)</sup>	1,00,00,000	26.33	4.55		
GMR Chhattisgarh Energy Ltd. <sup>(2)</sup>	27,50,00,000	-	(254.51)		
Shree Maheshwar Hydro Power Corporation Limited (SMHPCL) <sup>(3)</sup>	13,18,46,779	-	-		
Indian Energy Exchange Limited <sup>(4)</sup>	2,28,789	4.23	4.21		
Lanco Teesta Hydro Power Limited <sup>(5)</sup>	10,20,00,000	-	(102)		

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

Details of investment	No. of shares derecognised	(₹ in crore)	
		Fair Value as on date of de-recognition	Cumulative gain/ (loss) on de-recognition
<b>FY 2018-19</b>			
Power Grid Corporation of India Limited	3,89,349	7.67	5.63
NHPC Limited <sup>(1)</sup>	2,47,78,470	68.41	14.35

<sup>(1)</sup>These equity shares were sold in tranches during the year. The fair value and gain has been computed based on the price as on the respective date of de-recognition and has been presented on aggregate basis.

<sup>(2)</sup>During the year, 27,50,00,000 equity shares of GMR Chhattisgarh Energy Ltd. held by PFC, were transferred to a new promoter as a part of the package on implementation of resolution plan by way of transfer of ownership.

<sup>(3)</sup>Pursuant to an MoU signed with SMHPCL (a borrower company) during the year, 661,00,000 equity shares received by PFC during FY-2016-17 on conversion of part subordinated debt, have been cancelled. Consequently, PFC has restored the subordinated debt at the same net carrying value of ₹ 1. Further, 6,57,46,779 equity shares held by PFC on account of invocation of pledged shares of Entegra Ltd. in SMHPCL have been handed over to Entegra Ltd during the year.

<sup>(4)</sup>Under the Buy Back Offer of Indian Energy Exchange Limited, RECL has sold shares on 10.04.2019. The shares had been offered to be bought back at a price higher than the prevailing market price and RECL considered it as an opportunity to sell a large lot of equity shares through this mode, instead of selling the shares in open market at lower prices.

<sup>(5)</sup>Pursuant to the approval of Resolution Plan passed by the Hon'ble National Company Law Tribunal (NCLT), Hyderabad Bench dated 26th July, 2019 in respect of Lanco Teesta Hydro Power Ltd, RECL has written off its equity investment upon extinguishment of such equity shares as per the order.

Subsequent to de-recognition of such investments, the Group has transferred the cumulative gain/(loss) on such shares within Equity (from Reserve for Equity instruments through OCI to Retained Earnings) during the period. Refer Consolidated Statement of Changes in Equity for further details

**13.6** Refer Note 41.4 for details of fair valuation of investments.

## 14. OTHER FINANCIAL ASSETS

The Group has categorised other financial assets at amortised cost in accordance with the requirements of Ind AS 109.

Sr. No.	Particulars	(₹ in crore)	
		As at 31.03.2020	As at 31.03.2019
(i)	Recoverable on account of Government of India Serviced Bonds	26,970.02	23,169.32
(ii)	Advances to Associates*	154.27	196.22
(iii)	Advances to Employees	0.90	1.09
(iv)	Loans to Employees	129.58	78.87
(v)	Others	258.99	307.92
	Less: Impairment loss allowance on Others (Refer Note 14.2)	(51.64)	(40.45)
	<b>Total Other Financial Assets</b>	<b>27,462.12</b>	<b>23,712.97</b>

\*Recoverable in cash.

### 14.1 Detail of Loans & Advances to KMPs:

Particulars	(₹ in crore)	
	As at 31.03.2020	As at 31.03.2019
Loans & Advances to KMPs (including interest accrued)	0.84	0.98



# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

## 14.2 Movement of Impairment on other Financial Assets

(₹ in crore)		
Particulars	FY 2019-20	FY 2018-19
Opening balance	40.45	17.53
Movement during the year	11.19	22.92
<b>Closing balance</b>	<b>51.64</b>	<b>40.45</b>

## 15. CURRENT TAX ASSETS/LIABILITIES (NET)

(₹ in crore)			
Sr. No.	Particulars	As at 31.03.2020	As at 31.03.2019
(i)	Advance income tax and TDS	747.84	643.73
(ii)	Tax Deposited on income tax demands under contest	390.49	157.21
	<b>Total Current Tax Assets (Net)</b>	<b>1,138.33</b>	<b>800.94</b>
(i)	Provision for income tax for demand under contest	67.40	5.74
	<b>Total Current Tax Liabilities (Net)</b>	<b>67.40</b>	<b>5.74</b>

## 16. INVESTMENT PROPERTY\*

(₹ in crore)				
Particulars	Opening balance	Additions during the year	Sales/ adjustment during the year	Closing balance
FY 2018-19	0.01	-	-	0.01
FY 2019-20	0.01	-	-	0.01

\*pertains to PFC's subsidiary REC Ltd.

**16.1** PFC's subsidiary REC Ltd. has classified the land held for undeterminable future use as investment property and is not earning any rental income on it.

**16.2** Fair value of investment property:

(₹ in crore)		
Particulars	As at 31.03.2020	As at 31.03.2019
Carrying Value	0.01	0.01
Fair Value	0.61	0.61

**16.3** The Company obtains independent valuations for its investment properties at least annually. The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available, the Company consider information from variety of sources including:

- current prices in an active market of similar properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences.
- current circle rates in the jurisdiction where the investment property is located.

The fair values of investment property has been determined by an independent valuer and the main inputs used are circle rates and current prices of similar properties. All resulting fair value estimates for investment property are included in Level 3.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

## 17. PROPERTY, PLANT AND EQUIPMENT, CAPITAL WORK-IN-PROGRESS (CWIP), INTANGIBLE ASSETS UNDER DEVELOPMENT AND OTHER INTANGIBLE ASSETS

Particulars	Property, Plant and Equipment											Capital Work-in-Progress	Intangible assets under development	Computer Software	Other Intangible assets		
	Freehold Land	Leasehold Land*	Buildings	Equipment	EDP Equipment	Office Equipment	Furniture and Fixtures	Vehicles	Leasehold Improvements	Total	Immovable Property						
<b>Gross Carrying Amount</b>																	
<b>Opening Balance as at 01.04.2018</b>	86.30	1.59	56.66	36.78	34.77	19.73	0.60	4.02	240.45	127.23	1.46	22.25					
Additions/	27.47	-	-	7.39	7.16	3.92	-	0.12	46.06	54.57	0.13	4.88					
Adjustments	-	-	-	3.98	3.67	0.36	0.11	-	8.12	(15.14)	-	(0.04)					
Deductions/	-	-	-	-	-	-	-	-	-	-	-	-					
Adjustments	113.77	1.59	56.66	40.19	38.26	23.29	0.49	4.14	278.39	196.94	1.59	27.17					
<b>Closing Balance as at 31.03.2019</b>																	
Additions/	-	-	-	6.25	8.92	6.45	0.02	-	21.64	74.89	-	4.38					
Adjustments	-	-	-	-	-	-	-	-	-	7.62	-	-					
Borrowing Cost Capitalised	-	-	-	-	-	-	-	-	-	-	-	-					
Deductions/	-	1.59	-	4.32	4.11	2.02	(0.01)	-	12.03	(8.17)	0.82	7.22					
Adjustments																	
<b>Closing Balance as at 31.03.2020</b>	113.77	-	56.66	42.12	43.07	27.72	0.52	4.14	288.00	287.62	0.77	24.33					
<b>Accumulated Depreciation/ Amortisation</b>																	
<b>Opening Balance as at 01.04.2018</b>	-	0.29	19.23	28.29	22.55	13.52	0.42	0.91	85.21	-	-	16.06					
For the period	-	0.02	1.15	4.88	5.22	1.55	0.04	0.80	13.66	-	-	1.83					
Reversal on Assets Sold/Written off from books	-	-	-	3.75	2.91	0.19	0.08	-	6.93	-	-	(0.10)					
<b>Closing Balance as at 31.03.2019</b>	-	0.31	20.38	29.42	24.86	14.88	0.38	1.71	91.94	-	-	17.99					
For the period	-	-	1.12	5.63	6.48	2.28	0.03	0.80	16.34	-	-	4.32					
Reversal on Assets Sold/Written off from books	-	0.31	-	3.71	2.51	0.54	-	-	7.07	-	-	7.21					
<b>Closing Balance as at 31.03.2020</b>	-	-	21.50	31.34	28.83	16.62	0.41	2.51	101.21	-	-	15.10					
<b>Net Carrying Amount</b>																	
As at 31.03.2019	113.77	1.28	36.28	10.77	13.40	8.41	0.11	2.43	186.45	196.94	1.59	9.18					
<b>As at 31.03.2020</b>	113.77	-	35.16	10.78	14.24	11.10	0.11	1.63	186.79	287.62	0.77	9.23					

\*Pursuant to adoption of Ind AS 116, reclassified as Right of Use asset w.e.f. 01.04.2019.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

- 17.1** The Company reviews the estimated useful life, residual values and depreciation method of Property, Plant & Equipment and Intangible Assets at the end of each financial year and changes in estimates, if any, are accounted prospectively. Details of useful life of Property Plant & Equipment and Intangible Assets are as under:

Category	EDP Equipment							Intangible Assets
	Building	Servers and networks	End user devices i.e. desktops, laptops etc.	Office Equipment	Cell Phone	Furniture and Fixture	Vehicles	
Useful Life (in Years)	60	6	3	5	2	10	8	5
Residual value as a % of original Cost	5%	5%	5%	5%	5%	5%	5%	-

- 17.2** The estimated useful lives of the property, plant and equipment (PPE) is in line with the life prescribed in Schedule II of Companies Act, 2013, except for cell phones where useful life has been estimated as 2 years by the Company.

Depreciation on PPE is recognised so as to write off the cost of property, plant and equipment less their residual values as per written down value method, over the estimated useful lives. The intangible assets are amortised using straight-line method over their useful life.

- 17.3** In the opinion of management of PFC and its subsidiary REC Ltd., there is no impairment on the Property, Plant & Equipment and Intangible Assets of the Company in terms of Ind AS 36. Accordingly, no provision for impairment loss as required under Ind AS 36 'Impairment of Assets' has been made.

- 17.4** The Details of pledged as security are as under:

In case of the Company details of assets pledged as security refer note 22.8 & 22.9. In case of PFC's Subsidiary REC Ltd. details of assets pledged as security are as under:

Particulars	(₹ in crore)	
	As at 31.03.2020	As at 31.03.2019
Gross Carrying Value	3.45	3.45
Net Carrying Value	2.41	2.46

- 17.5** In case of PFC Subsidiary REC Ltd., As on March 31, 2020, the formalities regarding registration of conveyance deed in respect of certain immovable properties acquired by the Company are yet to be executed. The details are as below:

Particulars	(₹ in crore)			
	As at 31.03.2020		As at 31.03.2019	
	Land	Building	Land	Building
Gross Carrying Value	68.31	4.59	68.31	4.59
Net Carrying Value	68.31	2.14	68.31	2.20

- 17.6** While PFC's subsidiary REC Ltd. has not made any specific borrowings for construction of a qualifying asset, the Company has capitalised certain borrowing costs on account of general borrowings at an average rate of borrowings for the Company in terms of Ind AS 23 'Borrowing Costs'. In line with the applicable accounting guidance, the Company has not capitalised the borrowings costs for the period during which the construction work has been suspended owing to COVID-19 disruptions.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

## 18. RIGHT-OF-USE ASSETS

(₹ in crore)			
Sr. No.	Particulars	As at 31.03.2020	As at 31.03.2019
(i)	<b>Opening Balance of Leasehold Land</b>	-	-
(ii)	Additions (Refer Note 45)	45.84	-
(iii)	Less: Accumulated Depreciation*	3.77	-
	<b>Closing Balance of Leasehold Land</b>	<b>42.07</b>	-

\* As required by Ind AS 116, Depreciation expense on Right-of-Use assets is included under Depreciation and Amortisation expenses in the Consolidated Statement of Profit and Loss.

## 19. OTHER NON-FINANCIAL ASSETS

(₹ in crore)			
Sr. No.	Particulars	As at 31.03.2020	As at 31.03.2019
(i)	Prepaid Expenses	3.40	36.95
(ii)	Deferred Employee Costs	62.13	54.30
(iii)	Capital Advances	93.75	79.09
(iv)	Other assets	104.66	223.16
	<b>Total Other Non-Financial Assets</b>	<b>263.94</b>	<b>393.50</b>

## 20. ASSETS CLASSIFIED AS HELD FOR SALE\*

(₹ in crore)			
Sr. No.	Particulars	As at 31.03.2020	As at 31.03.2019
	<b>(A) Assets classified as held for sale</b>		
(i)	Investment in associates (Refer Note 20.1)	0.23	0.54
(ii)	Loan to associates (Refer Note 20.2)	16.75	12.12
	<b>Total (A)</b>	<b>16.98</b>	<b>12.66</b>
	<b>(B) Liabilities directly associated with assets classified as held for sale</b>		
(i)	Payable to associates (Refer Note 20.3)	0.68	0.08
	<b>Total (B)</b>	<b>0.68</b>	<b>0.08</b>
	<b>Disposal Group - Net assets (A-B)</b>	<b>16.30</b>	<b>12.58</b>

\*Pertains to PFC's Subsidiaries, REC Ltd. and PFC Consulting Ltd.

### 20.1 Investment in associates

(₹ in crore)			
Sr. No.	Particulars	As at 31.03.2020	As at 31.03.2019
	<b>Investments in Equity Instruments of associates (fully paid up equity shares of ₹ 10/- each)</b>		
(i)	Dinchang Transmission Ltd.*	-	-
(ii)	Ajmer Phagi Transco Ltd.	-	0.05
(iii)	Bhindguna Transmission Ltd.	-	0.05
(iv)	Chandil Transmission Ltd.	0.05	0.05
(v)	Dumka Transmission Ltd.	0.05	0.05
(vi)	Jam Khambaliya Transco Ltd.	-	0.05
(vii)	Khetri Transco Ltd.	-	0.05
(viii)	Koderma Transmission Ltd.	0.05	0.05
(ix)	Lakadia Banaskantha Transco Ltd.	-	0.05
(x)	Mandar Transmission Ltd.	0.05	0.05
(xi)	Udupi Kasargode Trans. Ltd.	-	0.05

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(₹ in crore)			
Sr. No.	Particulars	As at 31.03.2020	As at 31.03.2019
(xii)	Vapi II North Lakhimpur Transmission Ltd.	0.01	0.01
(xiii)	Koppal Narendra Transmission Ltd.	0.01	-
(xiv)	Karur Transmission Ltd.	0.01	-
(xv)	Bhuj-II Transmission Ltd.	-	0.01
(xvi)	Fatehgarh - II Transco Ltd.	-	0.01
(xvii)	Bikaner Khetri Transmission Ltd.	-	0.01
<b>Total</b>		<b>0.23</b>	<b>0.54</b>

\* Dinchang Transmission Ltd. was denotified vide MoP letter dated 25 March 2019 and subsequently investment was written off. MoP permission for striking off company with MCA has been obtained during the year.

## 20.2 Loan to Associates

(₹ in crore)			
Sr. No.	Particulars	As at 31.03.2020	As at 31.03.2019
(i)	Chandil Transmission Ltd.	2.49	1.99
(ii)	Dumka Transmission Ltd.	2.18	1.94
(iii)	Mandar Transmission Ltd.	2.43	1.71
(iv)	Koderma Transmission Ltd.	2.23	1.76
(v)	Ajmer Phagi Transco Ltd.	-	0.18
(vi)	Bhindguna Transmission Ltd.	-	0.88
(vii)	UDUPI Kasargode Transmission Ltd.	-	0.25
(viii)	WRSS XXI (A) Transco Ltd.	-	0.35
(ix)	Vapi II North Lakhimpur Transmission Ltd.	3.71	1.81
(x)	Koppal Narendra Transmission Ltd.	1.69	-
(xi)	Karur Transmission Ltd.	2.02	-
(xii)	Bhuj-II Transmission Ltd.	-	0.32
(xiii)	Fatehgarh - II Transco Ltd.	-	0.31
(xiv)	Bikaner Khetri Transmission Ltd.	-	0.30
(xv)	Lakadia-Vadodara Transmission Project Ltd.	-	0.32
<b>Total</b>		<b>16.75</b>	<b>12.12</b>

## 20.3 Liabilities directly associated with assets classified as held for sale

(₹ in crore)			
Sr. No.	Particulars	As at 31.03.2020	As at 31.03.2019
(i)	Bidar Karnataka Line*	0.10	-
(ii)	Gadag Karnataka Part A Line*	0.10	-
(iii)	Solar Energy Rajasthan Part A Line*	0.11	-
(iv)	Solar Energy Rajasthan Part B Line*	0.06	-
(v)	Solar Energy Rajasthan Part C Line*	0.16	-
(vi)	Rajgarh Madhya Pradesh Line*	0.15	-
(vii)	Osmanabad Maharashtra Line*	-	-
(viii)	Khetri Transco Ltd.	-	0.04
(ix)	Lakadia Banaskantha Transco Ltd.	-	0.04
<b>Total</b>		<b>0.68</b>	<b>0.08</b>

\* These SPVs are in process of incorporation. However as RFP was issued by March 2020 therefore as per allocation policy, expense have been allocated.

# Notes to the Consolidated Financial Statements

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**20.4** In respect of PFC's subsidiaries, REC Ltd. and PFC Consulting Ltd., their management had incorporated these entities with a view to sell them off as per the guidelines of Ministry of Power, through the bid process prescribed by Ministry of Power. There is no possibility that management will have benefits from these entities other than selling them off, hence all these investments (along with the related assets and liabilities) have been classified as 'held for sale'.

## 21. TRADE PAYABLES

(₹ in crore)			
Sr. No.	Particulars	As at 31.03.2020	As at 31.03.2019
<b>Trade Payables</b>			
(i)	Total outstanding dues of Micro, Small and Medium Enterprises	0.15	2.65
(ii)	Total outstanding dues of creditors other than Micro, Small and Medium Enterprises	53.07	72.26
<b>Total Trade Payables</b>		<b>53.22</b>	<b>74.91</b>

## 22. DEBT SECURITIES

The Company and its Subsidiary REC Ltd., have categorised Debt Securities at amortised cost in accordance with the requirements of Ind AS 109.

(₹ in crore)			
Sr. No.	Particulars	As at 31.03.2020	As at 31.03.2019
(i)	Bonds/Debenture		
	- Infrastructure Bonds (Refer Note 22.1)	295.09	370.06
	- Tax Free Bonds (Refer Note 22.2)	24,878.08	24,853.08
	- 54 EC Capital Gain Tax Exemption Bonds (Refer Note 22.3)	23,894.68	23,941.98
	- Taxable Bonds (Refer Note 22.4)	3,26,415.29	2,98,307.82
	- Foreign Currency Notes (Refer Note 22.5)	50,508.56	21,095.29
(ii)	Commercial Paper (Refer Note 22.6)	2,925.00	17,690.92
(iii)	Interest accrued but not due on above	13,687.09	12,648.16
(iv)	Unamortised Transaction Cost on above	(1,238.08)	(1,277.35)
(v)	Bond Application Money (Refer Note 22.7)	400.19	722.04
<b>Total Debt Securities</b>		<b>4,41,765.90</b>	<b>3,98,352.00</b>
<b>Geography wise Debt Securities</b>			
(i)	Debt Securities in India	3,91,726.07	3,77,818.26
(ii)	Debt Securities outside India	50,039.83	20,533.74
<b>Total Geography wise Debt Securities</b>		<b>4,41,765.90</b>	<b>3,98,352.00</b>

### 22.1 Details of Infrastructure Bonds outstanding are as follows:

Sr. No.	Bond Series	Coupon Rate (p.a.)	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
			31.03.2020	31.03.2019		
<b>In case of PFC</b>						
1	Infrastructure Bonds 86 D Series	8.72%	2.40	2.40	30.03.2027	Redeemable at par on a date falling fifteen years from the date of allotment
2	Infrastructure Bonds 86 C Series	8.72%	0.87	0.87	30.03.2027	Redeemable at par with cumulative interest compounded annually, on a date falling fifteen years from the date of allotment
3	Infrastructure Bonds (2011-12) - Series III	8.75%	2.86	2.86	21.11.2026	Redeemable at par on a date falling fifteen years from the date of allotment

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

Sr. No.	Bond Series	Coupon Rate (p.a.)	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
			31.03.2020	31.03.2019		
4	Infrastructure Bonds (2011-12) - Series IV	8.75%	7.77	7.77	21.11.2026	Redeemable at par with cumulative interest compounded annually, on a date falling fifteen years from the date of allotment
5	Infrastructure Bonds (2010-11) - Series III	8.50%	5.27	5.27	31.03.2026	Redeemable at par on a date falling fifteen years from the date of allotment
6	Infrastructure Bonds (2010-11) - Series IV	8.50%	19.33	19.33	31.03.2026	Redeemable at par with cumulative interest compounded annually, on a date falling fifteen years from the date of allotment
7	Infra Bonds Private Placement Series I	8.43%	7.39	7.39	30.03.2022	Redeemable at par on a date falling ten years from the date of allotment
8	Infra Bonds Private Placement Series II	8.43%	15.47	15.47	30.03.2022	Redeemable at par with cumulative interest compounded annually, on a date falling ten years from the date of allotment
9	Infrastructure Bonds (2011-12) - Series I	8.50%	21.85	21.85	21.11.2021	Redeemable at par on a date falling ten years from the date of allotment
10	Infrastructure Bonds (2011-12) - Series II	8.50%	36.34	36.34	21.11.2021	Redeemable at par with cumulative interest compounded annually, on a date falling ten years from the date of allotment
11	Infrastructure Bonds (2010-11) - Series I	8.30%	49.96	49.96	31.03.2021	Redeemable at par on a date falling ten years from the date of allotment
12	Infrastructure Bonds (2010-11) - Series II	8.30%	109.12	109.12	31.03.2021	Redeemable at par with cumulative interest compounded annually, on a date falling ten years from the date of allotment
<b>Sub-Total (A)</b>			<b>278.63</b>	<b>278.63</b>		
<b>In case of PFC's Subsidiary REC Ltd.</b>						
1	Series-II (2011-12) Cumulative	9.15%	2.83	2.83	15.02.2027	Redeemable on the date falling 15 years from the date of allotment
2	Series-II (2011-12) Annual	9.15%	1.13	1.13	15.02.2027	
3	Series-II (2011-12) Cumulative	8.95%	5.73	5.73	15.02.2022	Redeemable on the date falling 10 years from the date of allotment
4	Series-II (2011-12) Annual	8.95%	1.38	1.38	15.02.2022	
5	Series-I (2010-11)	8.10%	1.61	1.61	31.03.2021	Redeemable on the date falling 10 years from the date of allotment
6	Series-I (2010-11)	8.20%	3.78	3.79	31.03.2021	Redeemable on the date falling 10 years from the date of allotment
7	Series-I (2010-11)	8.00%	-	16.92	Repaid in	Redeemable on the date falling 10 years from the date of allotment with buyback option by bondholders after 5/6/7/8/9 years
8	Series-I (2010-11)	8.20%	-	58.04	FY 2019-20	
<b>Sub-Total (B)</b>			<b>16.46</b>	<b>91.43</b>		
<b>Total (A+B)</b>			<b>295.09</b>	<b>370.06</b>		

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

## 22.2 Details of Tax Free Bonds outstanding are as follows:

Sr. No.	Bond Series	Coupon Rate (p.a.)	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
			31.03.2020	31.03.2019		
<b>In case of PFC</b>						
1	7.35 Tax Free Bonds 3 A 2015 16	7.35%	213.57	213.57	17.10.2035	
2	7.60 Tax Free Bonds 3 B 2015 16	7.60%	155.48	155.48	17.10.2035	
3	Tax Free Bonds 8 67 Bps Series 3A	8.67%	1,067.38	1,067.38	16.11.2033	
4	Tax Free Bonds 8 92 Bps Series 3B	8.92%	861.96	861.96	16.11.2033	
5	7.27 Tax Free Bonds 2 A 2015 16	7.27%	131.33	131.33	17.10.2030	
6	7.52 Tax Free Bonds 2 B 2015 16	7.52%	45.18	45.18	17.10.2030	
7	Tax Free Bonds 8 54 Bps Series 2A	8.54%	932.70	932.70	16.11.2028	
8	Tax Free Bonds 8 79 Bps Series 2B	8.79%	353.32	353.32	16.11.2028	
9	8.46 Tax Free Bond Series 107 B	8.46%	1,011.10	1,011.10	30.08.2028	
10	7.04% TR-2 Tax Free Bonds 12-13	7.04%	10.25	8.89	28.03.2028	
11	7.54% TR 2 Tax Free Bonds 12-13	7.54%	58.96	60.32	28.03.2028	
12	7.36% 15 Years Tax Free Bonds 2012-13 TR-I Series-2	7.36%	162.72	159.81	04.01.2028	
13	7.86% 15 Years Tax Free Bonds 2012-13 TR-I Series-2	7.86%	194.28	197.19	04.01.2028	
14	Tax Free Bonds Series 95 B	7.38%	100.00	100.00	29.11.2027	
15	Tax Fee Bond Series 94B	7.38%	25.00	25.00	22.11.2027	
16	8.30% Public Issue Of Tax Free Bonds FY 11-12	8.30%	1,280.58	1,280.58	01.02.2027	
17	8.16% Tax Free Bond Series 80-B	8.16%	209.34	209.34	25.11.2026	Redeemable at par on maturity
18	7.75% Tax Free Bond Series 79-B	7.75%	217.99	217.99	15.10.2026	
19	7.11 Tax Free Bonds 1 A 2015 16	7.11%	75.09	75.09	17.10.2025	
20	7.36 Taxfree Bonds 1B 2015-16	7.36%	79.35	79.35	17.10.2025	
21	7.16 Tf Sec Bnd Srs 136	7.16%	300.00	300.00	17.07.2025	
22	Tax Free Bonds 8 18 Bps Series 1A	8.18%	325.07	325.07	16.11.2023	
23	Tax Free Bonds 8 43 Bps Series IB	8.43%	335.47	335.47	16.11.2023	
24	8.01 Tax Free Bond Series 107 A	8.01%	113.00	113.00	30.08.2023	
25	6.88% TR-2 Tax Free Bonds 12-13	6.88%	52.90	52.38	28.03.2023	
26	7.38% TR-2 Tax Free Bonds 12-13	7.38%	43.25	43.77	28.03.2023	
27	7.19% 10Years Tax Free Bonds 12-13 TR-I Series 1	7.19%	197.09	193.40	04.01.2023	
28	7.69% 10Years Tax Free Bonds 2012-13 TR-I Series-1	7.69%	145.66	149.35	04.01.2023	
29	Tax Free Bonds Series 95 A	7.22%	30.00	30.00	29.11.2022	
30	Tax Free Bond Series 94 A	7.21%	255.00	255.00	22.11.2022	
31	8.20% Public Issue Of Tax Free Bonds FY 11-12	8.20%	2,752.55	2,752.55	01.02.2022	
32	8.09% Tax Free Bond Series 80-A	8.09%	334.31	334.31	25.11.2021	
33	7.51% Tax Free Bonds Series 79-A	7.51%	205.23	205.23	15.10.2021	
<b>Sub-Total (A)</b>			<b>12,275.11</b>	<b>12,275.11</b>		



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Sr. No.	Bond Series	Coupon Rate (p.a.)	Principal Amount (₹ in crore) outstanding as at		Redemption details
			31.03.2020	31.03.2019	
<b>In case of PFC's Subsidiary REC Ltd.</b>					
1	Series 2015-16 Tranche-1	6.89% to 7.43%	696.56	696.56	Redeemable at par. Bonds amounting to ₹ 105.93 crore are redeemable on 05.11.2025, ₹ 172.90 crore are redeemable on 05.11.2030 and ₹ 417.73 crore are redeemable on 05.11.2035 with interest rates varying from 6.89% to 7.43% payable annually
2	Series 2015-16 Series 5A	7.17%	300.00	300.00	7.17% Redeemable at par on 23.07.2025
3	Series 2013-14 Tranche-2	8.19% to 8.88%	1,057.40	1,057.40	Redeemable at par. Bonds amounting to ₹ 419.32 crore are redeemable on 22.03.2024, ₹ 528.42 crore are redeemable on 23.03.2029 and ₹ 109.66 crore are redeemable on 24.03.2034 with interest rates varying from 8.19% to 8.88% payable annually
4	Series 2013-14 Tranche-1	8.01% to 8.71%	3,410.60	3,410.60	Redeemable at par. Bonds amounting to ₹ 575.06 crore are redeemable on 25.09.2023, ₹ 2,780.26 crore are redeemable on 25.09.2028 and ₹ 55.28 crore are redeemable on 26.09.2033 with interest rates varying from 8.01% to 8.71% payable annually
5	Series 2013-14 Series 4A & 4B	8.18% to 8.54%	150.00	150.00	Redeemable at par. Bonds amounting to ₹ 105.00 crore are redeemable on 11.10.2023 and ₹ 45.00 crore are redeemable on 11.10.2028 with interest rates varying from 8.18% to 8.54% payable annually
6	Series 2013-14 Series 3A & 3B	8.01% to 8.46%	1,350.00	1,350.00	Redeemable at par. Bonds amounting to ₹ 209.00 crore are redeemable on 29.08.2023 and ₹ 1,141.00 crore are redeemable on 29.08.2028 with interest rates varying from 8.01% to 8.46% payable annually
7	Series 2012-13 Tranche-2	6.88% to 7.54%	131.06	131.06	Redeemable at par. Bonds amounting to ₹ 81.35 crore are redeemable on 27.03.2023 and bonds amounting to ₹ 49.71 crore are redeemable on 27.03.2028 with interest rates varying from 6.88% to 7.54% payable annually
8	Series 2012-13 Tranche-1	7.22% to 7.88%	2,007.35	1,982.35	Redeemable at par. Bonds amounting to ₹ 1,165.31 crore are redeemable on 19.12.2022 and bonds amounting to ₹ 842.04 crore are redeemable on 20.12.2027 with interest rates varying from 7.22% to 7.88% payable annually
9	Series 2012-13 Series 2A & 2B	7.21% to 7.38%	500.00	500.00	Redeemable at par. Bonds amounting to ₹ 255.00 crore are redeemable on 21.11.2022 and bonds amounting to ₹ 245.00 crore are redeemable on 22.11.2027 with interest rates of 7.21% and 7.38% respectively payable annually
10	Series 2011-12	7.93% to 8.32%	3,000.00	3,000.00	Redeemable at par. Bonds amounting to ₹ 839.67 crore are redeemable on 28.03.2022 and bonds amounting to ₹ 2,160.33 crore are redeemable on 29.03.2027 with interest rates varying from 7.93% to 8.32% payable annually
<b>Sub-Total (B)</b>			<b>12,602.97</b>	<b>12,577.97</b>	
<b>Total (A+B)</b>			<b>24,878.08</b>	<b>24,853.08</b>	

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## 22.3 Details of 54 EC Capital Gain Tax Exemption Bonds outstanding are as follows:

Sr. No.	Bond Series	Coupon Rate (p.a.)	Principal Amount (₹ in crore) outstanding as at		Redemption details
			31.03.2020	31.03.2019	
<b>In case of PFC</b>					
1	Series III (FY 2019-20)	5.75%	1,134.44	-	- Redeemable at par during FY 2024-25
2	Series II (FY 2018-19)	5.75%	491.95	491.95	Redeemable at par during FY 2023-24
3	Series I (FY 2017-18)	5.25%	292.15	292.15	Redeemable at par during FY 2020-21
<b>Sub-Total (A)</b>			<b>1,918.54</b>	<b>784.10</b>	
<b>In case of PFC's Subsidiary REC Ltd.</b>					
1	Series XIII (FY 2019-20)	5.75%	5,759.14	-	- Redeemable at par during FY 2024-25
2	Series XII (FY 2018-19)	5.75%	6,651.77	5,929.73	Redeemable at par during FY 2023-24
3	Series XI (FY 2017-18)	5.25%	9,565.23	9,565.23	Redeemable at par during FY 2020-21
4	Series X (FY 2016-17)	5.25%	-	7,662.92	Repaid in FY 2019-20
<b>Sub-Total (B)</b>			<b>21,976.14</b>	<b>23,157.88</b>	
<b>Total (A+B)</b>			<b>23,894.68</b>	<b>23,941.98</b>	

## 22.4 The details of Taxable Bonds outstanding are as follows:

Sr. No.	Bond Series	Coupon Rate (p.a.)	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
			31.03.2020	31.03.2019		
<b>In case of PFC</b>						
1	Series 190	8.25%	4,016.00	-	06.09.2034	
2	Series 189	8.15%	4,035.00	-	08.08.2034	
3	Series 186	8.79%	2,578.90	-	30.04.2034	
4	Series 180	8.75%	2,654.00	2,654.00	22.02.2034	
5	Series 179-B	8.64%	528.40	528.40	19.11.2033	
6	Series 71	9.05%	192.70	192.70	15.12.2030	
7	Series 66-C	8.85%	633.00	633.00	15.06.2030	
8	Series 197	7.41%	5,000.00	-	15.05.2030	
9	Series 195	7.86%	1,100.00	-	12.04.2030	
10	Series 196	7.41%	2,500.00	-	25.02.2030	
11	Series 193	7.93%	4,710.50	-	31.12.2029	
12	Series 118 Option B III	9.39%	460.00	460.00	27.08.2029	
13	Series 187 B	8.85%	1,982.10	-	27.05.2029	
14	Series 179-A	8.67%	1,007.40	1,007.40	19.11.2028	
15	Series 178	8.95%	3,000.00	3,000.00	10.10.2028	Redeemable at par on maturity
16	Series 177	7.85%	3,855.00	3,855.00	03.04.2028	
17	Series 103	8.94%	2,807.00	2,807.00	25.03.2028	
18	Series 102 A (III)	8.90%	403.00	403.00	18.03.2028	
19	Series 101 B	9.00%	1,370.00	1,370.00	11.03.2028	
20	Series 172	7.74%	850.00	850.00	29.01.2028	
21	Series 171	7.62%	5,000.00	5,000.00	15.12.2027	
22	Series 170-B	7.65%	2,001.00	2,001.00	22.11.2027	
23	Series 169-B	7.30%	1,500.00	1,500.00	07.08.2027	
24	Series 168-B	7.44%	1,540.00	1,540.00	12.06.2027	
25	Series 155	7.23%	2,635.00	2,635.00	05.01.2027	
26	Series 152	7.55%	4,000.00	4,000.00	25.09.2026	
27	Series 151-B	7.56%	210.00	210.00	16.09.2026	
28	Series - 77-B	9.45%	2,568.00	2,568.00	01.09.2026	

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Sr. No.	Bond Series	Coupon Rate (p.a.)	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
			31.03.2020	31.03.2019		
29	Series 150-B	7.63%	1,675.00	1,675.00	14.08.2026	
30	Series - 76-B	9.46%	1,105.00	1,105.00	01.08.2026	
31	Series 147	8.03%	1,000.00	1,000.00	02.05.2026	
32	Series 71	9.05%	192.70	192.70	15.12.2025	
33	Series 141-B	8.40%	1,000.00	1,000.00	18.09.2025	
34	Series 66-B	8.75%	1,532.00	1,532.00	15.06.2025	
35	Series 65 III	8.70%	1,337.50	1,337.50	14.05.2025	
36	Series 130-C	8.39%	925.00	925.00	19.04.2025	
37	Series 64	8.95%	492.00	492.00	30.03.2025	
38	Series 131-C	8.41%	5,000.00	5,000.00	27.03.2025	
39	Series 63-III	8.90%	184.00	184.00	15.03.2025	
40	Series 128	8.20%	1,600.00	1,600.00	10.03.2025	
41	Series 62-B	8.80%	1,172.60	1,172.60	15.01.2025	
42	Series 126	8.65%	5,000.00	5,000.00	04.01.2025	
43	Series 125	8.65%	2,826.00	2,826.00	28.12.2024	
44	Series 61	8.50%	351.00	351.00	15.12.2024	
45	Series 124 C	8.48%	1,000.00	1,000.00	09.12.2024	
46	Series 192	7.42%	3,000.00	-	19.11.2024	
47	Series 120 Option A	8.98%	961.00	961.00	08.10.2024	
48	Series Option 120 B	8.98%	950.00	950.00	08.10.2024	
49	Series 118 Option B II	9.39%	460.00	460.00	27.08.2024	
50	Series 117 Option B	9.37%	855.00	855.00	19.08.2024	
51	Series 57-C	8.60%	866.50	866.50	07.08.2024	
52	Series 188	8.10%	691.10	-	04.06.2024	
53	Series 85 D	9.26%	736.00	736.00	15.04.2023	
54	Series 194	7.04%	1,400.00	-	14.04.2023	Redeemable at par on maturity
55	Series 102 A (II)	8.90%	403.00	403.00	18.03.2023	
56	Series 100 B	8.84%	1,310.00	1,310.00	04.03.2023	
57	Zero Coupon Unsecured Taxable Bonds 2022-XIX Series	-	605.94	560.45	30.12.2022	
58	Series 176-B	7.99%	1,295.00	1,295.00	20.12.2022	
59	Series 170-A	7.35%	800.00	800.00	22.11.2022	
60	Series 191	7.35%	3,735.00	-	15.10.2022	
61	Series 92 C	9.29%	640.00	640.00	21.08.2022	
62	Series 181	8.45%	2,155.00	2,155.00	11.08.2022	
63	Series 169-A	7.10%	3,395.00	3,395.00	08.08.2022	
64	Series 168-A	7.28%	1,950.00	1,950.00	12.06.2022	
65	Series 187 A	8.20%	1,605.00	-	27.05.2022	
66	Series 88 C	9.48%	184.70	184.70	15.04.2022	
67	Series 183	8.18%	3,751.20	3,751.20	19.03.2022	
68	Series 154	7.27%	1,101.00	1,101.00	22.12.2021	
69	Series 124 B	8.55%	1,200.00	1,200.00	09.12.2021	
70	Series 123 C	8.66%	200.00	200.00	27.11.2021	
71	Series 153	7.40%	1,830.00	1,830.00	30.09.2021	
72	Series 151-A	7.47%	2,260.00	2,260.00	16.09.2021	
73	Series 150-A	7.50%	2,660.00	2,660.00	16.08.2021	
74	Series - 76-A	9.36%	2,589.40	2,589.40	01.08.2021	
75	Series 115 III	9.20%	700.00	700.00	07.07.2021	
76	Series 75-C	9.61%	2,084.70	2,084.70	29.06.2021	

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Sr. No.	Bond Series	Coupon Rate (p.a.)	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
			31.03.2020	31.03.2019		
77	Series 74	9.70%	1,693.20	1,693.20	09.06.2021	
78	Series 28	8.85%	600.00	600.00	31.05.2021	
79	Series 146	8.05%	300.00	300.00	27.04.2021	
80	Series 73	9.18%	1,000.00	1,000.00	15.04.2021	
81	Series 175	7.75%	600.00	600.00	15.04.2021	
82	Series 173-B	7.73%	1,325.00	1,325.00	05.04.2021	
83	Series 173-A	7.73%	505.00	505.00	12.03.2021	
84	Series 112-C	9.70%	270.00	270.00	31.01.2021	
85	Series 72-B	8.99%	1,219.00	1,219.00	15.01.2021	
86	Series 71	9.05%	192.70	192.70	15.12.2020	
87	Series 70	8.78%	1,549.00	1,549.00	15.11.2020	
88	Series 141-A	8.46%	1,000.00	1,000.00	18.09.2020	
89	Series 163	7.50%	2,435.00	2,435.00	17.09.2020	
90	Series 182	8.20%	3,500.00	3,500.00	14.09.2020	
91	Series 140-B	8.36%	1,250.00	1,250.00	04.09.2020	Redeemable at par on maturity
92	Series 138	8.45%	1,000.00	1,000.00	10.08.2020	
93	Series 137	8.53%	2,700.00	2,700.00	24.07.2020	
94	Series 68-B	8.70%	1,424.00	1,424.00	15.07.2020	
95	Series 167	7.30%	1,560.00	1,560.00	30.06.2020	
96	Series 165	7.42%	3,605.00	3,605.00	26.06.2020	
97	Series 66-A	8.65%	500.00	500.00	15.06.2020	
98	Series 166	7.46%	1,180.00	1,180.00	05.06.2020	
99	Series 149	8.04%	100.00	100.00	30.05.2020	
100	Series 159	7.05%	2,551.00	2,551.00	15.05.2020	
101	Series 65-II	8.70%	1,337.50	1,337.50	14.05.2020	
102	Series 131-B	8.38%	1,350.00	1,350.00	27.04.2020	
103	Series 130-B	8.42%	200.00	200.00	18.04.2020	
104	Series 85 C	9.30%	79.50	79.50	15.04.2020	
105	Series 157	6.83%	2,000.00	2,000.00	15.04.2020	
106	Series 102 B	8.87%	-	70.00		
107	Series 91 B	9.39%	-	2,695.20		
108	Series 64	8.95%	-	492.00		
109	Series 87 D	9.42%	-	650.80		
110	Series 63-II	8.90%	-	184.00		
111	Series 100 A	8.86%	-	54.30		
112	Series 127	8.36%	-	4,440.00	Repaid in	Redeemed at par on respective
113	Series 99 B	8.82%	-	733.00	FY 2019-20	maturity/call option exercise dates
114	Series 112-B	9.70%	-	270.00		
115	Series 176-A	7.53%	-	1,500.00		
116	Series 62-A	8.70%	-	845.40		
117	Series 61	8.50%	-	351.00		
118	Series 124 A	8.52%	-	1,220.00		
119	Series 123 B	8.65%	-	836.00		

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Sr. No.	Bond Series	Coupon Rate (p.a.)	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
			31.03.2020	31.03.2019		
120	Series 60-B	FBIL G-Sec par yield+179 bps (floating rate)	-	925.00		
121	Series 122	8.76%	-	1,000.00		
122	Series 121 B	8.96%	-	1,100.00		
123	Series 59-B	8.80%	-	1,216.60		
124	Series 119 Option B	9.32%	-	1,591.00	Repaid in FY 2019-20	Redeemed at par on respective maturity/call option exercise dates
125	Series 118 Option B I	9.39%	-	460.00		
126	Series 57-B	8.60%	-	866.50		
127	Series 115 II	9.15%	-	100.00		
128	Series 135-B	8.50%	-	1,500.00		
129	Series 174	7.80%	-	3,300.00		
130	Series 148	7.95%	-	1,915.00		
131	Series 145	7.85%	-	2,928.00		
<b>Sub-Total (A)</b>			<b>1,72,930.24</b>	<b>1,67,774.95</b>		
<b>In case of PFC's Subsidiary REC Ltd.</b>						
1	Series 183	8.29%	3,028.00	-	16.09.2034	
2	Series 182	8.18%	5,063.00	-	22.08.2034	
3	Series 189	7.92%	3,054.90	-	31.03.2030	
4	Series 188	7.89%	1,100.00	-	31.03.2030	
5	Series 192	7.50%	2,382.00	-	28.02.2030	
6	Series 184 A	8.25%	290.20	-	26.09.2029	
7	Series 180 B	8.30%	2,070.90	-	25.06.2029	
8	Series 178	8.80%	1,097.00	-	14.05.2029	
9	Series 176	8.85%	1,600.70	-	16.04.2029	
10	Series 169	8.37%	2,554.00	2,554.00	07.12.2028	
11	Series 168	8.56%	2,552.40	2,552.40	29.11.2028	
12	Series 163	8.63%	2,500.00	2,500.00	25.08.2028	
13	Series 162	8.55%	2,500.00	2,500.00	09.08.2028	
14	Series 156	7.70%	3,533.00	3,533.00	10.12.2027	
15	Series 147	7.95%	2,745.00	2,745.00	12.03.2027	
16	Series 142	7.54%	3,000.00	3,000.00	30.12.2026	Redeemable at par on maturity
17	Series 140	7.52%	2,100.00	2,100.00	07.11.2026	
18	Series 136	8.11%	2,585.00	2,585.00	07.10.2025	
19	Series 95-II	8.75%	1,800.00	1,800.00	14.07.2025	
20	Series 94	8.75%	1,250.00	1,250.00	09.06.2025	
21	Series 133	8.30%	2,396.00	2,396.00	10.04.2025	
22	Series 190A	6.88%	2,500.00	-	20.03.2025	
23	Series 131	8.35%	2,285.00	2,285.00	21.02.2025	
24	Series 130	8.27%	2,325.00	2,325.00	06.02.2025	
25	Series 129	8.23%	1,925.00	1,925.00	23.01.2025	
26	Series 128	8.57%	2,250.00	2,250.00	21.12.2024	
27	Series 186 B	7.40%	1,500.00	-	26.11.2024	
28	Series 191 B	6.99%	1,100.00	-	30.09.2024	
29	Series 123 III B	9.34%	1,955.00	1,955.00	23.08.2024	
30	Series 180 A	8.10%	1,018.00	-	25.06.2024	
31	Series 184 B STRP-D	7.55%	298.00	-	26.09.2023	
32	Series 191 A	6.80%	1,100.00	-	30.06.2023	

# Notes to the Consolidated Financial Statements

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Sr. No.	Bond Series	Coupon Rate (p.a.)	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
			31.03.2020	31.03.2019		
33	Series 114	8.82%	4,300.00	4,300.00	12.04.2023	
34	Series 188 A	7.12%	1,400.00	-	31.03.2023	
35	Series 159	7.99%	950.00	950.00	23.02.2023	
36	Series 187	7.24%	2,090.00	-	31.12.2022	
37	Series 185	7.09%	2,759.00	-	13.12.2022	
38	Series 155	7.45%	1,912.00	1,912.00	30.11.2022	
39	Series 111-II	9.02%	2,211.20	2,211.20	19.11.2022	
40	Series 152	7.09%	1,225.00	1,225.00	17.10.2022	
41	Series 184 B STRP-C	7.55%	300.00	-	26.09.2022	
42	Series 150	7.03%	2,670.00	2,670.00	07.09.2022	
43	Series 186 A	6.90%	2,500.00	-	30.06.2022	
44	Series 107	9.35%	2,378.20	2,378.20	15.06.2022	
45	Series 179	8.15%	1,000.00	-	10.06.2022	
46	Series 167	8.45%	2,571.80	2,571.80	22.03.2022	
47	Series 173	8.35%	2,500.00	2,500.00	11.03.2022	
48	Series 132	8.27%	700.00	700.00	09.03.2022	
49	Series 145	7.46%	625.00	625.00	28.02.2022	
50	Series 165	8.83%	2,171.00	2,171.00	21.01.2022	
51	Series 193	6.99%	1,115.00	-	31.12.2021	
52	Series 190 B	6.32%	2,489.40	-	31.12.2021	
53	Series 177	8.50%	1,245.00	-	20.12.2021	
54	Series 141	7.14%	1,020.00	1,020.00	09.12.2021	
55	Series 127	8.44%	1,550.00	1,550.00	04.12.2021	
56	Series 105	9.75%	3,922.20	3,922.20	11.11.2021	
57	Series 139	7.24%	2,500.00	2,500.00	21.10.2021	Redeemable at par on maturity
58	Series 184 B STRP-B	7.55%	300.00	-	26.09.2021	
59	Series 101-III	9.48%	3,171.80	3,171.80	10.08.2021	
60	Series 123 I	9.40%	1,515.00	1,515.00	17.07.2021	
61	Series 100	9.63%	1,500.00	1,500.00	15.07.2021	
62	Series 174	8.15%	2,720.00	2,720.00	18.06.2021	
63	Series 161-B	7.73%	800.00	800.00	15.06.2021	
64	Series 154	7.18%	600.00	600.00	21.05.2021	
65	Series 157	7.60%	1,055.00	1,055.00	17.04.2021	
66	Series 158	7.70%	2,465.00	2,465.00	15.03.2021	
67	Series 98	9.18%	3,000.00	3,000.00	15.03.2021	
68	ZCB Series II	-	250.29	230.11	03.02.2021	
69	Series 153	6.99%	2,850.00	2,850.00	31.12.2020	
70	ZCB Series I	-	1,114.56	1,029.46	15.12.2020	
71	Series 97	8.80%	2,120.50	2,120.50	30.11.2020	
72	Series 96	8.80%	1,150.00	1,150.00	26.10.2020	
73	Series 184 B STRP-A	7.55%	300.00	-	26.09.2020	
74	Series 149	6.87%	2,485.00	2,485.00	24.09.2020	
75	Series 135	8.36%	2,750.00	2,750.00	22.09.2020	
76	Series 144	7.13%	835.00	835.00	21.09.2020	
77	Series 172	8.57%	1,790.00	1,790.00	20.08.2020	
78	Series 134	8.37%	2,675.00	2,675.00	14.08.2020	
79	Series 143	6.83%	1,275.00	1,275.00	29.06.2020	
80	Series 148	7.42%	1,200.00	1,200.00	17.06.2020	

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Sr. No.	Bond Series	Coupon Rate (p.a.)	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
			31.03.2020	31.03.2019		
81	Series 161-A	7.59%	-	3,000.00		
82	Series 113	8.87%	-	1,542.00		
83	Series 111-I	9.02%	-	452.80		
84	Series 126	8.56%	-	1,700.00		
85	Series 125	9.04%	-	3,000.00		
86	Series 160	7.77%	-	1,450.00		
87	Series 108-II	9.39%	-	960.00	Repaid in	Redeemed at par on respective
88	Series 95-I	8.70%	-	200.00	FY 2019-20	maturity/call option exercise dates
89	Series 92 II	8.65%	-	945.30		
90	Series 91 II	8.80%	-	995.90		
91	Series 90 C II	8.80%	-	1,040.00		
92	Series 90 B II	8.72%	-	868.20		
93	Series 90	8.80%	-	2,000.00		
94	Series 122	9.02%	-	1,700.00		
<b>Sub-Total (B)</b>			<b>1,53,485.05</b>	<b>1,30,532.87</b>		
<b>Total (A+B)</b>			<b>3,26,415.29</b>	<b>2,98,307.82</b>		

## 22.5 The details of Foreign Currency Notes outstanding are as follows:

Sr. No.	Bond Series	Coupon Rate (p.a.)	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
			31.03.2020	31.03.2019		
<b>In case of PFC</b>						
1	3.95% USD Bonds 2030	3.95%	5,653.94	-	23.04.2030	
2	3.90% USD Bonds 2029	3.90%	3,392.36	-	16.09.2029	
3	4.50% USD Bonds 2029	4.50%	4,523.15	-	18.06.2029	
4	6.15% USD Bonds 2028	6.15%	3,769.29	3,457.75	06.12.2028	Redeemable at par on maturity
5	5.25% USD Bonds 2028	5.25%	2,261.58	2,074.65	10.08.2028	
6	3.75% USD Green Bonds 2027	3.75%	3,015.44	2,766.20	06.12.2027	
7	3.25% USD Bonds 2024	3.25%	2,261.58	-	16.09.2024	
8	3.75% USD Bonds 2024	3.75%	3,015.44	-	18.06.2024	
<b>Sub-Total (A)</b>			<b>27,892.78</b>	<b>8,298.60</b>		
<b>In case of PFC's Subsidiary REC Ltd.</b>						
1	4.625% US \$300 Mn Bonds	4.625%	2,261.58	2,075.14	22.03.2028	
2	3.875% US \$450 Mn Green Bonds	3.875%	3,392.37	3,112.71	07.07.2027	
3	3.50% US \$500 Mn Bonds	3.500%	3,769.30	-	12.12.2024	Redeemable at par on maturity
4	3.375% US \$650 Mn Bonds	3.375%	4,900.08	-	25.07.2024	
5	4.625% US \$700 Mn Bonds	4.625%	5,277.01	4,841.99	13.11.2023	
6	3.068% US \$400 Mn Bonds	3.068%	3,015.44	2,766.85	18.12.2020	
<b>Sub-Total (B)</b>			<b>22,615.78</b>	<b>12,796.69</b>		
<b>Total (A+B)</b>			<b>50,508.56</b>	<b>21,095.29</b>		

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## 22.6 The details of Commercial Papers outstanding are as follows:

Sr. No.	Commercial Paper Series	Coupon Rate (p.a.)	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
			31.03.2020	31.03.2019		
<b>In case of PFC</b>						
1	CP - 108	7.85%	-	3,000.00	Repaid in FY 2019-20	Redeemed at par on respective maturity dates
2	CP - 109	7.39%	-	1,500.00		
3	CP - 106	7.15%	-	3,000.00		
4	CP - 105	7.44%	-	2,500.00		
	Less: Unamortised Financial Charges		-	(284.08)		
	<b>Sub-Total (A)</b>		-	<b>9,715.92</b>		
<b>In case of PFC's Subsidiary REC Ltd.</b>						
1	63rd Series	7.90%	675.00	-	19.06.2020	Redeemable at par on maturity
2	64th Series	5.48%	2,250.00	-	15.06.2020	
3	57th Series	8.04%	-	2,750.00	Repaid in FY 2019-20	Redeemed at par on respective maturity dates
4	58th Series	7.60%	-	1,875.00		
5	59th Series	7.72%	-	2,350.00		
6	60th Series	7.90%	-	1,000.00		
	<b>Sub-Total (B)</b>		<b>2,925.00</b>	<b>7,975.00</b>		
	<b>Total (A+B)</b>		<b>2,925.00</b>	<b>17,690.92</b>		

## 22.7 The details of Bond Application Money outstanding are as follows:

Sr. No.	Particulars	Coupon Rate (p.a.)	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
			31.03.2020	31.03.2019		
<b>In case of PFC's Subsidiary REC Ltd.</b>						
1	54EC Capital Gain Tax Exemption Bonds	5.75%	400.19	722.04	Redeemable at par after 5 years from the deemed date of allotment	
	<b>Total</b>		<b>400.19</b>	<b>722.04</b>		

## In case of PFC details of security are as under

22.8 The following bond series are secured by first pari passu charge on present and future receivables (excluding those receivables which are specifically charged for infra bonds issue during the FY 2010-11) along with first pari passu charge on immovable property situated at Guindy, Chennai.

- 7.51% Tax Free Bond Series 79-A
- 7.75% Tax Free Bond Series 79-B
- 8.09% Tax Free Bond Series 80-A
- 8.16% Tax Free Bond Series 80-B
- 7.21% Tax Free Bond Series 94- A
- 7.38% Tax Free Bond Series 94-B
- 7.22% Tax Free Bond Series 95-A
- 7.38% Tax Free Bond Series 95-B
- 8.43% Infra Bonds Private Placement Series I
- 8.43% Infra Bonds Private Placement Series II
- 8.72% Infrastructure Bonds Series 86C
- 8.72% Infrastructure Bonds Series 86D
- 8.50% 10 years Infrastructure Series Bonds (2011-12) Series-I



# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

- (n) 8.50% 10 years Infrastructure Series Bonds (2011-12) Series-II
- (o) 8.75% 15 years Infrastructure Series Bonds (2011-12) Series-III
- (p) 8.75% 15 years Infrastructure Series Bonds (2011-12) Series-IV
- (q) 8.20% Tax Free Bonds (2011-12) Tranche-I Series-I
- (r) 8.30% Tax Free Bonds (2011-12) Tranche-I Series-II
- (s) 7.19% Tax Free Bonds (2012-13) Tranche-I Series-I
- (t) 7.69% Tax Free Bonds (2012-13) Tranche-I Series-I
- (u) 7.36% Tax Free Bonds (2012-13) Tranche-I Series-II
- (v) 7.86% Tax Free Bonds (2012-13) Tranche-I Series-II

**22.9** Infrastructure Bonds (2010-11) Series I, II, III and IV are secured by charge on specific book debt of ₹ 1153.06 crore as on 31.03.2020 of the Company along with first charge on immovable property situated at Jangpura, New Delhi.

**22.10** 54 EC Capital Gain Tax Exemption Bonds Series I, II & III, Taxable Bond Series 112-C and all other Tax Free Bonds Series are secured by first pari passu charge on the total receivables/book debts of the Company (excluding the receivables/book debts on which a specific charge has already been created), limited to the extent of payment/repayment of the bonds including interest, additional interest, cost and expenses and all other monies whatsoever payable/repayable by the Company to the Bondholders and/or others under/pursuant to the Transaction Documents.

## In case of PFC's Subsidiary REC Ltd. details of security are as under

**22.11** For all the secured bonds issued by the Company and outstanding as at balance sheet date, 100% security cover has been maintained by way of mortgage on certain immovable properties and/or charge on the receivables of the Company.

**22.12** The Bond Series 123-I and 123-IIIB of Institutional Bonds are secured by way of first pari passu charge on the specified immovable property and the book debts of the Issuer which are charged to other lender/trustee and as may be agreed between the Issuer and the Trustee, pursuant to the terms of the Bond Trust Deed with a minimum security cover of one time of the aggregate face value of amount of bonds outstanding at all times and amount of interest due thereon in favor of IDBI Trusteeship Services Ltd.

**22.13** Tax Free Bonds issued during FY 2011-12 are secured by first pari passu charge on premises at Shop No. 12, Ground Floor, Block No. 35, Church Road, Mylapore, Chennai and hypothecation of receivables of ₹ 4,998.66 crore of MSEDCL in favour of Vistra ITCL (India) Ltd. (formerly known as IL&FS Trust Company Ltd.).

**22.14** Tax Free Bonds issued during FY 2013-14 are secured by first pari passu charge on the book debts (other than those that are exclusively charged/earmarked to lenders/other Trustees) of the Company in favour of SBICap Trustee Company Ltd.

**22.15** The Bond Series XI, XII and XIII of 54EC Capital Gain Tax Exemption Bonds and Tax Free Bonds issued during FY 2012-13 & 2015-16 are secured by first pari passu charge on (a) mortgage of premises at Sub Plot No. 8, TPS No 2, FP No. 584P, situated at Village Subhanpura, Distt Vadodara and (b) hypothecation of receivables (other than those that are exclusively charged/ earmarked to lenders/other Trustees) in favour of SBICap Trustee Company Ltd.

**22.16** Refer Note 12 and 17 for the carrying value of receivables and Property, Plant and Equipment (PPE) pledged as security.

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## 23. BORROWINGS (OTHER THAN DEBT SECURITIES)

The Company and its Subsidiary REC Ltd., have categorised Borrowings (other than Debt Securities) at amortised cost in accordance with the requirements of Ind AS 109 except "Finance Lease Obligation" which is measured in accordance with Ind AS 116.

		(₹ in crore)	
Sr. No.	Particulars	As at 31.03.2020	As at 31.03.2019
(A)	Term Loans		
(i)	From Banks and Financial Institutions		
	- Foreign Currency Loans (Refer Note 23.1)	8,924.03	9,701.51
	- Syndicated Foreign Currency Loans (Refer Note 23.2)	39,619.89	32,787.57
	- Rupee Term Loans (Refer Note 23.4)	69,498.76	58,453.55
(ii)	From other Parties		
	- Rupee Term Loans - Gol (Refer Note 23.6)	17,500.00	12,500.00
(B)	Other Loans		
(i)	Loan against Term Deposits (Refer Note 23.7)	-	12,737.18
(ii)	Working Capital Demand Loan/Overdraft/Cash Credit/Line of Credit (Refer Note 23.8)	4,793.22	620.00
(iii)	Finance Lease Obligation	2.12	0.11
(C)	Interest accrued but not due on above	767.95	610.03
(D)	Unamortised Transaction Cost on above	(439.25)	(402.72)
	<b>Total Borrowings (other than Debt Securities)</b>	<b>1,40,666.72</b>	<b>1,27,007.23</b>
(II)	<b>Geography wise Borrowings</b>		
(i)	Borrowings in India	99,419.41	89,111.58
(ii)	Borrowings outside India	41,247.31	37,895.49
	<b>Total Geography wise Borrowings</b>	<b>1,40,666.72</b>	<b>1,27,007.07</b>

### 23.1 Details of Unsecured Foreign Currency Loans outstanding are as follows:

Sr. No.	Particulars	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
		31.03.2020	31.03.2019		
<b>In case of PFC</b>					
1	KFW I (Guaranteed by the Government of India)	48.26	48.05	Semi Annual Instalments Till 30.12.2035	
2	ADB (Guaranteed by the Government of India)	79.46	82.80	Semi Annual Instalments Till 15.10.2028	Redeemable in semi annual instalments
3	Credit National (Guaranteed by the Government of India)	44.66	50.24	Semi Annual Instalments Till 30.06.2028	
4	SBI FCNR(B)	-	1,728.88		
5	ICICI Bank FCNR(B) - IV	-	691.55		
6	ICICI Bank FCNR(B) - III	-	691.55	Repaid in FY 2019-20	Redeemed at par on respective maturity dates
7	ICICI Bank FCNR(B) - II	-	691.55		
8	ICICI Bank FCNR(B)	-	691.55		
	<b>Sub-Total (A)</b>	<b>172.38</b>	<b>4,676.17</b>		
<b>In case of PFC's Subsidiary REC Ltd.</b>					
1	JICA Loan	99.46	131.40	0.75% JICA-I loan repayable in half-yearly instalments till 20.03.2021, next instalment falling due on 20.09.2020 and 0.65% JICA-II loan repayable in half-yearly instalments till 20.03.2023, next instalment falling due on 20.09.2020	
2	2.89 KfW-II Loan	64.60	120.87	Repayable in equal half-yearly instalments of €3.88 Mn till 30.12.2020, next instalment falling due on 30.06.2020	

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Sr. No.	Particulars	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
		31.03.2020	31.03.2019		
3	1.86 KfW-III Loan	393.41	449.87		Repayable in equal half-yearly instalments of €5.26 Mn till 30.03.2024, next instalment falling due on 30.06.2020
4	6M USD Libor + 0.13% KfW-IV Loan	1,220.98	-		Repayable in equal half-yearly instalments till 15.11.2030 of €12.00 Mn, first instalment falling due on 15.11.2021
5	US \$135 Mn	1,017.71	933.81		\$60 Mn repayable on 04.09.2021 and \$75 Mn repayable on 22.10.2021
6	US\$100 Mn	753.86	-		\$25 Mn repayable on 30.9.2020 and \$75 Mn repayable on 22.01.2021
7	US\$140 Mn	1,055.40		13.01.2021	
8	US\$100 Mn	753.86		21.12.2020	Redeemable at par on maturity
9	US\$100 Mn	753.86		03.12.2020	
10	US\$200 Mn	1,507.72		21.09.2020	
11	US\$150 Mn	1,130.79			Repayable in two equal instalment on 20.05.2020 and 25.06.2020
12	US\$140 Mn	-	1,037.57		
13	US\$100 Mn	-	691.71		
14	US\$100 Mn	-	691.71	Repaid in FY 2019-20	Redeemed at par on maturity date
15	US\$150 Mn	-	968.40		
	<b>Sub-Total (B)</b>	<b>8,751.65</b>	<b>5,025.34</b>		
	<b>Total (A+B)</b>	<b>8,924.03</b>	<b>9,701.51</b>		

## 23.2 Details of Unsecured Syndicated Foreign Currency Loans outstanding are as follows:

Sr. No.	Particulars	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
		31.03.2020	31.03.2019		
<b>In case of PFC</b>					
1	SLN 29	1,884.65	-	20.12.2024	
2	SLN 27	1,143.01	1,024.32	01.02.2024	
3	SLN 26	1,884.65	1,728.88	26.09.2023	
4	SLN 23	1,884.65	1,728.88	22.03.2023	Bullet Repayment at the end of the tenor
5	SLN 22	1,884.65	1,728.88	28.02.2023	
6	SLN 21	2,261.57	2,074.65	12.12.2022	
7	SLN 28 USD	1,884.65	-	28.06.2022	
8	SLN 28 JPY	373.97	-	28.06.2022	
9	SLN 17	3,392.36	3,111.98	3 Equal Instalments (28.09.2020, 26.03.2021 and 24.09.2021)	Redeemable in three equal instalments
10	SLN 18	3,041.47	2,725.65	3 Equal Instalments (06.11.2020, 08.11.2021 and 04.11.2022)	Redeemable in three equal instalments
11	SLN 16	-	1,728.88	Repaid in FY 2019-20	Redeemed at par on maturity date
	<b>Sub-Total (A)</b>	<b>19,635.63</b>	<b>15,852.09</b>		

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Sr. No.	Particulars	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
		31.03.2020	31.03.2019		
<b>In case of PFC's Subsidiary REC Ltd.</b>					
1	US \$75 Mn	565.39	-	30.03.2025	
2	US \$72.07 Mn	380.80	-	30.03.2025	
3	US \$100 Mn	753.86	-	01.07.2024	
4	US \$150 Mn	1,130.79	518.78	29.03.2024	
5	US \$250 Mn	1,884.65	1,729.28	27.03.2024	
6	₹ 10,327.12 Mn	719.28	645.65	31.08.2023	
7	US \$250 Mn	1,884.65	1,729.28	08.08.2023	
8	US \$150 Mn	1,130.79	-	12.09.2022	Bullet Repayment at the end of the tenor
9	US \$200 Mn	1,507.72	1,383.43	28.07.2022	
10	US \$230 Mn	1,733.88	1,590.94	19.01.2022	
11	US \$100 Mn	753.86	691.71	05.10.2021	
12	US \$240 Mn	1,809.26	1,660.11	26.03.2021	
13	US \$160 Mn	1,206.17	1,106.74	26.03.2021	
14	US \$300 Mn	2,261.58	2,075.14	29.07.2020	
15	US \$300 Mn	2,261.58	2,075.14	01.12.2020	
16	US \$250 Mn	-	1,331.55		Redeemed at par on maturity date
17	US \$57.50 Mn	-	397.73	Repaid in FY 2019-20	
<b>Sub-Total (B)</b>		<b>19,984.26</b>	<b>16,935.48</b>		
<b>Total (A+B)</b>		<b>39,619.89</b>	<b>32,787.57</b>		

**23.3** Foreign Currency Borrowings as at 31.03.2020 in above Note No. 23.1 and 23.2 have been raised at interest rate spread ranging from 60 bps to 150 bps over 6 Months USD/JPY LIBOR (London Inter Bank Offered Rate).

## 23.4 Details of Rupee Term Loan outstanding are as follows:

### (i) Secured Rupee Term Loan

Sr. No.	Particulars	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
		31.03.2020	31.03.2019		
<b>In case of PFC</b>					
1	Allahabad Bank	500.00	-	02.01.2027	Bullet Repayment at the end of the tenor
2	Allahabad Bank	1,800.00	-	29.06.2026	The loan is to be repaid in 12 quarterly instalments of ₹ 150 crore each starting from 29-Sep-2023 and ending on 29-Jun-2026
3	Oriental Bank of Commerce	225.00	-	30.09.2025	The loan is to be repaid in 04 annual instalments of ₹ 56.25 crore each starting from 30-Sep-22 and ending on 30-Sep-2025
4	Bank of India	1,000.00	1,000.00	02.03.2025	The loan is to be repaid in 2 Annual instalments of ₹ 500 crore each starting from 02-Mar-2024 and ending on 02-Mar-2025
5	Oriental Bank of Commerce	1,500.00	1,500.00	25.02.2025	There is a moratorium period of 2 years on principal repayment and after the completion of moratorium period of 02 years from date of disbursement, the loan is to be repaid in 04 annual instalments of ₹ 375 crore each starting from 25-Feb-22 and ending on 25-Feb-2025
6	Corporation Bank	500.00	-	30.09.2024	The loan is to be repaid in 5 annual instalments of ₹ 100 crore each starting from 30-Sep-2020 and ending on 30-Sep-2024

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Sr. No.	Particulars	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
		31.03.2020	31.03.2019		
7	Canara Bank	1,000.00	-	29.06.2024	
8	Canara Bank	500.00	-	24.06.2024	Bullet Repayment at the end of the tenor
9	Canara Bank	500.00	-	21.06.2024	
10	Corporation Bank	800.00	1,000.00	15.03.2024	The loan is to be repaid in 5 annual instalments of ₹ 200 crore each starting from 15-Mar-2020 and ending on 15-Mar-2024
11	Bank of Maharashtra	750.00	750.00	11.03.2024	Moratorium: 2 years (8 quarters) from the date of 1st disbursement. Principal shall be repaid in 12 structured quarterly instalments, i.e. 4 instalments of ₹ 18.75 crore each from 9th-12th quarter, 4 instalments of ₹ 56.25 crore each from 13th-16th quarter and thereafter 4 instalments of ₹ 112.50 crore each from 17th-20th quarter
12	Canara Bank	1,000.00	1,000.00	20.02.2024	Bullet Repayment at the end of the tenor
13	Karnataka Bank	500.00	-	31.07.2022	The loan is to be repaid in 5 quarterly instalments of ₹ 100 crore each starting from 31-July-2021 and ending on 31-July-2022
14	UCO Bank	-	200.00	Repaid in FY 2019-20	Redeemed at par on maturity date
	<b>Total Secured Rupee Term Loan</b>	<b>10575.00</b>	<b>5450.00</b>		

## (ii) Unsecured Rupee Term Loan

Sr. No.	Particulars	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
		31.03.2020	31.03.2019		
<b>In case of PFC</b>					
1	Canara Bank	500.00	-	23.03.2026	
2	Union Bank of India	2,500.00	-	23.03.2025	
3	Oriental Bank of Commerce	1,000.00	-	20.03.2025	Bullet Repayment at the end of the tenor
4	Andhra Bank	800.00	-	15.01.2025	
5	State Bank of India	3,000.00	-	19.12.2024	
6	Bank of Baroda	2,000.00	-	15.04.2024	The loan is to be repaid in 5 annual instalments comprising 2 instalment of ₹ 100 crore each and thereafter 3 instalment of ₹ 600 crore each starting from 15-Apr-2020 and ending on 15-Apr-2024
7	Syndicate Bank	1,750.00	-	20.03.2024	
8	Bank of India	2,000.00	2,000.00	21.01.2024	
9	Canara Bank	500.00	500.00	15.01.2024	
10	Canara Bank	500.00	500.00	28.12.2023	
11	United Bank of India	995.00	1,000.00	24.12.2023	
12	HDFC Bank Ltd.	750.00	750.00	05.10.2023	
13	State Bank of India	5,999.98	6,000.00	27.09.2023	Bullet Repayment at the end of the tenor
14	UCO Bank	500.00	-	31.03.2023	
15	Indian Overseas Bank	400.00	-	31.03.2023	
16	Indian Overseas Bank	400.00	-	31.03.2023	
17	India Infrastructure Finance Company Limited	1,429.00	-	31.03.2022	
18	India Infrastructure Finance Company Limited	800.00	800.00	14.09.2021	

# Notes to the Consolidated Financial Statements

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Sr. No.	Particulars	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
		31.03.2020	31.03.2019		
19	UCO Bank	1,000.00	1,000.00	23.08.2021	
20	India Infrastructure Finance Company Limited	271.00	-	25.03.2021	
21	Bank of Baroda	700.00	700.00	04.03.2021	
22	HDFC Bank Ltd.	750.00	750.00	30.09.2020	
23	Canara Bank	1,500.00	1,500.00	13.09.2020	Bullet Repayment at the end of the tenor
24	Bank of India	1,000.00	1,000.00	06.08.2020	
25	Andhra Bank	1,979.00	1,979.00	29.06.2020	
26	Vijaya Bank	2,000.00	2,000.00	19.06.2020	
27	Punjab National Bank	2,000.00	2,000.00	05.06.2020	
28	Punjab National Bank	2,000.00	2,000.00	24.05.2020	
29	India Infrastructure Finance Company Limited	-	775.00		
30	Allahabad Bank	-	2,000.00	Repaid in	Redeemed at par on respective maturity dates
31	Bank of Baroda	-	2,000.00	FY 2019-20	
32	Bank of Baroda	-	999.55		
33	State Bank of India	-	3,000.00		
<b>Sub-Total (A)</b>		<b>39,023.98</b>	<b>33,253.55</b>		
<b>In case of PFC's Subsidiary REC Ltd.</b>					
1	Bank of Baroda	2,500.00	-	₹ 416.75 crore repayable on 12.12.2020, ₹ 1041.75 crore repayable on 12.12.2021 and ₹ 1041.50 crore repayable on 12.12.2022	
2	Corporation Bank	699.99	1,000.00	Loan repayable in 6 semi annual instalments, first instalment due on 06.09.2021.	
3	HDFC Bank Ltd.	2,000.00	2,000.00	₹ 500 crore repayable on 29.04.2020, ₹ 300 crore repayable on 29.09.2023, ₹ 350 crore repayable on 11.10.2023, ₹ 350 crore repayable on 06.11.2023, ₹ 500 crore repayable on 15.01.2024	
4	Punjab National Bank	1,999.99	3,500.00	₹ 2,000 crore repayable in 3 annual instalments and first instalment due on 14.09.2021	
5	State Bank of India	7,299.92	7,300.00	₹ 5,000 crore repayable in 3 annual instalments and first instalment due on 15.10.2021, ₹ 2,300 crore repayable in 5 annual instalments and first instalment due on 05.09.2020	
6	Oriental Bank of Commerce	399.88	750.00	Loan repayable in 8 semi-annual instalments, first instalment due on 30.03.2022	
7	Union Bank of India	1,500.00	500.00	Loan repayable in 6 semi-annual instalments, first instalment due on 24.06.2022	
8	Syndicate Bank	2,500.00	-	₹ 500 crore repayable in 4 annual instalments and first instalment due on 28.08.2021, ₹ 2,000 crore repayable in 4 annual instalments and first instalment due on 28.02.2022	
9	India Infrastructure Finance Company Limited	1,000.00	1,000.00	Repayable on 04.06.2022	
10	United Bank of India	-	1,000.00		
11	Bank of India	-	2,000.00		
12	Canara Bank	-	500.00	Repaid in	Redeemed at par on respective maturity dates
13	Life Insurance Corporation of India	-	200.00	FY 2019-20	
<b>Sub-Total (B)</b>		<b>19,899.78</b>	<b>19,750.00</b>		
<b>Total Rupee Term Loan (Unsecured)</b>		<b>58,923.76</b>	<b>53,003.55</b>		
<b>Total Rupee Term Loan (Unsecured &amp; Secured)</b>		<b>69,498.76</b>	<b>58,453.55</b>		

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

**23.5** Borrowings as at 31.03.2020 in above Note 23.4 have been raised at respective bank's Benchmark rate plus spread ranging from 0 to 5 bps.

## 23.6 Details of Unsecured Rupee term Loan – Gol outstanding are as follows:

Sr. No.	Particulars	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
		31.03.2020	31.03.2019		
<b>In case of PFC</b>					
1	National Small Savings Fund Scheme (NSSF) (Coupon rate - 8.11% p.a.)	7,500.00	7,500.00	27.12.2028	Bullet Repayment at the end of the tenor
<b>In case of PFC's Subsidiary REC Ltd.</b>					
1	National Small Savings Fund Scheme (NSSF) (Coupon rate - 8.29% p.a.)	5,000.00	-	04.10.2029	Bullet Repayment at the end of the tenor
2	National Small Savings Fund Scheme (NSSF) (Coupon rate - 8.16% p.a.)	5,000.00	5,000.00	13.12.2028	
<b>Total Unsecured Rupee term Loan – Gol</b>		<b>17,500.00</b>	<b>12,500.00</b>		

## 23.7 Details of Loan against Term Deposits outstanding are as follows:

Sr. No.	Particulars	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
		31.03.2020	31.03.2019		
<b>In case of PFC</b>					
1	Tamilnad Mercantile Bank	-	382.00		
2	Punjab National Bank	-	1,525.44		
3	South Indian Bank	-	317.92		
4	Oriental Bank of Commerce	-	1,805.00		
5	Indian Bank	-	1,995.00		
6	Vijaya Bank	-	1,890.00	Repaid in	Redeemed at par on respective
7	Punjab National Bank	-	344.13	FY 2019-20	maturity dates
8	Punjab National Bank	-	26.43		
9	Punjab National Bank	-	1,291.94		
10	Canara Bank	-	1,704.13		
11	UCO Bank	-	500.00		
12	HDFC Bank Ltd.	-	955.19		
<b>Total Loan against Term Deposits</b>		<b>-</b>	<b>12,737.18</b>		

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

## 23.8 Details of Unsecured WCDL/OD/CC/Line of Credit outstanding are as follows:

Sr. No.	Particulars	Principal Amount (₹ in crore) outstanding as at		Date of Redemption	Redemption details
		31.03.2020	31.03.2019		
<b>In case of PFC</b>					
1	State Bank of India (WCL)	1,200.00	-	15.04.2020	Bullet Repayment at the end of the tenor
2	Punjab National Bank (WCDL)	600.00	-	15.04.2020	
3	Punjab National Bank (OD)	238.36	-	Running facility	Running facility
4	Bank of India	-	250.00	Repaid in FY 2019-20	Redeemed at par on respective maturity dates
5	Punjab National Bank	-	370.00		
<b>In case of PFC's Subsidiary REC Ltd.</b>					
1	Short-term Loans/ Loans repayable on demand from Banks	2,754.86	-	Running facility	Running facility
<b>Total WCDL/OD/CC/Line of Credit</b>		<b>4,793.22</b>	<b>620.00</b>		

**23.9** Borrowings of PFC in above Note 23.8 have been raised at rates ranging from 6.70% to 7.45% p.a.

**23.10** None of the borrowings have been guaranteed by Directors.

**23.11** There has been no default in repayment of borrowings and interest during periods presented above.

**23.12** Refer Note 12 for carrying values of the receivable pledged as security against secured rupee term loans. Secured rupee term loans are secured by first pari passu charge in favour of lending banks on the receivables of the Company limited to payment/repayment of the term loan including interest, additional interest, cost and expenses and all other monies whatsoever payable/repayable by the Company to lending bank and/or others under/pursuant to the security document except for those receivables which are already charged in favour of Catalyst Trusteeship Ltd. (formally known as GDA Trusteeship Limited).

## 24. SUBORDINATED LIABILITIES

The Company and its Subsidiary REC Ltd., have categorised Subordinated Liabilities at amortised cost in accordance with the requirements of Ind AS 109.

Sr. No.	Particulars	(₹ in crore)	
		As at 31.03.2020	As at 31.03.2019
<b>Subordinated Liabilities</b>			
(i)	Subordinated Bonds (Refer Note 24.1)	13,862.70	13,862.70
(ii)	Interest accrued but not due on above	273.61	272.26
(iii)	Unamortised Transaction Cost on above	(5.71)	(6.50)
<b>Total Subordinated Liabilities</b>		<b>14,130.60</b>	<b>14,128.46</b>
<b>Geography wise Subordinated Liabilities</b>			
(i)	Subordinated Bonds in India	14,130.60	14,128.46
(ii)	Subordinated Bonds outside India	-	-
<b>Total Geography wise Subordinated Liabilities</b>		<b>14,130.60</b>	<b>14,128.46</b>



# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

## 24.1 Details of Subordinated Bonds are as under:

		(₹ in crore)	
Sr. No.	Bond Series	As at 31.03.2020	As at 31.03.2019
1	Subordinated Tier II Debt Bond	2,000.00	2,000.00
2	Subordinated Tier II Debt Bond	1,000.00	1,000.00
3	Subordinated Tier II Debt Bond	800.00	800.00
4	Subordinated Tier II Debt Bond	2,411.50	2,411.50
5	Subordinated Tier II Debt Bond	1,000.00	1,000.00
6	Subordinated Tier II Debt Bond	2,000.00	2,000.00
7	Subordinated Tier II Debt Bond	2,151.20	2,151.20
8	Subordinated Tier II Debt Bond	2,500.00	2,500.00
<b>Total</b>		<b>13,862.70</b>	<b>13,862.70</b>

## 25. OTHER FINANCIAL LIABILITIES

The Group has categorised Other Financial Liabilities at amortised cost in accordance with the requirements of Ind AS 109.

		(₹ in crore)	
Sr. No.	Particulars	As at 31.03.2020	As at 31.03.2019
(i)	Payable on account of Government of India Serviced Bonds (Refer Note 25.1)	26,831.04	23,034.27
(ii)	Advance received from Associates*	168.42	188.11
(iii)	Unclaimed Dividends (Refer Note 25.2)	8.23	7.31
(iv)	Unpaid - Bonds and Interest Accrued thereon (Refer Note 25.2)		
	- Unclaimed Bonds	39.66	40.67
	- Unclaimed Interest on Bonds	33.13	29.86
(v)	Others		
	- Application Money Refundable on Bonds and interest accrued thereon	0.83	0.82
	- Interest Subsidy Fund and other GOI Funds for disbursement as subsidy/Grants	1,796.94	872.99
	- Payable towards funded staff benefits	0.38	31.78
	- Lease Liability (Refer Note 45)	11.85	-
	- Other liabilities	286.56	368.47
<b>Total Other Financial Liabilities</b>		<b>29,177.04</b>	<b>24,574.28</b>

\*Payable in cash

## 25.1 Details of Gol Serviced Bonds (Unsecured Taxable Bonds):

		(₹ in crore)	
Sr. No.	Bond Series	As at 31.03.2020	As at 31.03.2019
1	Gol-XI Series	1,750.00	-
2	Gol-X Series	532.30	-
3	Gol-IX Series	1,500.00	-
4	Gol-VIII Series	4,000.00	4,000.00
5	Gol-VII Series	1,200.00	1,200.00
6	Gol-VI Series	2,027.00	2,027.00
7	Gol-V Series	3,600.00	3,600.00
8	Gol-IV Series	3,000.00	3,000.00
9	Gol-III Series	753.00	753.00
10	Gol-II Series	1,410.00	1,410.00
11	Gol-I Series	1,837.00	1,837.00
12	PFC Bond Series 156-Gol Fully Serviced Bond	200.00	200.00
13	PFC Bond Series 158-Gol Fully Serviced Bond	1,335.00	1,335.00
14	PFC Bond Series 160-Gol Fully Serviced Bond	1,465.00	1,465.00

# Notes to the Consolidated Financial Statements

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(₹ in crore)			
Sr. No.	Bond Series	As at 31.03.2020	As at 31.03.2019
15	PFC Bond Series 164-Gol Fully Serviced Bond	2,000.00	2,000.00
16	Interest accrued on above	221.74	207.27
<b>Total Gol Serviced Bonds (Unsecured Taxable Bonds)</b>		<b>26,831.04</b>	<b>23,034.27</b>

**25.2** Unclaimed dividends, unclaimed bonds and interest thereon include the amounts which have either not been claimed by the investors/holders of the instruments or are on hold pending legal formalities etc. Out of the above, the amount eligible to be transferred to Investor Education and Protection Fund has been transferred.

**25.3** Interest Subsidy Fund under Accelerated Generation & Supply Programme (AG&SP):

PFC & RECL claimed subsidy from Gol at net present value calculated at indicative interest rates in accordance with GOI's letter vide D.O.No.32024 / 17 / 97 – PFC dated 23.09.1997 and O.M.No.32024 / 23 / 2001 – PFC dated 07.03.2003, irrespective of actual repayment schedule, moratorium period and duration of repayment. The amount of interest subsidy received and to be passed on to the borrower is retained as Interest Subsidy Fund Account. Impact of difference between indicative rate and period considered at the time of claims and at the time of actual disbursement can be ascertained only after end of respective schemes.

## A. In respect of PFC

- (i) On the basis of projections made for each project (based upon certain assumptions that these would remain same over the projected period of each loan / project), PFC estimated that there is no net excess amount for both IX and X Plans as at 31.03.2020 (As at 31.03.2019 Nil and ₹ 16.04 crore respectively) under AG&SP schemes.
- (ii) Balance under the head Interest Subsidy Fund shown as Other Financial Liability, representing amount of subsidy received from MoP, Gol, comprises of the following : -

(₹ in crore)		
Description	Year ended 31.03.2020	Year ended 31.03.2019
Opening Balance	15.96	112.51
Add : Received during the period	-	-
: Interest credited during the period	1.35	3.45
: Refund by the borrower due to non – commissioning of project in time	-	-
Less: Refunded to MoP:-	-	-
(a) Estimated net excess against IX & X Plan	-	100.00
(a) Due to non- commissioning of Project in time	-	-
<b>Closing Balance</b>	<b>17.31</b>	<b>15.96</b>

Interest subsidy passed on to borrowers during FY 2019-20 is ₹ 1.13 crore (previous year ₹ 1.95 crore).

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for the year ended March 31, 2020

## B. In respect of subsidiary, RECL

Net amount of ₹ 0.69 crore as at 31.03.2020 (₹ 0.63 crore as at 31.03.2019) represents the balance amount of interest subsidy fund, which is to be passed on to the borrowers against their interest liability arising in future, under Accelerated Generation & Supply Programme (AG&SP), which comprises of the following:-

Description	(₹ in crore)	
	Year ended 31.03.2020	Year ended 31.03.2019
Opening Balance of Interest Subsidy Fund	0.63	0.53
Add: Interest earned during the year	0.06	0.11
Less: Interest subsidy passed on to the borrower	-	0.01
<b>Closing Balance of Interest Subsidy Fund</b>	<b>0.69</b>	<b>0.63</b>

## 25.4 In respect of subsidiary, RECL

Government of India has appointed RECL as a nodal agency for implementation of Deen Dayal Upadhyaya Gram Jyoti Yojna (DDUGJY) and Pradhan Mantri Sahaj Bijli Har Ghar Yojana (Saubhagya). The funds received for disbursement to various agencies under the scheme are kept in a separate bank account. The undisbursed funds for the scheme (including the funds received under erstwhile RGGVY Scheme) including interest earned thereto are classified under 'Undisbursed Subsidy/ grant' under the head 'Other Financial Liabilities'.

The movement in Interest on Subsidy/ Grant is explained as under:

Particulars	(₹ in crore)	
	Year ended 31.03.2020	Year ended 31.03.2019
Opening Balance	42.57	24.41
Add: Interest earned during the year	50.10	93.70
Less: Amount refunded to Govt. during the year	60.71	75.53
Less: Disbursement out of Interest earned on account of AG&SP Grant	-	0.01
<b>Closing Balance</b>	<b>31.96</b>	<b>42.57</b>

**25.5** For meeting GOI's funding requirement of DDUGJY Scheme, during the year, the subsidiary RECL has raised an aggregate amount of ₹ 3,782.20 crore (Previous year ₹ 13,827 crore) through unsecured, redeemable, non-convertible, taxable bonds in the nature of debentures of face value of ₹ 10 lacs at par on private placement basis. As per Ministry of Finance (MoF) letter dated 09.09.2019, the repayment of principal and interest of the above bonds shall be made by GOI by making suitable budget provisions in the demand of Ministry of Power. Accordingly, the amount of such bonds along-with interest is also appearing as recoverable by RECL from Govt. of India.

## 26. PROVISIONS

Sr. No.	Particulars	(₹ in crore)	
		As at 31.03.2020	As at 31.03.2019
(i)	For Employee Benefits (Refer Note 43)		
	- Gratuity	2.76	0.75
	- Leave Encashment	73.20	60.78
	- Economic Rehabilitation of Employees	7.14	5.38
	- Provision for Bonus/Incentive	84.00	83.25
	- Provision for Staff Welfare Expenses	18.37	16.83
	- Proposed Wage Revision	-	13.11
(ii)	Impairment Loss Allowance – Letter of Comfort (Refer Note 26.1 & 26.2)	188.85	186.71

# Notes to the Consolidated Financial Statements

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(₹ in crore)			
Sr. No.	Particulars	As at 31.03.2020	As at 31.03.2019
	<b>Total Provisions</b>	<b>374.32</b>	<b>366.81</b>

## 26.1 Movement of Impairment on Letter of Comfort

(₹ in crore)		
Particulars	FY 2019-20	FY 2018-19
Opening balance	186.71	195.55
Creation during the year	8.87	6.07
Reversal during the year	(6.73)	(14.91)
<b>Closing balance</b>	<b>188.85</b>	<b>186.71</b>

**26.2** Letter of Comfort is in the nature of commitment to the borrowers, hence the impairment allowance on the same has been categorised as provisions in accordance with requirements of Ind AS 107.

## 27. OTHER NON-FINANCIAL LIABILITIES

(₹ in crore)			
Sr. No.	Particulars	As at 31.03.2020	As at 31.03.2019
(i)	Unamortised Fee – Undisbursed Loans Assets	151.91	122.12
(ii)	Sundry Liabilities (Interest Capitalisation)	6.57	21.99
(iii)	Statutory dues payable	31.23	49.64
(iv)	Advance received from Govt. towards Govt. Schemes	4.14	16.20
	<b>Total Other Non-Financial Liabilities</b>	<b>193.85</b>	<b>209.95</b>

## 28. EQUITY SHARE CAPITAL

Sr. No.	Particulars	As at 31.03.2020		As at 31.03.2019	
		Number	Amount (₹ in crore)	Number	Amount (₹ in crore)
<b>(A)</b>	<b>Authorised Capital</b>				
	Equity Share Capital (Par Value per share ₹ 10)	1,10,00,00,00,000	11,000.00	1,10,00,00,00,000	11,000.00
	Preference Share Capital (Par Value per share ₹ 10)	2,00,00,00,000	200.00	2,00,00,00,000	200.00
<b>(B)</b>	<b>Issued, Subscribed and Fully Paid-up Capital</b>				
	Equity Share Capital (Par Value per share ₹ 10)	2,64,00,81,408	2,640.08	2,64,00,81,408	2,640.08
<b>(C)</b>	<b>Reconciliation of Equity Share Capital</b>				
	Opening Equity Share outstanding	2,64,00,81,408	2,640.08	2,64,00,81,408	2,640.08
	Changes during the period	-	-	-	0.00
	Closing Equity Share capital	2,64,00,81,408	2,640.08	2,64,00,81,408	2,640.08

### 28.1 Rights, preferences and restriction attached to equity shares

The Company had issued equity shares having par value of ₹ 10 per share. The holders of the equity shares are entitled to receive dividends as declared from time to time and are entitled to voting rights proportionate to their shareholding at the meeting of the shareholders.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

## 28.2 Shares in the Company held by each shareholder holding more than 5% of the shares

Sr. No.	Particulars	As at 31.03.2020		As at 31.03.2019	
		Number of Shares	% of Equity Share Capital	Number of Shares	% of Equity Share Capital
(i)	President of India	1,47,82,91,778	55.99%	1,55,88,89,417	59.05%
(ii)	HDFC Trustee Company Ltd.	24,41,49,623	9.25%	19,88,98,595	7.53%
(iii)	Life Insurance Corporation of India	15,51,78,214	5.88%	15,63,20,146	5.92%
(iv)	UBS Principal Capital Asia Ltd.	8,66,24,000	3.28%	14,22,38,384	5.39%

**28.3** Shares reserved for issue under options and contract/commitment for the sale of shares or disinvestment, including the terms and amount: Nil

**28.4** During the period of last 5 years, the Company has issued 132,00,40,704 bonus shares in the ratio of 1:1 during FY 2016-17 and has not bought back any shares.

**28.5** Terms of any securities convertible into equity shares issued along with the earliest date of conversion in descending order starting from the farthest such date: Nil

**28.6** Calls unpaid (showing aggregate value of calls unpaid by directors and officers): Nil

**28.7** Forfeited shares (amount originally paid up): Nil

**28.8** Capital Management: Refer Note 41.1.

**28.9** During FY 2019-20 Government of India (GoI) has transferred 7,63,13,829 and 42,83,810 numbers of equity shares held in the Company, in connection with Follow-on Fund Offer, to the Asset Management Company (AMC) of CPSE ETF and Bharat 22 ETF respectively.

## 29. OTHER EQUITY\*

Sr. No.	Particulars	₹ in crore)	
		As at 31.03.2020	As at 31.03.2019
(i)	Capital Reserve - Common Control (Refer Note 29.1(i))	(13,461.00)	(13,461.00)
(ii)	Capital Reserve - Change in shareholding in JV	2.47	-
(iii)	Debenture Redemption Reserve (Refer Note 29.1(ii))	0.00	2,708.07
(iv)	Securities Premium (Refer Note 29.1(iii))	3,953.74	3,953.74
(v)	Foreign Currency Monetary Item Translation Difference Account (Refer Note 29.1(iv))	(2,346.18)	(1,172.29)
(vi)	Special Reserve created u/s 45-IC(1) of Reserve Bank of India Act, 1934 (Refer Note 29.1(v))	3,666.61	2,020.82
(vii)	Reserve for Bad & doubtful debts u/s 36(1)(vii)(c) of Income-Tax Act, 1961 (Refer Note 29.1(vi))	4,089.44	5,337.53
(viii)	Special Reserve created u/s 36(1)(viii) of Income Tax Act, 1961 up to Financial Year 1996-97	599.85	599.85
(ix)	Special Reserve created and maintained u/s 36(1)(viii) of Income Tax Act, 1961 from Financial Year 1997-98 (Refer Note 29.1(vii))	27,616.89	25,465.49
(x)	Interest Differential Reserve - KFW Loan (Refer Note 29.1(viii))	61.40	60.00
(xi)	General Reserve (Refer Note 29.1(ix))	14,655.76	10,191.77
(xii)	Impairment Reserve (Refer Note 29.1(x))	417.55	-
(xiii)	Retained Earnings (Refer Note 29.1(xi))	8,080.18	9,029.56
(xiv)	Reserve for Equity Instruments through Other Comprehensive Income (Refer Note 29.1(xii))	(257.72)	(204.45)

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

		(₹ in crore)	
Sr. No.	Particulars	As at 31.03.2020	As at 31.03.2019
(xv)	Reserve for Effective portion of gains and loss on hedging instruments in a Cash Flow Hedge through other Comprehensive Income (Refer Note 29.1(xiii))	(211.65)	(50.14)
(xvi)	Costs of Hedging Reserve (Refer Note 29.1(xiv))	(107.77)	-
(xvii)	Share of Other Comprehensive Income in Joint Venture and Associates	0.15	2.22
	<b>Total Other Equity</b>	<b>46,759.72</b>	<b>44,481.17</b>

\*For movements during the period refer Consolidated Statement of Changes in Equity.

## 29.1 Nature and purpose of reserve

- (i) Consequent to the acquisition of REC Limited, the difference between PFC's share in equity share capital of REC Limited of ₹ 1,039.50 and the consideration paid (including existing investment of ₹ 0.50 crore) of ₹ 14,500.50 crore has been recognised as capital reserve-common control as at April 1, 2017.

### (ii) Debenture Redemption Reserve (DRR)

In accordance with provisions of Section 71(4) of the Companies Act, 2013 as further clarified by the Companies (Share Capital and Debenture) Rules, 2014 issued by Ministry of Corporate Affairs, Govt. of India, the Company created Debenture Redemption Reserve (DRR) Up to 25% of the value of debentures issued through public issue as per present SEBI (Issue and Listing of Debt Securities) Regulations, 2008 during the maturity period of such debentures, and no DRR is required in case of privately placed debentures. However, in terms of Companies (Share Capital and Debentures) Rules, 2014 read with Companies (Share Capital and Debentures) Amendments Rules, 2019, the Group is not required to create Debenture Redemption Reserve (DRR). Pursuant to such amendment, entire balance of DRR has been transferred to General Reserve during the year.

### (iii) Securities Premium

It represents amount of premium received on issue of equity share capital net of expense incurred on issue of equity shares. This amount can be utilised in accordance with the provisions of the Companies Act, 2013.

### (iv) Foreign Currency Monetary Item Translation Difference Account

It represents unamortised foreign exchange gain/loss on Long-term Foreign Currency Borrowings (existing as on 31.03.2018) and are amortised over the tenure of the respective borrowings.

### (v) Special Reserve created u/s 45-IC(1) of Reserve Bank of India Act, 1934

It represents transfer from retained earning @ 20 % of net profit after tax for the year as disclosed in profit and loss account and before any dividend is declared. No appropriation is allowed to be made from the reserve fund except for the purpose as may be specified by the Reserve Bank of India (RBI) from time to time and further, any such appropriation is also required to be reported to the RBI within 21 days from the date of such withdrawal.

### (vi) Reserve for Bad & doubtful debts u/s 36(1)(vii)(c) of Income-Tax Act, 1961

It has been created to avail income tax deduction under Section 36(1)(vii)(c) of Income Tax Act, 1961. The reserve so maintained shall be primarily utilised for adjustment of actual bad debts or part thereof. As per Section 36(1)(vii)(c) of Income Tax Act, 1961, the Company and its subsidiary REC Ltd. is eligible to avail deduction in respect of any provision/reserve made for bad and doubtful debts, not exceeding five percent of the total income as per Income Tax Act.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

## **(vii) Special Reserve created u/s 36(1)(viii) of Income Tax Act, 1961**

It is maintained in order to enable PFC and its subsidiary REC Ltd. to avail tax benefits. As per Section 36(1)(viii) of the Income Tax Act, 1961, the Company and its subsidiary REC Ltd. is eligible for deduction not exceeding 20% of profit derived from long-term finance activity, provided such amount is transferred and maintained in special reserve account.

## **(viii) Interest Differential Reserve – KFW Loan**

It represents difference between the interest due and interest paid on KFW loan as per the loan agreement. Exchange gain/loss upon re-statement of loan balance, in accordance with the terms of the Foreign currency borrowing from KFW, is adjusted against this reserve. The Company is not required to repay the unadjusted balance in the reserve after complete repayment of KFW Loan. Any unadjusted balance in the reserve after complete repayment of KFW Loan shall be used for further lending by the Company after consulting with KFW.

## **(ix) General Reserve**

General Reserve includes the amounts appropriated from the profits of the Company and also amounts transferred from Statutory Reserves. In view of the erstwhile provisions of the Companies Act, 1956, the Company and its subsidiary REC Ltd. had transferred certain percentage of the profits to General Reserve before declaration of dividend. However, Companies Act, 2013 does not mandate transfer of profits to General Reserve before declaration of dividend.

## **(x) Impairment Reserve**

Reserve Bank of India (RBI) issued Notification No. DOR (NBFC).CC.PD.No.109/22.10.106/2019-20 dated March 13, 2020 in respect of 'Implementation of Indian Accounting Standards' by NBFCs. In terms of the said circular, in case the impairment allowance under Ind AS 109 is lower than the provisioning required under Income Recognition, Asset Classification and Provisioning (IRACP) Norms (including standard asset provisioning) issued by RBI, the Group is required to appropriate the difference from their net profit after tax to "Impairment Reserve". No withdrawals are permitted from this reserve without prior permission from the Department of Supervision, RBI.

## **(xi) Retained earnings**

It represent profits and specified items of other comprehensive income recognised directly in retained earnings earned by the Group after transfer to and from other reserves and dividend distributions.

## **(xii) Reserve for Equity Instruments through Other Comprehensive Income**

The Group elected to recognise changes in the fair value of certain investment in equity instruments through other comprehensive income. It represents cumulative gains and losses arising on the revaluation of equity instruments measured at fair value through other comprehensive income. When the asset is derecognised, amounts in the reserve are subsequently transferred to retained earnings and not to consolidated statement of profit and loss. Dividends on such investments are recognised in statement of profit and loss unless the dividend clearly represents a recovery of part of the cost of the investment.

## **(xiii) Reserve for Effective portion of gains and loss on hedging instruments in a Cash Flow Hedge**

It represents the cumulative effective portion of gains or losses arising on changes in fair value of designated portion of hedging instrument entered into for cash flow hedges. The cumulative gain or loss arising on changes in fair value of the designated portion of the hedging instruments that are recognised and accumulated under the heading of cash flow hedging reserve, will be reclassified to profit or loss only when the hedged transaction affects the profit or loss, or included as a basis adjustment to the non-financial hedged item.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

## (xiv) Cost of Hedging Reserve

PFC's subsidiary REC Ltd. designates the intrinsic value of foreign currency option contracts as hedging instruments in 'Cash Flow Hedge' relationships. The changes in fair value of the time value of an option are recognised in OCI and amortised to the Statement of Profit and Loss on a rational basis.

## 29.2 The details of dividend paid by PFC on equity shares of face value of ₹ 10 each is as under:

Particulars	FY 2019-20			FY 2018-19		
	% of Share Capital	Per equity share (₹)	Amount (₹ in crore)	% of Share Capital	Per equity share (₹)	Amount (₹ in crore)
Interim Dividend	95%	9.50	2,508.08	-	-	-
<b>Total Dividend</b>	<b>95%</b>	<b>9.50</b>	<b>2,508.08</b>	-	-	-

## 30. NON-CONTROLLING INTEREST

Sr. No.	Particulars	(₹ in crore)	
		As at 31.03.2020	As at 31.03.2019
	<b>Balance at the beginning of the period</b>	<b>16,363.02</b>	<b>15,435.22</b>
(i)	Share of Net Profit for the year	2,355.12	2,719.41
(ii)	Re-measurement of Defined Benefit Plans	(1.02)	(5.97)
(iii)	Share of Other Comprehensive Income/(Expense)	(261.31)	(22.73)
	<b>Share of Total Comprehensive Income</b>	<b>2,092.79</b>	<b>2,690.71</b>
(i)	Dividend paid to Non-Controlling Interest	(1,028.97)	(1,192.61)
(ii)	Dividend Distribution tax paid for Non-Controlling Interest	(211.28)	(248.91)
(iii)	Others	(450.00)	(321.39)
	<b>Balance at the end of the period</b>	<b>16,765.57</b>	<b>16,363.02</b>

## 31. INTEREST INCOME

Sr. No.	Particulars	(₹ in crore)	
		Year ended 31.03.2020	Year ended 31.03.2019
<b>A</b>	<b>On Financial Assets measured at Amortised Cost</b>		
(i)	Interest on Loans	61,491.76	53,329.07
	Less: Rebate for Timely Payment to Borrowers	(401.99)	(491.90)
(ii)	Interest on Deposits with Banks	231.22	263.52
(iii)	Other Interest Income	45.21	70.87
<b>B</b>	<b>On Financial Assets classified at Fair Value Through Profit or Loss</b>		
(i)	Interest on Investment	259.56	255.85
(ii)	Other Income	2.59	-
	<b>Total Interest Income (A+B)</b>	<b>61,628.35</b>	<b>53,427.41</b>

## 32. FEES AND COMMISSION INCOME

On the basis of nature of services, the Group's revenue from contracts with customers are:

Sr. No.	Particulars	(₹ in crore)	
		Year ended 31.03.2020	Year ended 31.03.2019
(i)	Prepayment Premium on Loans	92.34	246.56
(ii)	Fee based Income on Loans	50.05	24.59
(iii)	Fee for implementation of Gov Schemes	19.52	102.96
	<b>Total Fees and Commission Income</b>	<b>161.91</b>	<b>374.11</b>



# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

## 33. NET GAIN (-)/LOSS (+) ON FAIR VALUE CHANGES

(₹ in crore)

Sr. No.	Particulars	Year ended 31.03.2020	Year ended 31.03.2019
(i)	On financial instruments at Fair value through Profit or Loss:		
	- Change in Fair Value of Derivatives	(648.54)	(266.54)
	- Change in Fair Value of Investments	(9.19)	-
	- Change in Fair Value of Short-term Investment of Surplus Funds in Mutual Funds	(15.47)	3.00
	<b>Total Net Gain (-)/Loss (+) on Fair Value Changes</b>	<b>(673.20)</b>	<b>(263.54)</b>
	<b>Fair value changes:</b>		
(i)	- Realised	205.63	(772.90)
(ii)	- Unrealised	(878.83)	509.36
	<b>Total Net Gain (-)/Loss (+) on Fair Value Changes</b>	<b>(673.20)</b>	<b>(263.54)</b>

33.1 Fair value changes in this note are other than those arising on account of accrued interest income/expense.

## 34. OTHER OPERATING INCOME

(₹ in crore)

Sr. No.	Particulars	Year ended 31.03.2020	Year ended 31.03.2019
(i)	Sale of Services (Refer Note 6.11)	293.37	225.67
(ii)	Other	0.16	1.83
	<b>Total Other Operating Income</b>	<b>293.53</b>	<b>227.50</b>

## 35. OTHER INCOME

(₹ in crore)

Sr. No.	Particulars	Year ended 31.03.2020	Year ended 31.03.2019
(i)	Excess Liabilities written back	0.48	12.05
(ii)	Miscellaneous Income	85.44	39.13
	<b>Total Other Income</b>	<b>85.92</b>	<b>51.18</b>

## 36. FINANCE COSTS

(₹ in crore)

Sr. No.	Particulars	Year ended 31.03.2020	Year ended 31.03.2019
	<b>On Financial Liabilities Measured At Amortised Cost</b>		
(i)	<b>Interest on Borrowings</b>		
	- Term Loans and others	7,841.35	4,298.75
	- Interest on Lease Liability (Refer Note 45)	1.22	-
(ii)	<b>Interest on Debt Securities</b>		
	- Bonds/Debentures	30,554.38	28,810.47
	- Commercial Paper	896.99	894.69
(iii)	<b>Interest on Subordinated Liabilities</b>	1,246.87	568.12
(iv)	<b>Other Interest Expense</b>		
	- Interest on Interest Subsidy Fund (Refer Note 25.3 A(ii))	1.35	3.46
	- Interest on Application Money - Bonds	0.06	0.08
	- Interest on advances received from Subsidiaries	5.07	6.18
	- Interest under Income Tax Act, 1961	0.38	5.86
	- Other	4.73	6.65
	Less: Finance Cost Capitalised	(15.79)	(11.37)
(v)	<b>- Swap Premium (Net)</b>	308.04	43.91
	<b>Total Finance Costs</b>	<b>40,844.65</b>	<b>34,626.80</b>

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

## 37. FEES AND COMMISSION EXPENSE

(₹ in crore)		
Sr. No. Particulars	Year ended 31.03.2020	Year ended 31.03.2019
(i) Agency Fees	2.99	1.52
(ii) Guarantee, Listing and Trusteeship fees	16.37	15.45
(iii) Credit Rating Fees	9.28	8.08
(iv) Other Finance Charges	7.56	19.42
<b>Total Fees and Commission Expense</b>	<b>36.20</b>	<b>44.47</b>

## 38. IMPAIRMENT ON FINANCIAL INSTRUMENTS

(₹ in crore)		
Sr. No. Particulars	Year ended 31.03.2020	Year ended 31.03.2019
<b>A. On Financial Assets measured at Amortised Cost</b>		
(i) Loans	421.33	(648.28)
(ii) Investment (acquired on settlement of loans)	81.75	-
(iii) Write Offs - Loans	1,368.92	-
(iv) Other Financial Instruments	45.07	31.21
(v) Letter of Comfort	(6.24)	(8.67)
<b>B. On Financial Assets measured at Cost</b>		
(i) Investment	-	0.01
<b>Total Impairment on Financial Instruments</b>	<b>1,910.83</b>	<b>(625.73)</b>

**38.1** Refer Note 41.2.1 for details of impairment on financial assets.

## 39. EMPLOYEE BENEFIT EXPENSES

(₹ in crore)		
Sr. No. Particulars	Year ended 31.03.2020	Year ended 31.03.2019
(i) Salaries and Wages	285.99	273.58
(ii) Contribution to Provident and other Funds	36.65	31.87
(iii) Staff Welfare Expenses	70.26	52.47
(iv) Rent for Residential Accommodation of Employees (Refer Note 39.2)	6.82	4.74
<b>Total Employee Benefit Expenses</b>	<b>399.72</b>	<b>362.66</b>

**39.1** Disclosures as per Ind AS 19 'Employee Benefits' in respect of provision made towards various employee benefits are provided in Note 43.

**39.2** Rent for Residential Accommodation of Employees is on account of rent (net of recoveries) on lease arrangements for premises which are taken for residential use of employees and are usually renewable on mutually agreed terms and are cancellable.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

## 40. OTHER EXPENSES

(₹ in crore)			
Sr. No.	Particulars	Year ended 31.03.2020	Year ended 31.03.2019
(i)	Rent, Taxes and Energy Cost (Refer Note 40.1)	20.90	45.68
(ii)	Repairs and Maintenance	18.34	12.87
(iii)	Communication Costs	5.14	5.60
(iv)	Printing and Stationery	4.65	5.85
(v)	Advertisement and Publicity	20.06	95.56
(vi)	Directors Fees, Allowance & Expenses	0.36	0.36
(vii)	Auditor's fees and expenses (Refer Note 40.2)	2.92	2.84
(viii)	Legal & Professional charges	19.32	29.27
(ix)	Insurance	0.31	0.31
(x)	Travelling and Conveyance	35.45	34.11
(xi)	Net Loss/(Gain) on derecognition of Property, Plant and Equipment	2.65	1.22
(xii)	Other Expenditure	98.45	85.24
<b>Total Other Expenses</b>		<b>228.55</b>	<b>318.91</b>

**40.1** Rent, Taxes & Energy Cost includes rent for premises taken on lease for official use and are usually renewable on mutually agreed terms and are cancellable.

### 40.2 Auditor's fees and expenses are as under:

(₹ in crore)			
Sr. No.	Particulars	Year ended 31.03.2020	Year ended 31.03.2019
Fee paid to Statutory Auditors:			
(i)	As Auditor	0.99	1.06
(ii)	For Taxation matters*	0.26	0.38
(iii)	For Company Law Matters (includes Limited Review Fees)	0.65	0.45
(iv)	For Other services	0.79	0.77
(v)	For Reimbursement of expenses	0.04	0.08
(vi)	Non-Recoverable Tax Credit in respect of fees paid to Auditors	0.19	0.10
<b>Total</b>		<b>2.92</b>	<b>2.84</b>

\* In case of PFC's Subsidiary REC Ltd., includes Nil (Previous year ₹ 0.09 crore) of fees for taxation matters pertaining to earlier years.

## 41. FINANCIAL INSTRUMENTS

### 41.1 Capital Management

The Group maintains a capital base that is adequate to support the Group's risk profile, regulatory and business needs. The Group sources funds from domestic and international financial markets, inter alia leading to diverse investor base and optimised cost of capital. Refer Notes 23, 24 & 25 for details w.r.t. sources of funds and refer Consolidated Statement of Changes in Equity for details w.r.t Equity.

As contained in RBI Master Directions – Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 (hereinafter referred to as "RBI Master Directions"), NBFCS are required to maintain a capital ratio consisting of Tier I and Tier II capital not less than 15% of its aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet items. Out of this, Tier I capital shall not be less than 10%. The Company and its subsidiary RECL are registered with RBI as Non-Deposit Systematically Important (NDSI) Companies. Both the companies regularly monitor the maintenance of prescribed levels of Capital to Risk Weighted Assets Ratio (CRAR). Further, with regard to capital restructuring, the Company and its subsidiary RECL is also guided, inter alia, by guidelines on "Capital Restructuring of Central Public Sector Enterprises" issued by Department of Investment and Public Asset Management (DIPAM), Ministry of Finance, Department of Public Enterprises in respect of issue of bonus shares, dividend distribution, buy back of equity shares etc.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

Capital Risk Adjusted Ratio (CRAR) is as under:

Particulars	As at 31.03.2020		As at 31.03.2019	
	PFC	RECL	PFC	RECL
CRAR – Tier I Capital	12.45%	13.17%	11.73%	14.44%
CRAR – Tier II Capital	4.51%	2.89%	5.36%	3.33%
Total CRAR	16.96%	16.06%	17.09%	17.77%

Details of Subordinated Debt/Perpetual Debt raised are as under:

Particulars	(₹ in crore)	
	FY 2019-20	FY 2018-19
Amount of subordinated debt raised as Tier-II capital	-	7,562.70
Amount raised by issue of Perpetual Debt Instruments	-	-

## Dividend Distribution Policy

The companies in the Group have a well-defined dividend distribution policy. Dividend distribution policy focuses on various factors including but not limited to GoI guidelines, future capital expenditure plans, profits earned during the financial year, cost of raising funds from alternate sources, cash flow position and applicable taxes including tax on dividend, subject to the guidelines as applicable from time to time.

As per the extant guidelines issued by Department of Investment and Public Asset Management (DIPAM), Government of India, an entity is required to pay a minimum annual dividend of 30% of Profit after Tax or 5% of the net-worth, whichever is higher subject to the maximum dividend permitted under extant legal provisions. Though respective companies' endeavours to declare dividend as per these guidelines, they may propose a lower dividend after analysis of various financial parameters like net-worth, CAPEX/business expansion needs; additional investments in subsidiaries/associates of the respective company; etc. For details of dividend paid during the year, refer Note 29.2.

## 41.2 Financial Risk Management

The Group is exposed to several risks which are inherent to the environment that it operates in. The Group is primarily into the business of extending financial assistance to power sector. The principal risks which are inherent with the Group's business model and from its use of financial instruments include credit risk, liquidity risk and market risk (currency risk, interest rate risk and price risk).

The following table broadly explains the sources of risks which the Group is exposed to and how it manages the same and related impact in the consolidated financial statements:

Sr. No.	Risk	Exposure arising from	Measurement	Risk Management
41.2.1	Credit Risk	Loans, financial assets, investments, trade receivables, cash and cash equivalents	Ageing analysis	Detailed appraisal process, credit limits, diversification of asset base and collateral including government guarantee
41.2.2	Liquidity Risk	Debt securities, borrowings, subordinated liabilities and other financial liabilities	Cash flow forecasts	Availability of committed credit lines and borrowing facilities
41.2.3	Market Risk – Foreign Currency Risk	Recognised financial liabilities not denominated in Indian Rupee (INR)	Sensitivity Analysis, cash flow forecasting	Derivative contracts for hedging currency risk
41.2.4	Market Risk – Interest Rate Risk	Debt securities, Borrowings, subordinated liabilities and loans at variable interest rates	Interest rate gap analysis, Sensitivity analysis	Mix of loan arrangements with varied interest rate terms, Derivative contract like interest rate swaps etc.
41.2.5	Market Risk – Price Risk	Investments in quoted equity securities	Sensitivity Analysis	Diversification of portfolio, with focus on strategic investments

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

For managing these risks, the companies in the Group have put in place a mechanism to ensure that these risks are monitored carefully and managed efficiently. Pursuant to RBI notification DNBR (PD) CC.NO/099/03.10.001/2018-19; to augment risk management practices in the respective Company, the Board of Directors of PFC and its subsidiary RECL have also appointed a Chief Risk Officer (CRO) who is involved in the process of identification, measurement and mitigation of risks. The risk management approach i.e. objectives, policies and processes for identifying, measuring and managing each of above risk is set out in the subsequent paragraphs.

## 41.2.1 Credit Risk

Credit risk is the risk that the counterparty to a financial instrument will cause a financial loss to the Group by failing to discharge its obligation. Details of financial assets that expose the Group to credit risk are:

Particulars	(₹ in crore)	
	As at 31.03.2020	As at 31.03.2019
<b>Low Credit Risk</b>		
Cash and cash equivalents <sup>(A)</sup>	1,905.21	726.64
Bank balances other than included in cash and cash equivalents <sup>(A)</sup>	2,282.96	15,650.40
Loans (Principal Outstanding) <sup>(C)</sup>	5,82,949.37	5,32,107.25
Trade Receivables <sup>(B)</sup>	114.51	182.96
Investments (Excluding equity investments) <sup>(A)</sup>	2,579.97	2,445.98
Other financial assets <sup>(B)</sup>	27,462.14	23,712.97
<b>Moderate Credit Risk</b>		
Loans (Principal Outstanding) <sup>(C)</sup>	35,252.65	13,880.61
Trade receivables <sup>(B)</sup>	52.01	3.37
<b>High Credit Risk</b>		
Loans (Principal Outstanding) <sup>(C)</sup>	49,127.25	49,888.75
Other financial assets <sup>(B)</sup>	51.64	40.45
Trade receivables <sup>(B)</sup>	40.04	28.16

<sup>(A)</sup> Credit risk on cash and cash equivalents and other bank balances is limited as these are held with scheduled commercial public sector banks, high rated private sector banks and mutual fund houses, across the country with diversified deposit base.

For its investments, exposure to credit risk is managed by placing funds in securities issued by counterparties having a high credit rating, periodic monitoring of such investments, and taking necessary actions when required.

<sup>(B)</sup> Credit risk on trade receivables and other financial assets is mitigated by assessing the credit worthiness of debtors and is managed by monitoring the recoverability of such amounts. The Group carries requisite impairment loss allowance on such trade receivables and other financial assets.

<sup>(C)</sup> The Group is exposed to credit risk primarily through its lending operations. The same is explained in the paragraphs below (Note 41.2.1.1 – Note 41.2.1.12).

### 41.2.1.1. Credit Risk Management Approach for lending operations

#### A. In respect of PFC

PFC has put in place key policies and processes for managing credit risk, which include formulating credit policies, guiding the PFC's appetite for credit risk exposures, undertaking reviews & objective assessment of credit risk, and monitoring performance and management of portfolios. All the procedures and processes of the Company are ISO 9001:2015 certified.

The credit risk management covers two key areas, i.e., project appraisal & project monitoring. PFC selects the borrowers in accordance with the PFC's approved credit policy, which inter alia, defines factors to be considered for rating of the borrower/ project. PFC's customer selection procedure assesses viability of project along with that of its promoting entity. Rate of interest and maximum admissible exposure is, inter alia, based on internal rating awarded by PFC.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

## (i) Project Appraisal

PFC follows a systematic, institutional project appraisal process to assess the credit risk before financing any project.

### (a) Appraisal for Private Sector Power Projects

For private sector projects, a two-stage appraisal process is followed. Initially a preliminary appraisal is carried out in order to decide the prima facie preparedness of the project to be taken up for detailed appraisal. Detailed appraisal is carried out for those projects shortlisted by the Competent Authority on the basis of preliminary appraisal.

PFC along with evaluation of project viability also assesses the ability of its promoter(s) to contribute equity and complete the project. PFC follows an integrated rating methodology whereby Integrated Rating (IR) is calculated using the weighted average of the scores of the project grading and promoter grading. Based on the IR of the project, terms and conditions (including security package and interest rate) are stipulated.

### (b) Appraisal for State Sector Power Projects

State sector projects are taken up for detailed appraisal to determine, inter alia, if it is techno economically sound and compatible with integrated power development & expansion plans of the State.

PFC classifies state power generation and transmission utilities into various risk rating grades based on the evaluation of utility's performance against specific parameters covering operational and financial performance. With regards to transmission utilities, PFC adopts the categorisation of its subsidiary RECL as per its policy. With regard to State Power Distribution utilities including integrated utilities, PFC's categorisation policy provides for adoption of Ministry of Power's (MoP's) Integrated Ratings by aligning such ratings/ grading with that of PFC's rating structure.

Such categories/ratings are used to determine credit exposure limits, security requirements and pricing of loans given to the State Sector Borrowers. PFC also has a mechanism in place for monitoring the exposure to single borrower and exposure within a State.

The detailed project appraisal involves technical and financial appraisal covering various aspects such as project inputs, statutory and non-statutory clearances, contracts, project linkages, financial modelling/ projections, calculation of returns, sensitivity analysis etc.

After detailed analysis indicated above, the overall viability of the project and entity is assessed and various conditions in the form of pre-commitment, pre-disbursement and the like are stipulated so as to ensure tying up of funds (debt and equity both), all physical inputs, appropriateness of all the contracts, compliance of conditions precedent in agreements/ contracts/ statutory and non- statutory clearances related to the project etc. and in general to ensure bankability of the project & protection of the interest of PFC as a lender for timely servicing of debt. PFC has an authorisation/delegation structure for the approval and renewal of credit facilities commensurating with the size of the loan.

## (ii) Security and Covenants

PFC stipulates a package of security measures/covenants to mitigate risks during the construction and post COD (commercial operation date) stage of the project. Based on the risk appetite and appraisal of the project, PFC adopts a combination of the following measures:

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- (a) Primary Security – Charge on Project Assets
- (b) Collateral Securities – Corporate guarantee, State Government Guarantees, Personal guarantee of promoters, Pledge of shares of promoters, Charge on assets/revenues of group/other companies
- (c) Payment Security Mechanism – Escrow Account/Letter of Credit, Trust and Retention Account (TRA)
- (d) Other covenants – Assignment of all project contracts, documents, insurance policies in favour of the Company, Upfront equity requirement, Debt Service Reserve Account (DSRA), Debt Equity ratio, shareholders' agreements, financial closure, etc.

### (iii) Project Monitoring

PFC has a comprehensive project monitoring system that monitors and tracks project construction and implementation status; identifies risks where intervention is required to minimise the time & cost overruns and consequent slippages in disbursements.

For State sector projects, monitoring is carried out based on project progress details obtained regularly from borrowers through progress monitoring reports, site visits, discussions with the borrowers, information/reports available on Central Electricity Authority's (CEA) website etc.

For private sector, where PFC is Lead Financial Institution (FI), PFC engages Lenders' Engineers (LEs) and Lenders' Financial Advisors (LFAs), which are independent agencies to act on behalf of various lenders/consortium members. The LEs conduct periodic site visits, review relevant documents, discuss with the borrowers and submit its reports on progress of the project. LFAs submit the statements of fund flow and utilisation of funds in the project periodically. In cases where PFC is not the lead FI, the tasks related to LEs and LFAs services are coordinated with the concerned lead lender.

Also, the consolidated periodic progress report of certain projects is prepared comprising important observations/issues viz. areas of concern, reasons for delay, issues affecting project construction/implementation etc. and is reviewed by PFC on a regular basis.

PFC continuously monitors delays and/or default of borrowers and their recoverability. On occurrence of default in the borrower's account, PFC initiates necessary steps which may involve action(s) including, but not limited to, Special Mention Account (SMA) reporting to RBI, credit information reporting to Central Repository of Information on Large Credits (CRILC) etc., regularisation of the account by recovering all overdues, invocation of guarantees/ securities to recover the dues, conversion of loan into equity as per loan agreement, restructuring of loan account, formulating resolution plan with the borrower, change in ownership, Corporate Insolvency Resolution Process (CIRP), sale of the exposures to other entities/investors, other recovery mechanisms like referring the case for legal action before Debt Recovery Tribunal (DRT), SARFAESI, National Company Law Tribunal (NCLT) (IBC -2016) etc. and other actions as specified under regulatory/legal framework.

### B. In respect of subsidiary, RECL

The credit risk is managed at different levels including at appraisal, disbursements and post disbursement monitoring. RECL has "Integrated Rating Guidelines" and "Comprehensive Risk Management Policy". To mitigate credit risk, RECL follows systematic institutional and project appraisal process to assess the credit risk. These processes include a detailed appraisal methodology, identification of risks and suitable structuring and credit risk mitigation measures. Further, on regular basis the projects risk are reviewed and categorised as High/ Moderate/ Low based on different risk parameters and exposure of the project as per Project Risk Categorisation Frameworks. The process for Credit Risk Management is as under:

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- (i) RECL has "Integrated Rating Guidelines" covering credit assessment, risk grading, collateral requirements, reporting, monitoring of end utilisation of funds etc. Further, independent Lender legal counsels are appointed to ensure effective documentation and mitigation of legal risk.
- (ii) For all existing private sector projects, where RECL is Lead Financial Institution, RECL engages Lender's Independent Engineers (LIE), Lender's Financial Advisors (LFA) and Lender's Insurance Advisors (LIA), which are independent agencies who act on behalf of various lenders and consortium members. LIE conducts periodic site visits and submits reports on progress status of the project, after discussion with borrower and inspection/review of relevant documents. LFA submit the statements of fund flow and utilisation of funds in the project periodically. In cases where RECL is not the lead Financial Institution, the tasks related to LIE and LFA services are being coordinated with the lead lender.

RECL also endeavours to appoint a separate Project Management Agency (PMA) for new projects being financed, which subsumes the entire works of LIE /Project Management Consultant (PMC), LFA and LIA for better coordination among the agencies. PMA is stationed at project site to closely monitor various day to day project execution activities including monitoring of project progress, review of EPC/non-EPC contracts & invoices, fund utilisation and insurance for the project. PMA also verifies the bills of original equipment manufacturer/supplier, composite works contractor and give its recommendation for disbursement. Initial due diligence is also be performed by PMA taking the sanctity of technical and financial parameters including original project cost & COD.

Concurrent Auditors/Agencies for Specialised monitoring/Cash Flow monitoring agencies are being appointed by REC/Lenders on case to case basis for effective monitoring of Trust & Retention Account (TRA) for stressed projects.

- (iii) RECL has an authorisation structure for the approval and renewal of credit facilities. Authorisation limits have been established commensurating with the size of business proposal at CMD/Executive Committee/Loan Committee/Board of Directors based on the recommendation of Screening Committee, as appropriate.
- (iv) RECL has developed risk grading structure to categorise its exposures according to the degree of risk of default by charging appropriate interest rates and security package.
- (v) Regular reports on the credit quality of loan portfolios are provided to Risk Management Committee and Board, which may require appropriate corrective action to be taken.
- (vi) External agencies are appointed from time to time to review the guidelines, policy and existing practices being followed by business units along with providing the specialist skills to promote best practice throughout RECL for management of credit risk.
- (vii) Individual and Group Credit Exposures are assessed against designated limits, before facilities are committed to borrowers by the business unit concerned. Sanction of additional facilities is also subject to the same review process.
- (viii) RECL continuously monitors delays and/ or default of borrowers & other counterparties and their recoverability. On occurrence of default in the borrower's account, RECL initiates necessary steps to cure the default which may involve action(s) including, but not limited to, Special Mention Account (SMA) reporting to RBI, credit information reporting to Central Repository of Information on Large Credits (CRILC), etc., monitoring of the TRA account, conversion of loan into equity as per loan agreement, restructuring of loan account, formulating resolution plan with the borrower, change in ownership, Corporate Insolvency Resolution Process (CIRP), sale of the exposures to other entities/ investors and other recovery mechanisms including invocation of guarantees/ securities to recover the dues.



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## 41.2.1.2. Credit Risk Measurement – Impairment Assessment

Ind AS 109 outlines a three staged model for measurement of impairment based on changes in credit risk since initial recognition. For classification of its borrowers into various stages, the Group uses the following basis:

- A financial instrument that is not credit impaired on initial recognition is classified in 'Stage I'.
- If a significant increase in credit risk (SICR) is identified, the financial instrument is moved to 'Stage II'.
- If the financial instrument is credit-impaired, the financial instrument is moved to 'Stage III' category.

### A. In respect of PFC

PFC recognises impairment loss allowance in accordance using the expected credit loss (ECL) model for the financial assets which are not categorised at fair value through profit or loss.

- I. **Default:** In accordance with Ind AS 109, PFC considers the rebuttable presumption to define a financial instrument as in default, i.e. when the loan account is more than 90 days past due on its contractual payments. Credit impaired financial assets are aligned with the definition of default.
- II. **SICR:** An assessment of whether credit risk has increased significantly since initial recognition is performed at each reporting date by considering the change in the risk of default occurring over the remaining life of the financial instrument. In accordance with Ind AS 109, PFC has applied rebuttable presumption that considers more than 30 days past due as a parameter for determining significant increase in credit risk. Additionally, PFC also considers any other observable input indicating a significant increase in credit risk.

### III. Measurement of Expected Credit Loss (ECL):

ECL is measured on either a 12 month or lifetime basis depending on whether there is significant increase in credit risk since initial recognition. ECL is the product of Probability of default (PD), Loss Given Default (LGD) and Exposure at Default (EAD). PFC has appointed an independent agency, ICRA Analytics Ltd., during the financial year for assessment of ECL in accordance with Ind AS 109. The brief methodology of computation of ECL is as follows:

#### (i) Probability of default (PD)

PD is an estimate of the likelihood of default over a given time horizon. It is estimated as at a point in time. For assessing 12 months PD, probability of a loan defaulting in next 12 months is ascertained and similarly for assessing lifetime PD, probability of a loan defaulting in its remaining lifetime is ascertained.

For Stage I accounts, 12 months PD is used.

For Stage II significantly increased credit risk accounts, Lifetime PD is used.

For Stage III credit impaired accounts, 100% PD is taken.

For 12 months PD: PDs as associated with external ratings grades (published as a part of rating transition matrix of ICRA) have been used for assessment of ECL. In case of State Sector borrowers, the same have been derived on the basis of mapping with the Company's internal ratings. Whereas in case of private sector borrowers, the same have been derived on the basis of mapping with latest external ratings as published by various credit rating agencies. In case of non-availability of external rating for private sector borrowers, the

# Notes to the Consolidated Financial Statements

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12-month PD has been computed through a Proxy Risk Scoring Model developed by the agency. The said model uses the financial ratios like Gearing (Debt/Equity), Return on Capital Employed, Interest Coverage ratio, Debt to EBITDA ratio and qualitative parameters like Plant Load Factor, LAF and ACS ARR gap.

For Lifetime PD: Markov Chain Model has been used to compute Lifetime PDs of the rating grade.

(ii) Loss Given Default (LGD)

LGD is the loss factor which the Company may experience in case the default occurs.

For State sector borrowers, LGD has been assigned on the basis of risk category considering State GDP and fiscal deficit.

In case of Private sector borrowers, LGD has been assessed considering factors like Project Cost per Unit, Percentage Completion, Project Capacity in case of generation projects and on the basis of book value of assets in case of transmission & distribution projects. The said assessed values have thereafter been discounted by applying stress factor and depreciation based on useful life of assets as published by CERC. Further, Stage-wise average LGD had been applied in case of other types of projects.

For Stage III borrowers, LGD has been assessed based on discounted projected cash flow analysis for operational projects and on assets valuation for projects under liquidation.

(iii) Exposure at Default (EAD)

It is outstanding exposure on which ECL is computed. EAD includes principal outstanding and accrued interest in respect of the loan.

(iv) Key assumptions used in measurement of ECL

- PFC considers the date of initial recognition as the base date from which significant increase in credit risk is determined.
  - Since PFC has a right to cancel any sanctioned but undrawn limits to any of its borrowers, EAD is assumed to be outstanding balance as on the reporting date.
- (v) The assessment of significant increase in risk and the calculation of ECL both incorporate forward-looking information. Further, the Credit Rating Models also consider the forward looking information in the determination of the credit rating to be assigned to the borrower, by taking into consideration various financial ratios and extension of the project completion. As such, the Base Case Scenario reflects the most appropriate basis for the computation of ECL for PFC.

**B. In respect of subsidiary, RECL**

The impairment loss allowance on loan assets is provided as per Ind AS 109 in accordance with a board-approved policy of RECL, which measures the credit risk on the basis of key financial and operational parameters to assess improvement/ deterioration in credit quality. RECL's management overlays to the model output, if any, are duly documented and approved by the Audit Committee of RECL. The evaluation of Expected Credit Loss (ECL) is undertaken by an independent agency, ICRA Analytics Limited (formerly ICRA Online Limited).

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- I. RECL has an internal system of grading for State Governments, Public Sector Undertakings and State Power Utilities. However, for Distribution Companies (DISCOMs), RECL adopts the ratings by the Ministry of Power as and when they are updated. These ratings are mapped with external rating grades published by various credit rating agencies as part of rating transition matrix. For private borrowers, RECL uses the external rating as published by various credit rating agencies or proxy risk scores in case such rating is not available. The proxy risk score model considers following parameters:

- Quantitative factors
  - Debt/ EBITDA (30% weightage)
  - Return on Capital Employed (15% weightage)
  - Interest Coverage (25% weightage)
  - Gearing (Debt/Equity) (30% weightage)
- Qualitative Factors
  - Quarter wise Operational Parameters like PPA, PLF, ACS – ARR Gap, and LAF
  - Actual Default dates, loan restructuring details
  - Status of the Project

II. Significant Increase in Credit Risk (SICR)

RECL considers a financial instrument to have experienced a significant increase in credit risk when on any financial instrument if the payment is more than 30 days past due on its contractual payments. However, based on historical data, it has been noticed that such overdue amounts for more than 30 days do not signify significant increase in credit risk for state utilities. Therefore, RECL has applied this criteria only for private entities. However, in case of State sector borrowers with dues more than 60 days but less than 90 days, the external rating or risk score computed using the model will be downgraded by one notch to better capture the riskiness of the borrower.

III. Low credit risk exemption

Ind AS provides an optional simplification to assume that the credit risk on a financial asset has not increased significantly since initial recognition (and thus remain in stage 1) if the financial asset is considered to have a low credit risk at the reporting date.

Credit risk is considered to be 'low' when the financial instrument has a low risk of default, the borrower has a strong capacity to meet its contractual cash flow obligations in the near term and adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

RECL considers loan assets having External credit rating between AAA to A, to have low credit risk. Further, RECL has taken low credit risk exemption for all state utilities as it considers that loans to state sector have a low credit risk in comparison to lending to private sector mainly due to low default/loss history in state sector and availability of government guarantee in certain loans. Further, presence of Government interest in these projects lowers the risk of non-recoverability of dues.

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## IV. Definition of default and credit-impaired assets

RECL defines a financial instrument as in default, which is fully aligned with the definition of credit-impaired, when the loan account is more than 90 days past due on its contractual payments or any such period allowed by RECL in line with circular issued by the Reserve Bank of India.

## V. Measuring ECL – explanation of inputs, assumptions and estimation techniques

Expected credit losses are the product of the probability of default (PD), exposure at default (EAD) and loss given default (LGD), defined as follows:

- PD represents the likelihood of the borrower defaulting on its obligation either over next 12 months or over the remaining lifetime of the instrument.
- EAD represents the amounts, including the principal outstanding, interest accrued and outstanding Letters of Comfort that RECL expects to be owed at the time of default.
- LGD represents RECL's expectation of loss given that a default occurs. LGD is expressed in percentage and it shows the proportion of the amount that will actually be lost post recoveries in case of a default.

## VI. Determination of Probability of Default (PD)

RECL has analysed the rating transition matrix published by ICRA to arrive at annual transition matrix. This annual transition matrix was extrapolated to arrive at the lifetime probability of default of various rating grades by loan tenure/maturity profile i.e. lifetime PD.

## VII. Loss Given Default (LGD) computation model

Based on the historical trend, research and industry benchmarking, RECL has constructed a LGD model. Factors reviewed in the LGD model include Project cost per unit, PPA status, FSA status etc. Based on internal research RECL has benchmarked these factors for Thermal, Renewable in Private Sector. In case of Private sector Transmission and Distribution companies the realisable value of the assets were arrived at using suitable assumptions to arrive at LGD. For State Government and Public sector projects, RECL has factored in the state support and assumed that the State/Central governments would step in to repay debt obligations of the state utilities as witnessed in the past.

## VIII. Alignment of LGD in case of Stage III Assets

Stage III Assets, where RECL and PFC (Group Companies) are in Consortium for Stage-III Loan accounts, RECL considers LGD on the following basis:

- a) In cases where either RECL or PFC is lead lender, LGD % calculated by the lead lender is adopted
- b) In cases where neither RECL nor PFC is lead lender, higher of the LGD% worked out by RECL and PFC is adopted.

## IX. Key assumptions used in measurement of ECL

- a) RECL considers the date of initial recognition as the base date from which significant increase in credit risk is determined.
- b) EAD represents the amounts, including the principal outstanding, interest accrued and outstanding Letters of Comfort that RECL expects to be owed at the time of default.

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## X. Credit Risk Exposure

Credit Risk Exposure in respect of the borrowers with different credit ratings is as under

(₹ in crore)

External rating range	As at 31.03.2020				As at 31.03.2019			
	Stage 1	Stage 2	Stage 3	Total	Stage 1	Stage 2	Stage 3	Total
AAA	37,832.86	-	-	37,832.86	-	-	-	-
AA	82,131.73	-	-	82,131.73	3,239.02	-	-	3,239.02
A	71,840.30	-	-	71,840.30	56,158.84	-	-	56,158.84
BBB	28,629.56	-	-	28,629.56	40,834.51	-	-	40,834.51
BB	60,555.15	36.22	-	60,591.37	57,967.67	519.32	-	58,486.99
B	9,876.29	23.37	-	9,899.66	47,683.74	1,030.31	-	48,714.05
C	2,215.02	29.68	-	2,244.70	46,119.65	2,862.99	-	48,982.64
D	-	2,342.00	21,255.55	23,597.55	-	-	20,348.44	20,348.44
Government Loan	6,616.62	-	-	6,616.62	4,445.19	-	-	4,445.19
<b>Gross carrying amount</b>	<b>2,99,697.53</b>	<b>2,431.27</b>	<b>21,255.55</b>	<b>3,23,384.35</b>	<b>2,56,448.62</b>	<b>4,412.62</b>	<b>20,348.44</b>	<b>2,81,209.68</b>
Loss allowance	488.46	963.83	10,552.13	12,004.42	525.26	1,273.72	9,698.95	11,497.93
<b>Carrying amount</b>	<b>2,99,209.07</b>	<b>1,467.44</b>	<b>10,703.42</b>	<b>3,11,379.93</b>	<b>2,55,923.36</b>	<b>3,138.90</b>	<b>10,649.49</b>	<b>2,69,711.75</b>

## XI. Collateral and other credit enhancements

RECL employs a range of policies and practices to mitigate credit risk. The most common of these is accepting collateral for funds disbursed. RECL has internal policies on the acceptability of specific classes of collateral or credit risk mitigation. The principal collateral types for loans and advances are:

- Mortgage of Immovable properties
- Hypothecation of Moveable property
- Assignment of project contract documents
- Pledge of instruments through which promoters' contribution is infused in the project
- Pledge of Promoter Shareholding
- Corporate and personal Guarantee of Promoters

### 41.2.1.3. Credit risk analysis

#### (i) Exposure to credit risk

For loans recognised in the balance sheet, the gross exposure to credit risk equals their carrying amount. Refer Note 12 'Loans' for Group's exposure to credit risk arising from loans.

For financial guarantee issued, the maximum exposure to credit risk is the maximum amount that the Group would have to pay if the guarantees are called upon. For irrevocable loan commitments, the maximum exposure to credit risk is the full amount of the commitment facilities. Refer Note 49 for exposure of Guarantee and Outstanding Disbursement Commitments.

#### (ii) Concentration of credit risk

Credit concentration risk refers to risk associated with large credit/investment exposure to a single company or a group of companies based on its ownership, sector, region etc. that would cause their ability to meet contractual obligations to be similarly affected by changes in economic or other conditions, with the potential to adversely affect lender's core operations.

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The following table sets out an analysis of risk concentration of overall loan portfolio of PFC and its subsidiary, RECL on the basis of similar risk characteristics:

(₹ in crore)

Particulars	As at 31.03.2020		As at 31.03.2019	
	Principal outstanding	Impairment loss allowance*	Principal outstanding	Impairment loss allowance*
<b>Concentration by ownership</b>				
Loans to state sector (i.e. entities under the control of state and /or central government)	5,71,332.27	554.49	5,08,774.12	700.96
Loans to private sector	95,997.00	27,413.96	87,102.49	27,164.72
<b>Total</b>	<b>6,67,329.27</b>	<b>27,968.45</b>	<b>5,95,876.61</b>	<b>27,865.68</b>

\*including impairment loss allowance on Letter of Comfort (LoC) of ₹ 188.85 crore. (as at 31.03.2019 ₹ 186.71 crore.)

The Companies considers that loans to state sector have a low credit risk in comparison to lending to private sector mainly due to low default/loss history in state sector and availability of government guarantee in certain loans. Presence of Government interest in these projects also lowers the risk of non-recoverability of dues.

Further, the Companies have a lending portfolio comprising of loans to generation (renewable and non-renewable), transmission and distribution power projects spread across diverse geographical areas.

(₹ in crore)

Particulars	As at 31.03.2020		As at 31.03.2019	
	Principal outstanding	Impairment loss allowance*	Principal outstanding	Impairment loss allowance*
<b>Concentration by sector</b>				
Generation	2,94,713.46	24,411.14	3,17,718.20	25,245.37
Renewable	28,373.82	615.29	19,848.59	526.54
Transmission	95,914.32	1,527.09	75,596.68	1,349.57
Distribution	1,60,998.49	278.21	1,36,927.37	265.34
Others	87,329.18	1,136.72	45,785.77	478.86
<b>Total</b>	<b>6,67,329.27</b>	<b>27,968.45</b>	<b>5,95,876.61</b>	<b>27,865.68</b>

\*including impairment loss allowance on Letter of Comfort (LoC) of ₹ 188.85 crore (as at 31.03.2019 ₹ 186.71 crore)

## 41.2.1.4. Details regarding Concentration of Loans and Exposures

### A. In respect of PFC:

#### a) Concentration of Advances:

Description	As at 31.03.2020	As at 31.03.2019
Total Advances (Principal Outstanding) to twenty largest borrowers (₹ in crore)	2,06,588.74	1,88,278.21
Percentage of Advances to twenty largest borrowers to Total Advances of PFC	59.90%	59.83%

#### b) Concentration of Exposures:

Description	As at 31.03.2020	As at 31.03.2019
Total Exposure to twenty largest borrowers/customers (₹ in crore)	2,86,228.18	2,61,087.34
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of PFC on borrowers/customers	54.90%	53.87%

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## c) Concentration of Stage III accounts:

Description	(₹ in crore)	
	As at 31.03.2020	As at 31.03.2019
Principal outstanding of top four Stage III accounts of PFC	13,883.24	13,847.63

**B. In respect of subsidiary, RECL**

## a) Concentration of Advances:

Description	(₹ in crore)	
	As at 31.03.2020	As at 31.03.2019
Total Advances to twenty largest borrowers	1,84,741.84	1,58,931.60
Percentage of Advances to twenty largest borrowers to Total Advances of RECL	57.30%	56.52%

## b) Concentration of Exposures:

Description	(₹ in crore)	
	As at 31.03.2020	As at 31.03.2019
Total Exposure to twenty largest borrowers/customers	2,88,397.43	2,54,896.66
Percentage of Exposures to twenty largest borrowers/customers to Total Exposure of RECL on borrowers/customers	59.46%	59.46%

## c) Concentration of Stage III accounts:

Description	(₹ in crore)	
	As at 31.03.2020	As at 31.03.2019
Total outstanding of top four Stage III accounts of RECL	8,618.52	8,502.74

**41.2.1.5. Details of Stage-wise Principal outstanding and Impairment loss Allowance in respect of PFC & subsidiary, RECL:**

Particulars	As at 31.03.2020			As at 31.03.2019		
	Principal Outstanding	Impairment loss allowance*	%	Principal Outstanding	Impairment loss allowance*	%
	Stage I	5,82,949.37	930.13	0.16	5,32,107.25	1,388.29
Stage II	35,252.65	1,737.73	4.93	13,880.61	1,576.79	11.36
Stage III	49,127.25	25,300.59	51.50	49,888.75	24,900.60	49.91
<b>Total</b>	<b>6,67,329.27</b>	<b>27,968.45</b>	<b>4.19</b>	<b>5,95,876.61</b>	<b>27,865.68</b>	<b>4.68</b>

\*including impairment loss allowance on Letter of Comfort (LoC) of ₹ 188.85 crore (as at 31.03.2019 ₹ 186.71 crore)

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## 41.2.1.6. Details of Stage-wise movement of Principal outstanding and Impairment loss Allowance:

The following tables explain the changes in the loans and the corresponding impairment loss allowance in respect of PFC & subsidiary, RECL between the beginning and the end of the reporting period:

(₹ in crore)

FY 2019-20	Stage I		Stage II		Stage III		Total	
	Principal	Impairment loss allowance*	Principal	Impairment loss allowance*	Principal	Impairment loss allowance*	Principal	Impairment loss allowance*
<b>Opening Balance</b>	<b>5,32,107.25</b>	<b>1,388.28</b>	<b>13,880.61</b>	<b>1,576.79</b>	<b>49,888.75</b>	<b>24,900.60</b>	<b>5,95,876.61</b>	<b>27,865.68</b>
Transfer to Stage I	7,809.96	579.38	(6,874.07)	(106.43)	(935.90)	(472.95)	(0.01)	-
Transfer to Stage II	(29,768.07)	(56.70)	29,835.95	73.67	(67.89)	(16.97)	(0.01)	-
Transfer to Stage III	(1,476.62)	(12.99)	(1,485.30)	(526.81)	2,961.92	539.80	-	-
Net Change in Principal/ECL during the year	5,369.59	(411.99)	(1,280.50)	703.83	46.38	1,675.87	4,135.47	1,967.71
New financial assets originated	1,17,102.08	224.26	1,739.43	17.00	75.00	30.80	1,18,916.51	272.06
Derecognised financial assets (loans repaid)	(47,498.37)	(309.35)	(563.46)	(0.34)	(1,512.57)	(103.02)	(49,574.40)	(412.71)
Financial Assets derecognised during the period (Write Off)	(636.64)	(410.93)	-	-	(1,110.70)	(1,052.96)	(1,747.34)	(1,463.89)
Financial Assets derecognised during the period (Investment Received)	(59.82)	(59.82)	-	-	(217.74)	(200.57)	(277.56)	(260.39)
<b>Closing Balance</b>	<b>5,82,949.37</b>	<b>930.13</b>	<b>35,252.65</b>	<b>1,737.73</b>	<b>49,127.25</b>	<b>25,300.59</b>	<b>6,67,329.27</b>	<b>27,968.45</b>

\*including impairment loss allowance on LoC

(₹ in crore)

FY 2018-19	Stage I		Stage II		Stage III		Total	
	Principal	Impairment loss allowance*	Principal	Impairment loss allowance*	Principal	Impairment loss allowance*	Principal	Impairment loss allowance*
<b>Opening Balance</b>	<b>4,41,118.81</b>	<b>3,231.49</b>	<b>33,365.48</b>	<b>2,364.59</b>	<b>43,995.23</b>	<b>22,926.55</b>	<b>5,18,479.52</b>	<b>28,522.63</b>
Transfer to Stage I	19,767.81	937.39	(18,950.91)	(297.35)	(816.90)	(1,007.77)	-	(367.73)
Transfer to Stage II	(8,077.82)	(15.22)	9,303.60	382.95	(1,225.78)	-	-	367.73
Transfer to Stage III	(2,763.00)	(625.75)	(5,821.75)	(776.24)	8,584.75	1,401.99	-	-
Net Change in Principal/ECL during the year	9,110.28	(2,211.67)	(991.23)	25.65	(448.08)	1,592.03	7,670.97	(593.99)
New financial assets originated	99,210.53	144.99	253.82	22.60	-	-	99,464.35	167.59
Derecognised financial assets (loans repaid)	(26,259.35)	(72.94)	(3,278.41)	(145.40)	(200.47)	(12.21)	(29,738.23)	(230.55)
<b>Closing Balance</b>	<b>5,32,107.25</b>	<b>1,388.28</b>	<b>13,880.61</b>	<b>1,576.79</b>	<b>49,888.75</b>	<b>24,900.60</b>	<b>5,95,876.61</b>	<b>27,865.68</b>

\*including impairment loss allowance on LoC



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## 41.2.1.7. Movement of Stage III accounts:

The following tables explain the changes in credit impaired assets and the corresponding impairment loss allowance in respect of PFC & subsidiary RECL between the beginning and the end of the reporting period

(₹ in crore)

Sr. No.	Description	As at 31.03.2020	As at 31.03.2019
(i)	Net Stage III accounts to Gross Loans (%)	3.57%	4.19%
(ii)	Net Stage III accounts to Net Loans (%)	3.71%	4.38%
		FY 2019-20	FY 2018-19
(iii)	Movement of Stage III (Gross)		
(a)	Opening balance	49,888.75	43,995.23
(b)	Additions during the year	3,083.31	8,421.73
(c)	Reductions/ write offs during the year	(3,844.80)	(2,528.21)
	<b>(d) Closing balance</b>	<b>49,127.26</b>	<b>49,888.75</b>
(iv)	Movement of Net Stage III		
(a)	Opening balance	24,988.15	21,068.68
(b)	Additions during the year	779.90	5,021.61
(c)	Reductions/ write offs during the year	(1,941.38)	(1,102.14)
	<b>(d) Closing balance</b>	<b>23,826.67</b>	<b>24,988.15</b>
(v)	Movement of impairment loss allowance on Stage III		
(a)	Opening balance	24,900.60	22,926.55
(b)	Provisions made during the year	2,303.41	3,400.12
(c)	Write-off/write-back of excess provisions	(1,903.42)	(1,426.07)
	<b>(d) Closing balance</b>	<b>25,300.59</b>	<b>24,900.60</b>

## 41.2.1.8. Percentage of gross Stage III to gross loans – sector-wise in respect of PFC & RECL

Description	As at 31.03.2020	As at 31.03.2019
Power Sector	7.36%	8.37%

## 41.2.1.9. Policy for sale out of amortised cost business

PFC & RECL does not resort to the sale of financial assets, in ordinary course of business. However, the respective companies have approved policies that they may proceed for resolution of stressed assets by either restructuring, change of ownership, settlement or otherwise. The assets are then assessed for derecognition as per Ind AS 109.

RECL has also not entered into any transaction of sale/ purchase of credit-impaired assets, except as below:

Particulars	FY 2019-20	FY 2018-19
No. of Accounts Sold	1.00	-
Aggregate Outstanding (₹ in crore)	236.80	-
Aggregate consideration received (₹ in crore)	124.13	-

## 41.2.1.10. Disclosure in respect of accounts that are beyond 90 days overdue but not treated as credit impaired

### A. In respect of PFC

One of the borrowers having outstanding loan of ₹ 1,116.65 crore has obtained an ad-interim order from Hon'ble High Court of Delhi on 22.01.2020 for not taking any coercive measures against it. As at 31.03.2020, PFC holds adequate impairment loss allowance with respect to this loan account and has categorised it into Stage II. Further, interest income is not recognised on the loan during the half year ended 31.03.2020.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

## B. In respect of subsidiary, RECL

One of the borrowers has obtained an ad-interim order from Hon'ble High Court of Madras on 18th September 2015 not to classify the account as Non-Performing Asset. Accordingly, the loan outstanding of the borrower has not been classified as Stage III Asset, even though the overdues are more than 90 days old and the asset is credit impaired. However, RECL has created an adequate provision of ₹ 961.63 crore @ 41.06% of the loan outstanding of ₹ 2,342 crore (As at March 31, 2020 - ₹ 942.67 crore @ 40.95% of loan outstanding of ₹ 2,302 crore) as per Expected Credit Loss (ECL) Methodology as on March 31, 2020 after considering the financial and operational parameters of the project.

### 41.2.1.11. In accordance with RBI Circular on Implementation of Ind AS by NBFCs dated 13.03.2020, for calculation of following NPA ratios, credit impaired loans (Stage III) and loans which would have classified as NPA as per IRACP norms have been considered:

#### In respect of PFC

Particulars	As at 31.03.2020
Gross NPA to Gross Loans	8.39%
Net NPA to Net Loans	4.30%

### 41.2.1.12. Details of provision required as per Income Recognition, Asset Classification & Provisioning Norms (IRACP) of RBI and Impairment Loss Allowance as per Ind AS 109

#### A. In respect of PFC

(₹ in crore)						
Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)=(3)-(4)	(6)	(7) = (4)-(6)
<b>Performing Assets</b>						
Standard	Stage 1	2,87,255.52	441.06	2,86,814.45	1,322.84	(881.78)
	Stage 2	33,713.58	773.89	32,939.69	238.46	535.43
	Stage 3	5,203.08	2,137.83	3,065.25	1,822.31	315.52
<b>Sub-Total</b>		<b>3,26,172.17</b>	<b>3,352.78</b>	<b>3,22,819.39</b>	<b>3,383.61</b>	<b>(30.83)</b>
<b>Non-Performing Assets (NPA)</b>						
Sub-standard	Stage 1	755.11	0.08	755.03	73.78	(73.70)
	Stage 2	6.00	0.01	5.99	0.59	(0.58)
	Stage 3	923.18	520.69	402.49	275.41	245.29
<b>Sub-Total</b>		<b>1,684.30</b>	<b>520.78</b>	<b>1,163.52</b>	<b>349.78</b>	<b>171.01</b>
Doubtful - up to 1 year	Stage 1	7.60	0.02	7.57	1.48	(1.46)
1 to 3 years	Stage 1	313.73	0.01	313.72	91.81	(91.80)
Doubtful - up to 1 year	Stage 3	3,755.54	1,274.46	2,481.08	828.34	446.11
1 to 3 years	Stage 3	11,702.63	5,995.02	5,707.62	5,919.65	75.37
More than 3 years	Stage 3	5,018.92	3,399.22	1,619.70	3,578.09	(178.87)
<b>Sub-Total for doubtful</b>		<b>20,798.42</b>	<b>10,668.73</b>	<b>10,129.69</b>	<b>10,419.37</b>	<b>249.36</b>
Loss	Stage 3	1,241.27	1,241.27	-	1,241.27	-
<b>Sub-Total for NPA</b>		<b>23,723.99</b>	<b>12,430.78</b>	<b>11,293.21</b>	<b>12,010.41</b>	<b>420.37</b>

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(₹ in crore)						
Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
Other items (whose exposure forms part of contingent liability) such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current IRACP norms	Stage 1	-	0.49	(0.49)	-	0.49
	Stage 2	-	-	-	-	-
	Stage 3	-	179.98	(179.98)	-	179.98
<b>Sub-Total</b>		-	<b>180.47</b>	<b>(180.47)</b>	-	<b>180.47</b>
<b>Total</b>	<b>Stage 1</b>	<b>2,88,331.96</b>	<b>441.67</b>	<b>2,87,890.29</b>	<b>1,489.91</b>	<b>(1,048.24)</b>
	<b>Stage 2</b>	<b>33,719.58</b>	<b>773.90</b>	<b>32,945.68</b>	<b>239.05</b>	<b>534.85</b>
	<b>Stage 3</b>	<b>27,844.62</b>	<b>14,748.46</b>	<b>13,096.16</b>	<b>13,665.06</b>	<b>1,083.40</b>
	<b>Total</b>	<b>3,49,896.16</b>	<b>15,964.03</b>	<b>3,33,932.13</b>	<b>15,394.02</b>	<b>570.01</b>

## B. In respect of subsidiary, RECL

(₹ in crore)							
Asset Classification as per RBI Norms	Asset classification as per Ind AS 109	Outstanding amount	Gross Carrying Amount as per Ind AS	Loss Allowances (Provisions) as required under Ind AS 109	Net Carrying Amount	Provisions required as per IRACP norms	Difference between Ind AS 109 provisions and IRACP norms
(1)	(2)	(3)	(4)	(5)	(6)=(4)-(5)	(7)	(8) = (5)-(7)
<b>Performing Assets</b>							
Standard	Stage 1	2,98,737.86	3,00,392.16	480.08	2,99,912.08	1,779.27	(1299.19)
	Stage 2	2,431.27	2,431.83	963.83	1,468.00	702.28	261.55
<b>Sub-Total</b>		<b>3,01,169.13</b>	<b>3,02,823.99</b>	<b>1,443.91</b>	<b>3,01,380.08</b>	<b>2,481.55</b>	<b>(1037.64)</b>
<b>Non-Performing Assets (NPA)</b>							
Sub-standard	Stage 3	2,037.61	2,037.61	468.91	1,568.70	203.76	265.15
<b>Sub-Total</b>		<b>2,037.61</b>	<b>2,037.61</b>	<b>468.91</b>	<b>1,568.70</b>	<b>203.76</b>	<b>265.15</b>
Doubtful - up to 1 year	Stage 3	3,973.02	3,973.02	1,646.55	2,326.47	1,282.92	363.63
1 to 3 years	Stage 3	11,276.57	11,276.57	5,724.26	5,552.31	6,024.78	(300.52)
More than 3 years	Stage 3	3,951.13	3,951.13	2,695.19	1,255.94	2,787.48	(92.29)
<b>Sub-Total for doubtful</b>		<b>19,200.72</b>	<b>19,200.72</b>	<b>10,066.00</b>	<b>9,134.72</b>	<b>10,095.18</b>	<b>(29.18)</b>
Loss	Stage 3	17.22	17.22	17.22	-	17.22	-
<b>Sub-Total for NPA</b>		<b>21,255.55</b>	<b>21,255.55</b>	<b>10,552.13</b>	<b>10,703.42</b>	<b>10,316.16</b>	<b>235.97</b>
Other items such as guarantees, loan commitments, etc. which are in the scope of Ind AS 109 but not covered under current IRACP norms	Stage 3	959.67	959.67	8.38	951.29	-	8.38
<b>Sub-Total</b>		<b>959.67</b>	<b>959.67</b>	<b>8.38</b>	<b>951.29</b>	-	<b>8.38</b>
<b>Total</b>	<b>Stage 1</b>	<b>2,99,697.53</b>	<b>3,01,351.83</b>	<b>488.46</b>	<b>3,00,863.37</b>	<b>1,779.27</b>	<b>(1290.81)</b>
	<b>Stage 2</b>	<b>2,431.27</b>	<b>2,431.83</b>	<b>963.83</b>	<b>1,468.00</b>	<b>702.28</b>	<b>261.55</b>
	<b>Stage 3</b>	<b>21,255.55</b>	<b>21,255.55</b>	<b>10,552.13</b>	<b>10,703.42</b>	<b>10,316.16</b>	<b>235.97</b>
	<b>Total</b>	<b>3,23,384.35</b>	<b>3,25,039.21</b>	<b>12,004.42</b>	<b>3,13,034.79</b>	<b>12,797.71</b>	<b>(793.29)</b>

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The difference between the impairment allowance under Ind AS 109 and the provisioning required under Income Recognition, Asset Classification and Provisioning (IRACP) Norms (including standard asset provisioning) issued by RBI is appropriated to "Impairment Reserve"

## 41.2.1.13. Expected Credit Loss for Trade Receivables

### A. In respect of subsidiary, RECL

RECL provides for lifetime credit losses in respect of trade receivables of RECPDCL, one of the subsidiaries of RECL using simplified approach under ECL method

(₹ in crore)					
Particulars	Less than 1 year	1 year-2 year	2 year-3 year	More than 3 year	Total
<b>As at March 31, 2020</b>					
Gross carrying value	70.93	42.14	9.86	33.60	156.53
Expected loss rate	14.70%	25.20%	50.00%	100.00%	38.06%
Expected credit loss (provision)	10.43	10.62	4.93	33.60	59.58
Carrying amount (net of impairment)	60.50	31.52	4.93	-	96.95
<b>As at March 31, 2019</b>					
Gross carrying value	94.13	31.52	3.37	23.83	152.85
Expected loss rate	10.36%	8.76%	50.15%	100.00%	24.88%
Expected credit loss (provision)	9.75	2.76	1.69	23.83	38.03
Carrying amount (net of impairment)	84.38	28.76	1.68	-	114.82

RECPDCL assumes significant increase in credit risk on Trade Receivables outstanding for more than 1 year.

In case of RECTPCL, there is no history of losses and expected losses, hence RECTPCL has not prepared any general provisions in the current year. The impairment provisions as at 31 March 2020 represents impairment provision on trade receivables created over specific assets rather than a general approach, due to some delay expected from recoveries of certain projects from a debtor JKPDD. The same delay is not originated from the date of recognition, but developed during the due course of operations. RECTPCL has created impairment loss allowance against the following trade receivables during the year:

(₹ in crore)			
Particulars	As at March 31, 2020		
	Gross Trade Receivables	Impairment Loss allowance	Net Trade Receivables
JKPDD-UDAY	4.98	0.97	4.01
JKPDD-PMA	4.78	0.92	3.86
JKPDD-PIA	7.08	1.34	5.74
<b>Total</b>	<b>16.84</b>	<b>3.23</b>	<b>13.61</b>

Impairment loss allowance as at May 29, 20019 is Nil

As at March 31, 2020, other trade receivables included in the financial statements of RECTPCL for which there is no Expected Credit Loss amounts to ₹ 3.93 crore (₹ 22.90 crore as on 31.03.2019)

### B. In respect of subsidiary PFCCL

Concentration of credit risk with respect to trade receivables are limited, due to PFCCL's customer base comprises, mainly state electricity boards owned by state governments and other government owned enterprises. PFCCL's historical experience of collecting receivables is that credit risk is low.

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Subsequent to initial recognition, PFCCL recognises expected credit loss (ECL) on financial assets especially on trade receivables other than related parties. ECL is recognised at 100% on the trade receivables due for more than 2 years and 50% on the trade receivables due for more than one year and less than 2 years.

**Ageing analysis of Trade receivables is as follows:**

(₹ in crore)				
Particulars	0 to 1 year	1 to 2 year	More than 2 years	Total
Gross carrying amount as at 31 March 2020	25.78	1.58	5.65	33.02
Gross carrying amount as at March 31, 2019	29.61	0.06	6.68	36.35

**Movement in the expected credit loss allowance**

(₹ in crore)			
Particulars	As at 31 March 2020	As at March 31, 2019	
Balance at the beginning of the year	6.71	7.22	
- Impairment allowance reversal	0.27	1.12	
- Impairment losses recognised	-	0.61	
<b>Balance at the end of the year</b>	<b>6.44</b>	<b>6.71</b>	

## 41.2.2 Liquidity Risk

Liquidity risk is the risk that the Group doesn't have sufficient financial resources to meet its obligations as and when they fall due. The risk arises from the mismatches in the timing of the cash flows which are inherent in all financing operations and can be affected by a range of company specific and market wide events.

### A. In respect of PFC,

In order to effectively manage liquidity risk, PFC endeavours to maintain sufficient cash flows to cover maturing liabilities without incurring unacceptable losses or risking damage to PFC's reputation and also endeavours to maintain a diversified fund base by raising resources through different funding instruments. The adequacy of the PFC's liquidity position is determined keeping in view the following factors:

- Current liquidity position;
- Anticipated future funding needs
- Present and future earning capacity; and
- Available sources of funds.

PFC manages its day to day liquidity to ensure that PFC has sufficient liquidity to meet its financial obligation as & when due. The long-term liquidity is managed keeping in view the long-term fund position and the market factors. This is in line with the Board approved framework and breaches, if any, are to be reported to the Board of Directors. PFC has never defaulted in servicing of its borrowings.

Further, for overall liquidity monitoring and supervision, PFC has an Asset Liability Committee (ALCO) headed by Director (Finance). The ALCO tracks the liquidity risk by analysing the maturity or cash flow mismatches of its financial assets and liabilities. The mis-matches are analysed by way of liquidity statements prescribed by RBI, wherein the cumulative surplus or deficit of funds is arrived at by distributing the cash flows against outstanding financial assets and financial liabilities according to the maturity ladder.

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- (i) The following table analyses the maturity pattern of items of financial liabilities by remaining maturity of contractual principal on an undiscounted basis:

(₹ in crore)

Particulars	Up to 30/31 Days	Over 1 Month Up to 2 Months	Over 2 Months Up to 3 Months	Over 3 Months & Up to 6 Months	Over 6 Months & Up to 1 Year	Over 1 Year & Up to 3 Years	Over 3 Years & Up to 5 Years	Over 5 Years	Total
<b>As at 31.03.2020</b>									
Domestic Borrowings	8,046.86	5,988.50	10,845.00	17,351.67	5,305.25	57,474.09	60,813.03	90,071.03	<b>2,55,895.43</b>
Foreign Currency Borrowings	5.40	-	6.09	1,130.79	2,156.10	11,493.88	10,231.67	22,676.86	<b>47,700.79</b>
<b>As at 31.03.2019</b>									
Domestic Borrowings	21,785.18	4,915.00	7,495.20	10,292.05	19,088.10	76,608.05	32,730.60	87,160.38	<b>2,60,074.56</b>
Foreign Currency Borrowings	696.50	-	2,080.35	-	3,468.40	4,971.67	9,235.95	8,373.99	<b>28,826.86</b>

In the above table, bonds with put & call option have been shown considering the earliest exercise date. Further, the commercial papers and zero coupon bonds have been shown at the maturity value.

- (ii) The following table analyses the maturity pattern of Derivative financial liabilities:

(₹ in crore)

Particulars	Up to 1 year	1 - 5 years	More than 5 years	Total
<b>As at 31.03.2020</b>				
Forward	20.23	-	-	<b>20.23</b>
Option/ swaps	36.17	543.42	-	<b>579.59</b>
<b>Total</b>				<b>599.82</b>
<b>As at 31.03.2019</b>				
Forward	86.75	148.70	-	<b>235.45</b>
Option/swaps	1.89	268.25	-	<b>270.14</b>
<b>Total</b>				<b>505.59</b>

The above table details PFC's liquidity analysis for its derivative financial liabilities based on MTMs received from counterparties. Maturity buckets are as per the remaining tenor of the respective derivative instrument.

- (iii) PFC has access to cash credit, overdraft, line of credits and working capital demand loans from banks to meet unanticipated liquidity need. Further, PFC has the highest Domestic Credit Rating of AAA, thereby enabling it to mobilise funds from the domestic market within a short span of time.

The Company has access to the following undrawn borrowing facilities:

(₹ in crore)

Description	As at 31.03.2020	As at 31.03.2019
CC/OD/LoC/WCDL limits	5,270.00	6,950.00

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## B. In respect of subsidiary, RECL

RECL manages its liquidity risk through a mix of strategies, including forward-looking resource mobilisation based on projected disbursements and maturing obligations. RECL has put in place an effective Asset Liability Management System and has also constituted an Asset Liability Management Committee (“ALCO”) which monitors the liquidity risk with the help of liquidity gap analysis.

RECL maintains adequate bank balances, Short-term investments that are readily convertible into cash and adequate borrowing and overdraft facilities by continuously monitoring the forecast and actual cash flows.

### (i) Maturity Pattern of Future Undiscounted Cash Flows

The cash flows towards items of financial assets and liabilities (representing future undiscounted cash flows towards principal and interest) are as under:

(₹ in crore)

As at 31.03.2020	Up to 30/31 Days	Over 1 Month Up to 2 Months	Over 2 Months Up to 3 Months	Over 3 Months Up to 6 Months	Over 6 Months Up to 1 Year	Over 1 Year & Up to 3 Years	Over 3 Years & Up to 5 Years	Over 5 Years	Total
<b>Rupee Borrowings</b>									
Debt Securities									
- Principal	463.40	503.64	5,940.51	12,739.42	19,109.00	57,825.05	36,677.47	58,147.32	<b>1,91,405.81</b>
- Interest	622.04	937.01	2,166.66	3,488.47	7,032.41	21,092.29	14,197.97	19,934.11	<b>69,470.96</b>
Other Borrowings									
- Principal	505.06	600.06	500.06	2,160.05	1,567.16	11,454.33	5,820.02	10,050.02	<b>32,656.76</b>
- Interest	342.74	130.49	352.45	383.51	1,107.43	3,565.31	2,027.49	3,708.64	<b>11,618.06</b>
Subordinated Liabilities									
- Principal	-	-	-	-	-	-	2,500.00	2,151.20	<b>4,651.20</b>
- Interest	-	201.50	-	-	192.96	788.93	587.95	772.38	<b>2,543.72</b>
<b>Foreign Currency Borrowings</b>									
Debt Securities									
- Principal	-	-	-	-	3,015.44	-	13,946.39	5,653.95	<b>22,615.78</b>
- Interest	-	138.14	112.53	200.74	453.70	1,620.81	1,261.85	642.18	<b>4,429.95</b>
Other Borrowings									
- Principal	-	565.39	609.10	4,013.52	8,505.00	6,642.72	7,812.60	587.58	<b>28,735.91</b>
- Interest	45.09	36.08	46.93	223.97	236.64	518.73	201.15	17.93	<b>1,326.52</b>
<b>Derivative Liabilities:</b>									
Interest rate swaps	-	-	-	0.00	58.63	190.17	337.26	0.00	<b>586.06</b>
Others -									
Reverse cross currency swap	-	-	-	-	-	-	75.15	664.52	<b>739.67</b>

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(₹ in crore)

As at 31.03.2019	Up to 30/31 Days	Over 1 Month Up to 2 Months	Over 2 Months Up to 3 Months	Over 3 Months Up to 6 Months	Over 6 Months Up to 1 Year	Over 1 Year & Up to 3 Years	Over 3 Years & Up to 5 Years	Over 5 Years	Total
<b>Rupee Borrowings</b>									
<b>Debt Securities</b>									
- Principal	3,256.39	525.21	2,294.33	9,272.90	20,218.27	65,194.54	25,107.93	49,187.62	<b>1,75,057.19</b>
- Interest	484.75	912.75	1,840.88	2,754.00	6,877.86	19,633.29	11,001.43	13,288.00	<b>56,792.96</b>
<b>Other Borrowings</b>									
- Principal	-	350.00	500.00	850.00	200.01	4,257.52	13,405.02	5,187.59	<b>24,750.14</b>
- Interest	133.77	129.71	355.81	388.00	975.00	3,673.00	2,176.00	2,055.00	<b>9,886.29</b>
<b>Subordinated Liabilities</b>									
- Principal	-	-	-	-	-	-	2,500.00	2,151.20	<b>4,651.20</b>
- Interest	-	201.50	-	-	189.26	782.00	782.00	945.00	<b>2,899.76</b>
<b>Foreign Currency Borrowings</b>									
<b>Debt Securities</b>									
- Principal	-	-	-	-	-	2,766.85	4,841.99	5,187.85	<b>12,796.69</b>
- Interest	-	126.06	42.33	108.00	279.00	1,052.00	1,281.00	807.00	<b>3,695.39</b>
<b>Other Borrowings</b>									
- Principal	-	1,729.28	71.11	1,058.63	2,444.00	10,423.28	6,234.49	-	<b>21,960.79</b>
- Interest	43.40	54.77	42.07	229.00	290.00	734.00	278.00	-	<b>1,671.24</b>
<b>Derivative Liabilities:</b>									
Interest rate swaps	-	-	-	0.59	6.26	10.19	110.01	3.11	<b>130.16</b>
Currency swaps	-	-	-	-	-	0.41	-	-	<b>0.41</b>
Forward Contracts	10.26	-	-	-	-	-	-	-	<b>10.26</b>
Others -	-	-	-	-	-	-	-	-	<b>-</b>
Seagull Option	-	-	-	0.37	18.20	-	-	-	<b>18.57</b>

Bonds with put & call option have been shown considering the earliest exercise date. The liquidity analysis for derivative financial liabilities is based on fair values of the derivative contracts and the maturity buckets have been derived on the basis of the remaining tenor of the respective derivative instrument.

(ii) Significant cash flows required for financial liabilities shall be funded through the undiscounted cash flows (principal and interest) from loans as below:

(₹ in crore)

Particulars	Up to 30/31 Days	Over 1 Month Up to 2 Months	Over 2 Months Up to 3 Months	Over 3 Months Up to 6 Months	Over 6 Months Up to 1 Year	Over 1 Year & Up to 3 Years	Over 3 Years & Up to 5 Years	Over 5 Years	Total
<b>As at 31.03.2020</b>									
- Principal	590.00	306.00	3,638.03	7,626.38	15,889.84	63,791.10	55,014.93	1,63,572.36	<b>3,10,428.64</b>
- Interest	613.00	250.00	6,103.36	7,819.74	14,756.16	51,025.65	38,311.76	71,028.36	<b>1,89,908.03</b>
<b>As at 31.03.2019</b>									
- Principal	1,654.88	1,316.82	3,073.31	7,365.12	13,781.11	55,904.77	50,995.33	1,35,620.42	<b>2,69,711.76</b>
- Interest	866.67	684.94	5,324.18	6,853.48	12,557.11	43,097.02	31,940.32	53,720.12	<b>1,55,043.84</b>

The principal cash flows relating to Stage III assets, net of Expected Credit Loss have been considered in over 5 years bucket irrespective of the maturity date.



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## (iii) Financing arrangements

RECL had access to the following undrawn borrowing facilities at the end of the reporting period:

Particulars	₹ in crore)	
	As at 31.03.2020	As at 31.03.2019
Expiring within one year (cash credit and other facilities) Floating Rate	8,780.00	11,440.00
Expiring beyond one year (loans/ borrowings) Floating Rate	497.82	1,577.11

## C. In respect of subsidiary PFCCL

PFCCL maintained a cautious liquidity strategy, with a positive cash balance throughout the year ended 31 March 2020 and March 31, 2019. Cash flow from operating activities provides the funds to service the financial liabilities on a day-to-day basis.

### 41.2.3 Market Risk – Foreign Currency Risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument, denominated in currency other than functional currency, will fluctuate because of changes in foreign exchange rates.

**41.2.3.1.** The Company and its subsidiary, RECL is exposed to foreign currency risk mainly on its borrowings denominated in foreign currency. The carrying amount of the foreign currency denominated borrowings of these companies is as follows:

Description	As at 31.03.2020		As at 31.03.2019	
	crore in respective currency	₹ in crore	crore in respective currency	₹ in crore
<b>USD Loans</b>	<b>1,230.25</b>	<b>92,743.53</b>	<b>844.20</b>	<b>58,388.34</b>
– Hedged	612.00	46,136.17	577.00	39,907.94
– Unhedged	618.25	46,607.36	267.20	18,480.40
<b>Euro Loans</b>	<b>6.64</b>	<b>550.95</b>	<b>8.62</b>	<b>669.04</b>
– Hedged	2.97	246.69	4.80	373.00
– Unhedged	3.67	304.26	3.82	296.04
<b>JPY Loans</b>	<b>7,720.32</b>	<b>5,377.20</b>	<b>7,250.76</b>	<b>4,527.02</b>
– Hedged	2,519.05	1,754.51	2,059.05	1,286.33
– Unhedged	5,201.27	3,622.69	5,191.71	3,240.69
<b>SGD Loans</b>	<b>7.21</b>	<b>380.80</b>	-	-
– Hedged	7.21	380.80	-	-
– Unhedged	-	-	-	-
<b>Total</b>		<b>99,052.48</b>		<b>63,584.40</b>

### 41.2.3.2. Foreign currency risk monitoring and management

#### A. In respect of PFC

PFC has put in place a Board approved Currency Risk Management (CRM) policy to manage and hedge risks associated with foreign currency borrowings which prescribes the structure and organisation for management of associated risks.

PFC enters into various derivative transactions viz. principal only swaps, options and forward contracts for hedging the exchange rate risk. As per CRM policy, a system for reporting and monitoring of risks is in place wherein Risk Management Committee (RMC), consisting of senior executives of PFC, monitors the foreign currency exchange rate. These derivative transactions are done for hedging purpose and not for trading or speculative purpose. The policy lays down the appropriate systems and controls to identify, measure and monitors, the currency risk for reporting to the Management. Parameters like hedging ratio,

# Notes to the Consolidated Financial Statements

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un-hedged exposure, mark-to market position, exposure limit with banks etc. are continuously monitored as a part of currency risk management.

The foreign currency monetary items are translated at prevailing rate at the year-end as below in respect of PFC:

Exchange Rates	As at 31.03.2020	As at 31.03.2019
USD/INR	75.3859	69.1550
Euro/INR	83.0496	77.6725
JPY/INR	0.6965	0.6242

## B. In respect of subsidiary, RECL

RECL has a board-approved Risk Management Policy which inter alia aims to manage risks associated with foreign currency borrowings. Parameters like hedge ratio, un-hedged exposure, marked-to-market position, exposure limit with banks etc. are monitored as a part of foreign exchange risk and interest rate risk management. This policy provides the guiding parameters within which the Company can take decisions for managing the Currency Risk and interest risk that it is exposed to on account of foreign currency loan, including debt securities. The purpose of the policy is to provide a framework to the Company for management of its foreign currency risk and interest rate risk.

An Asset Liability Management Committee (ALCO) is currently functioning under the chairmanship of CMD, Director (Finance), Director (Technical), Executive Directors and General Managers from Finance and Operating Divisions as its members. ALCO monitors foreign currency risk with exchange rate and interest rate managed through various derivative instruments. The Company enters into various derivative transactions to cover exchange rate through various instruments like foreign currency forwards contracts, currency options, principal only swaps and forward rate agreements. These derivative transactions are done for hedging purpose and not for trading or speculative purpose.

The foreign currency monetary items are translated at prevailing rate at the year-end as below in respect of RECL:

Exchange Rates	As at 31.03.2020	As at 31.03.2019
USD/INR	75.3859	69.1713
Euro/INR	83.0496	77.7024
JPY/INR	0.6965	0.6252
SGD/INR	52.8342	51.1422

### 41.2.3.3. Foreign Currency Sensitivity Analysis

The table below represents the impact on group's total equity (+ Gain/(Loss) for 5% change in foreign currency exchange rate against INR on unhedged portfolio of outstanding foreign currency borrowings:

Foreign Currency Liabilities	As at 31.03.2020		As at 31.03.2019	
	Decrease	Increase	Decrease	Increase
USD	2,091.12	(2,091.12)	747.57	(747.57)
Euro	12.56	(12.56)	11.35	(11.35)
JPY	180.14	(180.14)	160.39	(160.39)
SGD	-	-	-	-
<b>Total</b>	<b>2,283.82</b>	<b>(2,283.82)</b>	<b>919.31</b>	<b>(919.31)</b>

(₹ in crore)

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## 41.2.4 Market Risk – Interest Rate Risk

Interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in interest rates.

### A. In respect of PFC

- (i) Interest rate risk is managed with the objective to control market risk exposure while optimising the return. The impact may be beneficial or adverse depending on the direction of change in interest rates and whether assets or liabilities re-price faster.

The Asset Liability Committee (ALCO) tracks the interest rate risk through the gap analysis i.e. by analysing the mis-matches between Rate Sensitive Assets and Rate Sensitive Liabilities. For gap analysis, the interest rate sensitivity statement prescribed by RBI is used, wherein the gap is measured between the Rate Sensitive Assets and Rate Sensitive Liabilities which are distributed based on the maturity date or the re-pricing date whichever is earlier.

Further, for managing the interest rate risk, PFC reviews its interest rates periodically based on prevailing market conditions, borrowing cost, yield, spread, competitors' rates, etc. The asset mix is managed by PFC through its interest rate & credit policies which inter alia covers aspects like reset periods; repayment periods, prepayment premium etc. The liabilities are managed keeping in view factors like cost, market appetite, timing, market scenario, ALM gap position etc.

- (ii) Interest Rate Sensitivity Analysis  
As per RBI Guidelines, Earning at Risk (EaR) is an important focal point for interest risk management. For Interest Rate Sensitivity analysis, the impact of movement of interest rates has been measured on the Earning at Risk derived from the gap statements. The impact has been worked out considering 25 basis upward/downward shock to interest rates over a one-year period, assuming a constant balance sheet. The analysis shows that if rates are increased/decreased by 25 bps, the impact on EaR will be (+/-) ₹ 73.08 crore. (As at 31.03.2019 (+/-) ₹ 70.00 crore)

The analysis assumes that the Rate Sensitive Assets and Rate Sensitive Liabilities are being re-priced at the same time. Further, the analysis considers the earliest/first re-pricing date of the Rate Sensitive Assets and Rate Sensitive Liabilities.

Note: A 25 basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates.

### B. In respect of subsidiary, RECL

- (i) RECL manages its interest rate risk through various derivative contracts like interest rate swap contracts, forward interest rate contracts to minimise the risk of fluctuation in interest rates.

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The table below shows the overall exposure of RECL to interest rate risk on the floating rate liabilities, along with the bifurcation under hedged/ un-hedged category as at March 31, 2020 is as under:

(Foreign Currency & INR Equivalent in ₹ crore)

Currency	As at 31.03.2020			As at 31.03.2019		
	Floating Interest Rate Exposure	Hedged through Derivatives	Unhedged Exposure	Floating Interest Rate Exposure	Hedged through Derivatives	Unhedged Exposure
INR Borrowings	<b>19,899.78</b>	-	<b>19,899.78</b>	<b>19,550.00</b>	-	<b>19,550.00</b>
USD \$	324.19	283.00	41.19	298.00	200.50	97.50
INR Equivalent	<b>24,439.81</b>	<b>21,334.21</b>	<b>3,105.60</b>	<b>20,613.05</b>	<b>13,868.85</b>	<b>6,744.20</b>
JPY ¥	1,032.71	1,032.71	-	1,032.71	1,032.71	-
INR Equivalent	<b>719.28</b>	<b>719.28</b>	-	<b>645.65</b>	<b>645.65</b>	-
SGD \$	7.20	7.20	-	-	-	-
INR Equivalent	<b>380.83</b>	<b>380.83</b>	-	-	-	-
<b>Total INR Equivalent</b>	<b>45,439.70</b>	<b>22,434.32</b>	<b>23,005.38</b>	<b>40,808.70</b>	<b>14,514.50</b>	<b>26,294.20</b>

RECL's lending portfolio carries interest at semi-fixed rate i.e. fixed rate of interest with 1/3/10 year reset option with the borrower. RECL reviews its lending rates periodically based on prevailing market conditions, borrowing cost, yield, spread, competitors' rates, sanctions and disbursements etc. In order to manage pre-payment risks, RECL charges pre-payment premium from borrowers in case of pre-payment of loan. The interest rate risk is managed by the analysis of interest rate sensitivity gap statements and by evaluating the creation of assets and liabilities with a mix of fixed and floating interest rates.

RECL is exposed to interest rate risk on following Loan Assets which are at semi-fixed rates:

(₹ in crore)

Description	As at 31.03.2020	As at 31.03.2019
Rupee Loans	3,12,065.92	2,79,021.68

## (ii) Sensitivity Analysis

The table below represents the impact on P&L (Gain/(Loss)) for 50 basis points increase or decrease in interest rate on RECL's floating rate assets and liabilities on the unhedged exposures:

(₹ in crore)

Particulars	As at 31.03.2020		As at 31.03.2019	
	Increase	(Decrease)	Increase	(Decrease)
Floating Rate Loan Liabilities	(86.08)	86.08	(85.53)	85.53
Floating/semi-fixed Rate Loan Assets	1,167.63	(1,167.63)	907.60	(907.60)

\*Holding all other variables constant

The above sensitivity analysis has been prepared assuming that the amount outstanding at the end of the reporting period remains outstanding for the whole year. A 50 basis point increase or decrease represents management's assessment of the reasonably possible change in interest rates.

### 41.2.5 Market Risk - Price risk

- (i) The Group is exposed to price risks arising from investments in listed equity shares and units of venture capital funds. Refer Note 13 'Investments' for Group's exposure to the same. The Group's equity investments are held for strategic rather than trading purposes.

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## (ii) Sensitivity Analysis

The table below represents the impact on consolidated P&L and OCI for 5% increase or decrease in the respective prices on Group's equity investments, outside the group and units of venture capital funds:

Particulars	(₹ in crore)			
	As at 31.03.2020		As at 31.03.2019	
	Increase	(Decrease)	Increase	(Decrease)
Impact on P&L	2.22	(2.22)	-	-
Impact on OCI	61.48	(61.48)	83.82	(83.82)

## 41.3 Hedge Accounting

Derivatives are measured at FVTPL unless designated under Hedge Accounting relationship. The Group uses combination of Principal only Swaps, Foreign Currency Options Structures, Forward Contracts, Cross Currency Swap and Interest Rate swaps to hedge its exposure to foreign currency and interest rate risk. For option contracts, the Group designates only the intrinsic value of option contracts as a hedged item by excluding the time value of the option. The changes in the fair value of the aligned time value of the option are recognised in other comprehensive income and accumulated in the cost of hedging reserve. The time value of the options at the inception of the hedging relationship is reclassified to profit or loss on a straight-line basis.

### (i) The table below provides Movement in Cash Flow Hedge Reserve for PFC and subsidiary RECL

Sr. No.	Particulars	(₹ in crore)	
		FY 2019-20	FY 2018-19
1	Cash flow hedge reserve at the beginning (Gross of Tax)	(77.08)	-
2	Hedging gains/ loss recognised in OCI	704.39	(163.7)
3	Amount reclassified from OCI to P&L*	1,053.25	(86.61)
4	Effective portion of gain/(loss) on hedging instrument (2-3)	(348.86)	(77.09)
5	Cash flow hedge reserve at the end (1+4)	(425.94)	(77.09)
6	Cash flow hedge reserve at the end (net of tax)	(318.74)	(50.15)
	- attributable to the owner	(211.65)	(50.15)
	- attributable to the non-controlling interests	(107.09)	-

\* Forms part of line item 'Net Translation/ Transaction Exchange Gain/ Loss' ₹ 1059.36 crore for FY 2019-20 (₹ (86.63) crore for FY 2018-19) and 'Finance cost' ₹ (6.11) crore (₹ 0.02 crore for FY 2018-19) in the Consolidated Statement of Profit and Loss

### (ii) The table below provides Movement in Cost of Hedging Reserve for PFC and subsidiary RECL

Sr. No.	Particulars	(₹ in crore)	
		FY 2019-20	FY 2018-19
1	Opening Balance	-	-
2	Add: Change in deferred time value of foreign currency option structures	(382.41)	-
3	Less: Amortisation of time value	108.80	-
4	Less: Deferred tax relating to above (net)	68.86	-
5	Closing Balance	(204.75)	-
	- attributable to the owner	(107.76)	-
	- attributable to the non-controlling interests	(56.71)	-

## A. In respect of PFC

### (i) Hedge Effectiveness

By critical terms matching method (where principal terms of the hedging instrument and the hedged item are same), PFC ensures that the hedges are highly effective i.e. hedge ratio is nearly 100% and the same is re-assessed at each reporting date.

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## (ii) Details of hedging instrument designating as Cash flow hedge

Sr. No.	Particulars	Nominal Amount (₹ in crore)	Carrying Amount		Date of maturity	Weighted Average Rate/Strike Price
			Assets (₹ in crore)	Liabilities (₹ in crore)		
1.	POS	1,884.65	120.04	-	26.09.2023	4.12%
2.	POS	1,884.65	141.60	-	28.06.2022	4.53%
3.	POS	2,261.58	166.47	-	13.09.2024	4.43%
4.	IRS	1,884.65	-	183.34	26.09.2023	3.15%
5.	IRS	1,884.65	-	50.23	28.06.2022	1.76%

## (iii) Profile of timing of nominal amount of hedging instrument

Description (including derivative)	(₹ in crore)	
	As at 31.03.2020	As at 31.03.2019
<b>POS</b>		
Up to 1 year	-	-
1 - 5 years	6,030.88	1,884.65
More than 5 years	-	-
<b>Sub-Total (A)</b>	<b>6,030.88</b>	<b>1,884.65</b>
<b>IRS</b>		
Up to 1 year	-	-
1 - 5 years	3,769.30	1,884.65
More than 5 years	-	-
<b>Sub-Total (B)</b>	<b>3,769.30</b>	<b>1,884.65</b>
<b>Total (A+B)</b>	<b>9,800.18</b>	<b>3,769.30</b>

## B. In respect of subsidiary, RECL

RECL has established a hedge ratio of 1:1 for the hedging relationships as the underlying risk and notional amount of the hedging instruments are identical to the hedged items. Hedge ineffectiveness is determined at the inception of the hedge relationship, and through periodic prospective effectiveness assessments to ensure that an economic relationship exists between the hedged item and hedging instrument. RECL applies the effectiveness testing strategies by analysing the behaviour of the hedging instrument and hedged item using regression analysis based dollar offset method for option structures.

## (i) Effects of hedge accounting on balance sheet as at 31.03.2020

Type of hedge and risks	Notional Amount (in million)	Carrying amount of hedging instruments		Maturity dates	Hedge ratio	Weighted average strike price/ rate	Change in fair value of hedging instruments	Change in value of hedged item used as the basis for recognising hedge effectiveness
		Assets	Liabilities					
<b>Cash flow hedge</b>								
<b>Foreign exchange and interest rate risk</b>								
(i) Seagull Structure	USD 141.00	1,494.84	-	May 2020 - Mar 2025	1:1	71.88	213.14	(213.14)
	JPY 1,032.71	167.37	-	Aug 2023	1:1	0.62	10.3	(10.3)
Call Spread	USD 25.00	97.16	-	Mar 2024	1:1	71.94	81.36	(81.36)

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Type of hedge and risks	Notional Amount (in million)	Carrying amount of hedging instruments		Maturity dates	Hedge ratio	Weighted average strike price/ rate	Change in fair value of hedging instruments	Change in value of hedged item used as the basis for recognising hedge effectiveness
		Assets	Liabilities					
(ii) Cross Currency swaps	USD 100.00	-	(297.86)	Dec 2020- Mar 2025	1:1	3.67%	(175.35)	175.22
	JPY 1,032.71	-	(5.28)	Aug 2023	1:1	0.42%	(1.29)	1.29
	SGD 7.21	2.32	-	Mar 2025	1:1	1.18%	2.32	(2.32)
(iii) Interest rate swaps	USD 126.00	5.24	(134.45)	Jul 2020 - Jul 2024	1:1	2.35%	(185.91)	185.91

## 41.4 Fair Value Measurements

Some of the Group's financial assets and financial liabilities are measured at fair value at the end of each reporting period. The following table gives information about how the fair values of these financial assets and financial liabilities are determined (in particular, the valuation technique(s) and inputs used).

Sr. No.	Financial asset/ Financial Liability- Recurring fair value	Fair Value as at		Fair value hierarchy (Refer Note 6.1)	Valuation technique(s) & Key input(s)
		31.03.2020	31.03.2019		
1	Listed Equity Instruments	1,261.51	1,664.04	Level 1	Group's investments in shares of PTC India, NHPC Ltd., Coal India Ltd., HUDCO, Indian Energy Exchange Ltd. Etc. are measured at their respective quoted market price
2	Unlisted Equity Instruments	0.00	0.00	Level 3	Power Exchange India Ltd. – PFC has calculated the value as Nil on the basis of the financial statements of the investee company. Universal Commodity Exchange Ltd. (UCX) – RECL's investment has been carried at nil, as UCX was shut down in 2014, and it cease to exist as a going concern.
3	Optionally Convertible Cumulative Redeemable Preference Shares	145.99	0.00	Level 3	Rattan India Power Limited – Fair value has been calculated on the basis of discounted future cashflows as per terms of agreement.
4	Units of Small Is Beautiful Fund of KSK	12.24	12.36	Level 2	Net asset value (NAV) specified by the SIB fund.
5	Investment in Bonds	2,310.67	2,366.71	Level 3	The Group has made investment in bonds instruments. These bonds are listed on NSE/BSE. In absence of any trading activity in these bonds, quoted price for such bonds is not ascertainable. In absence of market interest rate for similar kind of bonds, the Group has considered the coupon rate as the present market rate and accordingly computed the fair value using the discounted cash flow method. Any increase in the discount rate will result in decrease in fair value and vice-versa.
6	Derivative Financial Instruments			Level 2	The fair value of these contracts is obtained from counterparty banks, who determine it using valuation models that use inputs which are observable for the contracts, such as interest rates and yield curves, implied volatilities etc.
	– Assets	5,182.27	2,370.56		
	– Liabilities	1,925.55	664.99		

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**41.4.1** There were no transfers between Level 1 and Level 2 fair value hierarchy in the period.

**41.4.2** Reconciliation of Financial Instruments fair valued through Level 3 inputs:

The following table shows the reconciliation of the opening and closing amounts of Level 3 financial assets and liabilities of the group measured at fair value:

Particulars	(₹ in crore)		
	Unlisted Equity investments	Investment in Bond Instruments	Investment in Unlisted optionally Convertible Cumulative Redeemable Preference Shares
<b>FY 2019-20</b>			
Opening Balance	0.00	2,366.71	-
Net interest income	-	256.06	1.50
Investment made during the year	-	-	127.15
Settlement	-*	(312.10)	-
Fair Value gain/ (loss)	-	-	17.34
<b>Closing Balance</b>	<b>-</b>	<b>2310.67</b>	<b>145.99</b>
Unrealised gains/ (loss) on balances held at the end of the period	(16.00)	10.67	18.84
<b>FY 2018-19</b>			
Opening Balance	-	2,310.46	-
Net interest income	-	255.85	-
Settlement	-	(199.60)	-
<b>Closing Balance</b>	<b>-</b>	<b>2,366.71</b>	<b>-</b>
Unrealised gains/ (loss) on balances held at the end of the period	(372.51)	66.71	-

\* Refer Note 13.5

**41.4.3** Fair Value of financial assets/ liabilities measured at amortised cost:

Asset/Liability	Fair value hierarchy	(₹ in crore)			
		As at 31.03.2020		As at 31.03.2019	
		Amortised Cost	Fair Value	Amortised Cost	Fair Value
Loans	3	6,46,196.11	6,44,517.94	5,73,661.28	5,71,316.92
Other financial assets	2	27,462.14	27,467.65	23,712.97	23,719.68
Debt Securities <sup>(a)</sup>	1/2	4,41,765.90	4,36,863.38	3,98,352.00	3,96,343.92
Borrowings other than debt securities <sup>(b)</sup>	2	1,40,666.72	1,47,033.71	1,27,007.23	1,27,446.14
Subordinated Liabilities	2	14,130.60	15,167.54	14,128.46	14,155.14

<sup>(a)</sup> Includes listed instruments with Level 1 fair value hierarchy

Foreign currency Notes (GMTN issuances) being fair valued as per closing prices as per Reuters.

<sup>(b)</sup> Includes foreign currency loans linked to LIBOR and multilateral agencies loans being valued at par.

- (i) The fair value of the above financial assets and financial liabilities have been determined in accordance with generally accepted pricing models based on a discounted cash flow analysis, with the most significant input being the discount rate that reflects the credit risk of counterparties except for the cases where quoted market prices are available.
- (ii) The carrying amounts of financial assets and financial liabilities other than those shown in the above table are considered to be a reasonable approximation of their fair values.



# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

## 42. RELATED PARTY DISCLOSURES

### 42.1 Related Parties:

#### Associates:

1 Bihar Mega Power Limited	2 Sakhigopal Integrated Power Company Limited
3 Orissa Integrated Power Limited	4 Ghogarpalli Integrated Power Company Limited
5 Jharkhand Infrapower Limited	6 Odisha Infrapower Limited
7 Coastal Tamil Nadu Power Limited	8 Deoghar Mega Power Limited
9 Bihar Infrapower Limited	10 Cheyyur Infra Limited
11 Deoghar Infra Limited	12 Tatiya Andhra Mega Power Limited
13 Chhattisgarh Surguja Power Limited	14 Coastal Maharashtra Mega Power Limited
15 Coastal Karnataka Power Limited	16 Vapi II North Lakhimpur Transmission Limited (through PFCCCL)
17 Karur Transmission Limited (incorporated on 20.11.2019) -(through PFCCCL)	18 Shongtong Karcham-Wangtoo Transmission Limited (under process of Striking off the name of Company from the records of Registrar of Companies) (through PFCCCL)
19 Bijawar-Vidarbha Transmission Limited (National Committee on Transmission (NCT) has already recommended for closure/de-notification of the scheme/ITP, however, formal gazette notification from MoP is awaited)- (through PFCCCL)	20 Koppal- Narendra Transmission Limited (incorporated on 18.11.2019) (through PFCCCL)
21 Tanda Transmission Company Limited (under process of Striking off the name of Company from the records of Registrar of Companies)- (through PFCCCL)	22 Bhuj-II Transmission Limited (transferred on 16.10.2019)- (through PFCCCL)
23 Fatehgarh-II Transco Limited (transferred on 14.10.2019)- (through PFCCCL)	24 Bikaner-Khetri Transmission Limited (transferred on 19.09.2019)- (through PFCCCL)
25 Lakadia-Vadodara Transmission Project Limited (transferred on 26.11.2019)- (through PFCCCL)	26 Meerut Simbhavali Transmission Limited (incorporated on 17.06.2019; transferred on 19.12.2019) (through PFCCCL)
27 Dumka Transmission Limited (through RECL)	28 Dinchang Transmission Limited (through RECL)
29 Koderma Transmission Limited (through RECL)	30 Chandil Transmission Limited (through RECL)
31 Mandar Transmission Limited (through RECL)	32 Khetri Transco Limited (transferred on 29.08.2019) (through RECL)
33 Bhindguna Transmission Limited (transferred on 11.09.2019) (through RECL)	34 Rampur Sambhal Transco Limited (incorporated on 02.05.2019 and transferred on 12.12.2019) (through RECL)
35 Jam Khambaliya Transco Limited (transferred on 13.11.2019) (through RECL)	36 Udupi Kasagode Transmission Limited (transferred on 12.09.2019) (through RECL)
37 Ajmer Phagi Transco Limited (transferred on 03.10.2019) (through RECL)	38 WRSS XXI (A) Transco Limited (transferred on 14.10.2019) (through RECL)
39 Lakadia Banaskantha Transco Limited (transferred on 13.11.2019) (through RECL)	

#### Joint Ventures:

1 Energy Efficiency Services Limited (EESL)	2 Creighton Energy Limited (through EESL)
3 EESL EnergyPro Assets Limited (through EESL)	4 Edina Acquisition Limited (through EESL)
5 Anesco Energy Services (South) Limited (through EESL)	6 Edina Limited (through EESL)
7 EPAL Holdings Limited (through EESL)	8 Edina Australia Pty Limited (through EESL)
9 Edina Power Services Limited (through EESL)	10 Stanbeck Limited (through EESL)
11 Edina UK Limited (through EESL)	12 Edina Power Limited (through EESL)
13 Armoura Holdings Limited (through EESL)	14 Edina Manufacturing Limited (through EESL)
15 EPSL Trigeration Private Limited (through EESL)	

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

Key Managerial Personnel (KMP):	Designation
<b>In respect of PFC,</b>	
1 Shri Rajeev Sharma (superannuated on 31.05.2020)	Chairman and Managing Director
2 Shri Ravinder Singh Dhillon (Director (Projects) from 12.06.2019 till 31.05.2020)	Chairman and Managing Director (w.e.f. 01.06.2020)
3 Shri N. B. Gupta	Director (Finance)
4 Shri P.K. Singh	Director (Commercial)
5 Shri Chinmoy Gangopadhyay (superannuated on 30.04.2019)	Director (Projects)
6 Shri Arun Kumar Verma (Up to 27.08.2019)	Government Nominee Director
7 Shri Mritunjay Kumar Narayan (w.e.f. 28.08.2019)	Government Nominee Director
8 Shri Sitaram Pareek (Up to 05.02.2020)	Part Time Non-Official Independent Director
9 Smt. Gouri Chaudhury	Part Time Non-Official Independent Director
10 Shri Ram Chandra Mishra (w.e.f. 11.07.2019)	Part Time Non-Official Independent Director
11 Shri Manohar Balwani	Company Secretary
<b>In respect of subsidiary RECL</b>	
1 Shri Ajeet Kumar Agarwal (Up to 31.05.2020)	Chairman & Managing Director and Director (Finance)
2 Shri Sanjeev Kumar Gupta	Director (Technical)
3 Shri Ajoy Choudhary (w.e.f. 01.06.2020)	Director (Finance)
4 Shri P.K. Singh (w.e.f. 18.06.2019)	PFC Nominee Director (Non-executive Director)
5 Shri Mritunjay Kumar Narayan (w.e.f. 02.09.2019)	Govt. Nominee Director (Non-executive Director)
6 Shri Arun Kumar Verma (Up to 01.09.2019)	Govt. Nominee Director (Non-executive Director)
7 Dr. Bhagvat Kishanrao (Up to 12.03.2020)	Part Time Non-Official Independent Director
8 Smt. Asha Swarup (Up to 08.02.2020)	Part Time Non-Official Independent Director
9 Shri Aravamudan Krishna (Up to 13.11.2019)	Part Time Non-Official Independent Director
10 Prof. T.T. Ram Mohan (Up to 13.11.2019)	Part Time Non-Official Independent Director
11 Shri J.S. Amitabh	Executive Director & Company Secretary
<b>In respect of subsidiary PFCCL</b>	
1 Shri Rajeev Sharma (superannuated on 31.05.2020)	Chairman
2 Shri N. B. Gupta	Director
3 Shri Chinmoy Gangopadhyay (superannuated on 30.04.2019)	Director
4 Shri Ravinder Singh Dhillon (w.e.f. 12.06.2019 Up to 31.05.2020) (Chairman w.e.f. 01.06.2020)	Director
5 Shri P.K. Singh	Director
6 Shri Yogesh Juneja	Chief Executive Officer
7 Shri Manish Kumar Agrawal	Company Secretary
<b>Trusts/Funds under control of PFC</b>	
1 PFC Employees Provident Fund	2 PFC Employees Gratuity Fund
3 PFC Defined Contribution Pension Scheme 2007	4 PFC Superannuation Medical Fund
<b>Trusts/Funds/ society of subsidiary RECL</b>	
1 REC Retired Employees' Medical Trust	2 REC Employees' Superannuation Trust
3 REC Gratuity Fund	4 REC Limited Contributory Provident Fund Trust
5 REC Foundation	
<b>Others</b>	
1 PTC India Limited	

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

## 42.2 Transactions with the Related Parties are as follows:

Inter Group related party transactions with subsidiaries are eliminated in the preparation of Consolidated Financial Statement of the Group. Hence the same has not been disclosed in Group related party transactions.

(₹ in crore)		
Particulars	During FY 2019-20	During FY 2018-19
<b>Joint Venture</b>		
Others	0.74	0.24
<b>Associates</b>		
Advances to associates	3.59	3.71
Recoveries of advances (including interest) from associates	14.92	-
Interest income on advances to associates	21.12	26.68
Advances received from Associates	8.65	30.62
Interest expenses on advances from associates	5.07	6.14
Income on transfer of associate	59.92	4.22
Others	5.95	6.09
<b>Trusts/Funds/ Foundations of the Group</b>		
Contributions made during the year	39.49	107.61
Others	9.13	129.6
<b>Key managerial personnel</b>		
Short-term employee benefits (i)	6.15	7.74
Post-employment benefits (ii)	0.64	0.67
Other long-term benefits (iii)	0.33	0.24
<b>Sub-Total (i+ii+iii)</b>	<b>7.12</b>	<b>-</b>
Repayment/ Recovery of loans and advances	0.11	0.09
Directors' Sitting Fees	0.33	0.36
Others	0.03	0.02
<b>PTC India Limited</b>		
Dividend received	4.80	-
Others	0.02	0.04

## 42.3 Outstanding balances with Related Parties are as follows:

Inter Group related party outstanding balances with subsidiaries are eliminated in the preparation of Consolidated Financial Statement of the Group. Hence the same has not been disclosed in Group Outstanding balances with related party.

(₹ in crore)		
Particulars	As at 31.03.2020	As at 31.03.2019
<b>Amount recoverable towards loans &amp; advances (including interest)</b>		
Associates	171.02	209.07
Key managerial personnel	0.84	0.98
Joint Venture	-	0.23
Trusts/Funds under control of the Group	4.21	-
<b>Amount payable towards loans &amp; advances (including interest)</b>		
Associates	169.11	188.20
Key managerial personnel	0.64	1.23
Trusts/Funds under control of the Group	66.08	39.35

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

## 42.4 Disclosure in respect of entities under the control of the same government (Government related entities)

Companies in the Group are Central Public Sector Undertaking (CPSU) controlled by Central Government. List of Government related entities with which the Group has done transactions, includes but not limited to:

Bhartiya Rail Bijlee Company Ltd.	Damodar Valley Corporation
Tehri Hydro Development Corporation	Power Grid Corporation of India Ltd.
Neyveli UP Power Ltd.	Bihar Grid Company Ltd.
Meja Urja Nigam Pvt Ltd.	Coal India Ltd.
Raichur Power Corporation Ltd.	NHPC Ltd.
NTPC Ltd.	Aravali Power Company Pvt Ltd.
NLC Tamil Nadu Power Limited	North East Transmission Company Ltd.
National High Power Test Laboratory Pvt. Ltd.	Neyveli Lignite Corporation Ltd.
Nabinagar Power Generating Co. Pvt. Ltd.	Singareni Collieries Company Ltd.
Bhilai Electric Supply Company Ltd.	NTPC Tamil Nadu Energy Company Ltd.
THDC India Ltd.	Patratu Vidut Utpadan Nigam Ltd.
NTPC Vidyut Vyapar Nigam Ltd.	MSTC Ltd.

### Significant transactions with entities under the control of same government:

Particulars	₹ in crore)	
	During FY 2019-20	During FY 2018-19
Disbursement of loans	4,770.51	8,011.46
Interest received	6,598.77	6,217.62

The above transactions with the government related entities cover transactions that are significant individually and collectively. The Group has also entered into other transactions such as telephone expenses, air travel and deposits etc. with other CPSUs. They are insignificant individually & collectively and hence not disclosed. All transactions are carried out on market terms.

## 42.5 Terms and conditions of transactions with related parties

- (i) Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions.
- (ii) The remuneration and staff loans to Key Managerial Personnel are in line with the service rules of the respective Companies.
- (iii) The Companies in the Group makes advances to its associate companies which are incorporated as SPVs to meet the preliminary expenditure. Such advances carry interest rates at the rate applicable to Term Loans as per the respective Company's policy.
- (iv) The interest and/or dividend paid to the Trusts and Key Managerial Personnel are on account of their investments in the debt securities and/or equity shares of the respective Company and the interest and/or dividend paid on such securities is uniformly applicable to all the holders.
- (v) Outstanding balances of group companies at the year-end are unsecured.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

## 43. EMPLOYEE BENEFITS

### 43.1 Defined contribution plans:

#### a) Pension

The Companies in the Group pays fixed contribution under the Corporate Sector Model of National Pension Scheme (NPS) for its pension obligation towards employees at pre-determined rates into the Tier-I NPS Account (Pension Account) of the employees.

#### b) Provident Fund

The Companies in the Group pays fixed contribution on account of provident fund at prescribed rates to a separate trusts, which invests the funds in permitted securities. These trusts have to ensure a minimum rate of return to the members, as specified by GoI. However, any shortfall for payment of interest to members as per specified rate of return has to be compensated by the Companies in the Group. The Companies in the Group estimates that no liability will arise in this regard in the near future and hence, no further provision is considered necessary.

The Group has recognised an expense in the Consolidated Statement of Profit and Loss of ₹ 28.32 crore (Previous year ₹ 25.69 crore) towards defined contribution plans.

### 43.2 Defined benefit plans:

#### a) Gratuity

The Companies in the Group have a defined gratuity scheme which is managed by a separate trust. Every employee who has rendered continuous service of five years or more is entitled to gratuity at 15 days salary for each completed year of service subject to a maximum of ₹ 0.20 crore on superannuation, resignation, termination, disablement or on death, considering the provisions of the Payment of Gratuity Act, 1972, as amended. The liability for the same is recognised on the basis of actuarial valuation.

Particulars	(₹ in crore)	
	As at 31.03.2020	As at 31.03.2019
(a) Present value of Defined benefit obligation	65.25	68.91
(b) Fair Value of Plan Assets	61.14	69.90
(c) Net Defined Benefit (Asset)/ Liability (a-b)	4.11	(0.99)

#### Movement in net defined benefit (asset)/ liability

Particulars	(₹ in crore)					
	Present value of Defined Benefit Obligation		Fair Value of Plan Assets		Net Defined Benefit (Asset)/ Liability	
	For the year ended		For the year ended		For the year ended	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019	31.03.2020	31.03.2019
<b>I. Opening Balance</b>	<b>68.91</b>	<b>78.16</b>	<b>69.90</b>	<b>72.73</b>	<b>(0.99)</b>	<b>5.43</b>
Included in profit or loss						
Current service Cost	4.05	4.41	-	-	4.05	4.41
Past service cost	-	-	-	-	-	-
Interest cost/income	5.02	6.03	5.41	5.60	(0.39)	0.43
<b>II. Total amount recognised in profit or loss</b>	<b>9.07</b>	<b>10.44</b>	<b>5.41</b>	<b>5.60</b>	<b>3.66</b>	<b>4.84</b>
Included in OCI						
Re-measurement loss/ (gain)	-	-	-	-	-	-
Actuarial loss (gain) arising from changes in financial assumptions	4.16	(0.25)	-	-	4.16	(0.25)

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(₹ in crore)

Particulars	Present value of Defined Benefit Obligation		Fair Value of Plan Assets		Net Defined Benefit (Asset)/ Liability	
	For the year ended		For the year ended		For the year ended	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019	31.03.2020	31.03.2019
Actuarial loss (gain) arising from experience adjustment	(2.33)	(3.50)	-	-	(2.33)	(3.50)
Effect of change in demographic assumptions	-	(2.70)	-	-	-	(2.70)
Return on plan assets excluding interest income	-	-	(0.44)	0.42	0.44	(0.42)
<b>III. Total amount recognised in OCI</b>	<b>1.83</b>	<b>(6.45)</b>	<b>(0.44)</b>	<b>0.42</b>	<b>2.27</b>	<b>(6.87)</b>
IV. Contribution by participants	-	-	-	2.84	-	(2.84)
V. Contribution by employer	-	-	0.82	1.55	(0.82)	(1.55)
VI. Benefits paid	(14.56)	(13.24)	(14.55)	(13.24)	(0.01)	-
<b>VII. Closing Balance (I+II+III+IV+V+VI)</b>	<b>65.25</b>	<b>68.91</b>	<b>61.14</b>	<b>69.90</b>	<b>4.11</b>	<b>(0.99)</b>

## b) Post-Retirement Medical Scheme (PRMS)

The Companies in the Group have Post-Retirement Medical Scheme (PRMS) to provide medical facilities to superannuated and deceased employees and their dependent family members. The liability for PRMS is recognised on the basis of actuarial valuation.

This scheme is managed by a separate trust. The trust has to ensure adequate corpus for meeting the medical expenditure incurred by the eligible employees. However, any short fall has to be compensated by the respective Company. The Companies in the Group estimates that no liability will arise in this regard in the near future and hence, no further provision is considered necessary.

(₹ in crore)

Particulars	As at 31.03.2020	As at 31.03.2019
(a) Present value of Defined benefit obligation	178.42	164.91
(b) Fair Value of Plan Assets	177.71	126.50
(c) Net Defined Benefit (Asset)/ Liability (a-b)	0.71	38.41

## Movement in net defined benefit (asset)/ liability

(₹ in crore)

Particulars	Present value of Defined Benefit Obligation		Fair Value of Plan Assets		Net Defined Benefit (Asset)/ Liability	
	For the year ended		For the year ended		For the year ended	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019	31.03.2020	31.03.2019
<b>I. Opening Balance</b>	<b>164.91</b>	<b>133.00</b>	<b>126.50</b>	<b>22.20</b>	<b>38.41</b>	<b>110.80</b>
Included in profit or loss						
Current service Cost	4.58	3.40	-	-	4.58	3.40
Past service cost	-	-	-	-	-	-
Interest cost/income	12.48	10.18	9.77	3.00	2.71	7.18
<b>II. Total amount recognised in profit or loss</b>	<b>17.06</b>	<b>13.58</b>	<b>9.77</b>	<b>3.00</b>	<b>7.29</b>	<b>10.58</b>
Included in OCI						
Re-measurement loss/ (gain)						
Actuarial loss (gain) arising from changes in financial assumptions	21.20	(5.87)	-	-	21.20	(5.87)

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(₹ in crore)

Particulars	Present value of Defined Benefit Obligation		Fair Value of Plan Assets		Net Defined Benefit (Asset)/ Liability	
	For the year ended		For the year ended		For the year ended	
	31.03.2020	31.03.2019	31.03.2020	31.03.2019	31.03.2020	31.03.2019
Actuarial loss (gain) arising from Experience adjustment	(13.53)	33.83	-	-	(13.53)	33.83
Effect of change in demographic assumptions	-	1.64	-	-	-	1.64
Return on plan assets excluding interest income	-	-	4.24	0.09	(4.24)	(0.09)
<b>III. Total amount recognised in OCI</b>	<b>7.67</b>	<b>29.60</b>	<b>4.24</b>	<b>0.09</b>	<b>3.43</b>	<b>29.51</b>
IV. Contribution by participants	-	-	31.81	96.78	(31.81)	(96.78)
V. Contribution by employer	-	-	6.95	6.53	(6.95)	(6.53)
VI. Benefits paid	(11.22)	(11.27)	(1.56)	(2.10)	(9.66)	(9.17)
<b>VII. Closing Balance (I+II+III+IV+V+VI)</b>	<b>178.42</b>	<b>164.91</b>	<b>177.71</b>	<b>126.50</b>	<b>0.71</b>	<b>38.41</b>

## c) Economic Rehabilitation Scheme (ERS)

The Companies in the Group have an Economic Rehabilitation Scheme (ERS) to provide monetary benefit in case of permanent disability/ death of an employee. This scheme is unfunded and the liability is determined based on actuarial valuation.

(₹ in crore)

Particulars	As at 31.03.2020	As at 31.03.2019
Present value of Defined benefit obligation	7.14	5.38

## Movement in defined benefit (asset)/ liability

(₹ in crore)

Particulars	Present value of Defined Benefit Obligation for the year ended	
	31.03.2020	31.03.2019
<b>Opening Balance</b>	5.38	5.01
Included in profit or loss		
Current service Cost	0.47	0.52
Past service cost	-	-
Interest cost/income	0.40	0.39
<b>Total amount recognised in profit or loss</b>	<b>0.87</b>	<b>0.91</b>
Included in OCI		
Actuarial loss (gain) arising from changes in financial assumptions	0.55	(0.02)
Actuarial loss (gain) arising from Experience adjustment	1.73	0.37
Effect of change in demographic assumptions	-	-
Return on plan assets excluding interest income	-	-
<b>Total amount recognised in OCI</b>	<b>2.28</b>	<b>0.35</b>
Contribution by participants	-	-
Contribution by employers	-	-
Benefits paid	(1.39)	(0.89)
<b>Closing Balance (I+II+III+IV+V+VI)</b>	<b>7.14</b>	<b>5.38</b>

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

## d) Risk exposure

Through its defined benefit plans, the Companies in the Group are exposed to a number of risks, the most significant of which are detailed below:

### i. Investment risk/ Asset Volatility Risk

Most of the plan asset investments are in government securities, other fixed income securities with high grades and mutual funds. The fair value of these assets is subject to volatility due to change in interest rates and other market & macro-economic factors. There is also a risk of asset liability matching i.e. the cashflow for plan assets does not match with cashflow for plan liabilities.

### ii. Changes in discount rate

The present value of defined benefit plan liabilities is calculated using a discount rate which is determined by reference to government bonds' yields at the end of the reporting period. A decrease (increase) in discount rate will increase (decrease) present values of plan liabilities, although this will be partially offset by an increase in the value of the plans' investments.

### iii. Mortality rate risk/ Longevity risk

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan participants will increase the plan's liability.

### iv. Salary escalation risk

The present value of the defined benefit plan liability is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the plan's liability.

## e) Plan Assets

The value of plan assets for each category, are as follows:

Particulars	₹ in crore)	
	As at 31.03.2020	As at 31.03.2019
Cash & Cash Equivalents	5.79	1.67
State/Central Government Debt Securities	31.33	28.67
Corporate Bonds/Debentures	164.95	119.95
Others	35.34	44.94
<b>Total</b>	<b>237.41</b>	<b>195.23</b>

Actual return on plan assets is ₹ 18.99 crore (previous year ₹ 9.02 crore).

## f) Significant Actuarial Assumptions

The most recent actuarial valuation of the plan assets and the present value of the defined benefit obligation were carried out as at 31.03.2020 by TransValue Consultants for PFC & RECL. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the projected unit credit method.



# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

The principal assumptions used for actuarial valuation are:-

## A. In respect of PFC

Particulars	Gratuity		PRMS		ERS	
	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
Discount Rate & expected return on plan assets, if funded	6.76%	7.81%	6.76%	7.81%	6.76%	7.81%
Salary Escalation Rate/ Medical inflation rate	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Mortality Rate	As per IALM (2012-14) Ultimate	As per IALM (2012-14) Ultimate	As per IALM (2012-14) Ultimate	As per IALM (2012-14) Ultimate	As per IALM (2012-14) Ultimate	As per IALM (2012-14) Ultimate
Withdrawal rate	0.01%	0.01%	0.01%	0.01%	0.01%	0.01%

## B. In respect of subsidiary, RECL

(₹ in crore)

Particulars	Gratuity		PRMS		ERS	
	2019-20	2018-19	2019-20	2018-19	2019-20	2018-19
Method used	PUCM					
Discount Rate & expected return on plan assets	6.72%	7.71%	6.72%	7.71%	6.72%	7.71%
Future Salary Escalation/medical inflation	6.00%	6.00%	6.00%	6.00%	6.00%	6.00%
Expected average remaining working lives of employees (years)	15.41	13.12	15.41	13.12	15.41	13.12

## g) Sensitivity Analysis

Reasonably possible changes at the reporting date to one of the relevant actuarial assumptions, holding other assumptions constant, would have affected the defined benefit obligation of PFC & RECL by the amounts shown below:

(₹ in crore)

Particulars	As at 31.03.2020		As at 31.03.2019	
	Increase	Decrease	Increase	Decrease
Discount rate (0.50% movement)				
- Gratuity	(1.90)	2.16	(1.88)	2.15
- PRMS	(13.21)	14.07	(3.44)	3.84
- ERS	(0.25)	0.29	(0.19)	0.22
Salary Escalation/ Medical inflation Rate (0.50% movement)				
- Gratuity	0.45	(0.40)	0.40	(0.32)
- PRMS	13.17	(12.54)	9.18	(8.56)
- ERS	0.27	(0.23)	0.20	(0.17)
Medical Cost (10% movement)				
- PRMS	18.58	(17.25)	16.49	(16.49)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

The Group actively monitors how the duration and expected yield of investments are matching the expected cash outflows arising from employee benefit obligations. Investments are well diversified, such that the failure of any single investment would not have a material impact on overall level of assets. There has been no change in the process used by the Group to manage its risks from prior periods.

## h) Expected maturity analysis of the defined benefit plans in future years

(₹ in crore)

Particulars	Gratuity		PRMS		ERS	
	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019	As at 31.03.2020	As at 31.03.2019
Up to 1 year	13.63	14.55	11.74	11.86	1.57	1.07
1 to 5 years	28.96	41.64	71.31	74.89	5.16	4.17
Over 5 years	82.53	79.99	286.01	295.50	8.49	5.71
<b>Total</b>	<b>125.12</b>	<b>136.18</b>	<b>369.06</b>	<b>382.25</b>	<b>15.22</b>	<b>10.95</b>

The table above is drawn on the basis of expected cash flows.

## i) Expected contributions to post-employment benefit plans

(₹ in crore)

Particulars	Gratuity		PRMS	
	FY 2019-20	FY 2018-19	FY 2019-20	FY 2018-19
Expected contribution	7.89	4.24	7.09	43.16

- j) The weighted average duration of the defined benefit plan obligation at the end of the reporting period is 16.02 years (as at 31.03.2019: 16.98 years) for PFC and 12.57 years (as at 31.03.2019: 12.76 years) for subsidiary, RECL.

## 43.3 Other long-term employee benefits

### a) Leave

The companies in the Group provides for earned leave benefit and half-pay leave benefit to the credit of the employees, which accrues on half-yearly basis at 15 days and 10 days respectively. A maximum of 300 days of earned leave can be accumulated at any point of time during the service. There is no limit for accumulation of half pay leave. On separation after 10 years of service or on superannuation, earned leave plus half pay leave taken together can be en-cashed subject to a maximum of 300 days. However, there is no restriction on the number of years of service for encashment of earned leave on separation from the service. Provision based on actuarial valuation amounting to ₹ 19.73 crore (previous year ₹ 17.55 crore) for the year has been made at the year end and debited to the Consolidated Statement of Profit and Loss.

### b) Other employee benefits

Provision for settlement allowance and long service awards amounting to ₹ 4.46 crore for the year (previous year ₹ 3.50 crore) has been made on the basis of actuarial valuation and debited to the Consolidated Statement of Profit and Loss.

- c) In case of RECPDCL and RECTPCL, the Loyalty incentive to the employees is payable after completion of three years of continuous service only, except in case of separation due to death. The payment of dues to outgoing employee is released at the time of separation. Expenses amounting to ₹ 0.15 crore (Previous year ₹ 0.18 crore) have been debited to the Consolidated Statement of Profit and Loss on the basis of actuarial valuation.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

**43.4** Employee benefits (viz. Gratuity, PRMS, Terminal Benefits, Leave encashment and other employee benefits) in respect of PFC's employees working in its wholly-owned subsidiary PFCL on deputation/secondment basis, are being allocated based on a fixed percentage of employee cost.

## 44. DISCLOSURE RELATED TO "INCOME TAXES"

**44.1** Income tax expense recognised in Consolidated Statement of Profit and Loss:

(₹ in crore)		
Particulars	FY 2019-20	FY 2018-19
<b>Current Tax expense in relation to:</b>		
Current Year	3,004.98	4,182.75
Adjustment of earlier years	83.02	(12.75)
<b>A. Total Current Tax Expense</b>	<b>3,088.00</b>	<b>4,170.00</b>
<b>B. Total Deferred Tax Expense</b>	<b>1,527.42</b>	<b>1,051.76</b>
<b>C. Total Income Tax Expense (A + B)</b>	<b>4,615.42</b>	<b>5,221.76</b>

**44.2** Income tax expense recognised in Consolidated Other Comprehensive Income:

(₹ in crore)		
Particulars	FY 2019-20	FY 2018-19
<b>Deferred Tax Credit</b>		
<b>(A) Items that will not be reclassified to Profit or Loss</b>		
- Re-measurement of Defined Benefit Plans	0.80	8.46
- Net Gain/(Loss) on Fair Value of Equity Instruments	12.39	(0.68)
- Share of Other Comprehensive Income/ (loss) of Joint Venture accounted for using equity method	0.05	-
<b>(B) Items that will be reclassified to Profit or Loss</b>		
- Effective Portion of Gains and (Loss) on Hedging Instruments in Cash Flow Hedge	80.27	26.93
- Cost of Hedging Reserve	68.86	-
<b>(C) Total Deferred Tax Credit (A+B)</b>	<b>162.32</b>	<b>34.71</b>

**44.3** Reconciliation of tax expense and accounting profit

Reconciliation between tax expense (income) and the product of accounting profit multiplied by the applicable tax rate:

(₹ in crore)		
Particulars	FY 2019-20	FY 2018-19
<b>Profit before Tax</b>	<b>14,092.67</b>	<b>17,862.03</b>
Applicable Tax Rate	25.17%	34.944%
<b>Tax using the applicable tax rate</b>	<b>3,546.84</b>	<b>6,241.71</b>
Tax effect of:		
Non-deductible tax expenses	119.18	62.84
Tax exempt income	(334.29)	(66.94)
Deduction u/s 36(1)(viii)	(722.94)	(1,013.90)
Others	(175.86)	13.12
Previous year tax liability	83.02	(12.75)
Change in tax rate*	1,795.36	(2.32)
Effect of eliminations	304.11	-
<b>Total tax expenses in the Consolidated Statement of Profit and Loss</b>	<b>4,615.42</b>	<b>5,221.76</b>

\*Applicable tax rate has decreased from 34.944% to 25.168% in the current financial year as the Companies in the Group has exercised the option permitted under Section 115BAA of the Income Tax Act, 1961 as introduced by the Taxation Laws (Amendment) Ordinance, 2019.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

## 44.4 Deductible temporary differences/unused tax losses/unused tax credits carried forward in respect of PFC

(₹ in crore)

Particulars	As at 31.03.2020	Expiry date	As at 31.03.2019	Expiry date
Deductible temporary differences/unused tax losses/ unused tax credits for which no deferred tax asset has been recognised	1.25	31.03.2024	1.25	31.03.2024
	2.54	31.03.2025	2.54	31.03.2025

## 44.5 Movement in Deferred Tax balances

### FY 2019-20

(₹ in crore)

Description	Net balance at 01.04.2019	Recognised in Profit or Loss	Recognised in OCI	Net balance at 31.03.2020
<b>(A) Deferred Tax Asset (+)</b>				
(i) Provision for expenses deductible on payment basis under Income Tax Act	41.22	(12.15)	12.47	41.54
(ii) Unamortised income on loans to borrowers	-	(12.04)	-	(12.04)
(iii) Impairment loss allowance on Financial instruments in excess of RBDD	7393.96	(1712.04)	-	5681.92
(iv) Depreciation and amortisation	(1.45)	2.03	-	0.58
(v) Fair value of derivatives (Net)	19.52	281.88	149.13	450.53
(vi) Others	-	20.64	-	20.64
<b>(B) Deferred Tax Liabilities (-)</b>				
(i) Lease income	(66.64)	18.65	-	(47.99)
(ii) Unamortised Exchange Loss (Net)	(538.45)	(275.57)	-	(814.02)
(iii) Financial assets and liabilities measured at amortised cost	(371.51)	118.05	-	(253.46)
(iv) Others	(106.91)	43.13	0.72	(62.39)
<b>Net Deferred Tax liabilities (-) /Assets (+)</b>	<b>6369.74</b>	<b>(1,527.42)</b>	<b>162.32</b>	<b>5,005.31</b>

### FY 2018-19

(₹ in crore)

Description	Net balance at 01.04.2018	Recognised in Profit or Loss	Recognised in OCI	Net balance at 31.03.2019
<b>(A) Deferred Tax Asset (+)</b>				
(i) Provision for expenses deductible on payment basis under Income Tax Act	29.50	10.03	1.69	41.22
(ii) Impairment allowance on Financial instruments in excess of RBDD	7,835.96	(442.00)	-	7393.96
(iii) Depreciation and amortisation	(2.25)	0.80	-	(1.45)
(iv) Fair value of derivatives (Net)	10.91	(18.32)	26.93	19.52
<b>(B) Deferred Tax Liabilities (-)</b>				
(i) Lease income	(66.64)	-	-	(66.64)
(ii) Unamortised Exchange Loss (Net)	(165.76)	(372.69)	-	(538.45)
(iii) Financial assets and liabilities measured at amortised cost	(99.77)	(271.74)	-	(371.51)
(iv) Others	(148.40)	42.17	(0.68)	(106.91)
<b>Net Deferred Tax liabilities (-) /Assets (+)</b>	<b>7,393.55</b>	<b>(1,051.76)</b>	<b>27.94</b>	<b>6369.74</b>

# Notes to the Consolidated Financial Statements

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## 45. LEASES

The Group had adopted Ind AS 116 - 'Leases' using modified retrospective approach w.e.f. 01.04.2019 as notified by the Ministry of Corporate Affairs (MCA) vide Companies (Indian Accounting Standards) Second Amendment Rules, 2019 dated 30.03.2019. The Group has recognised 'Right of Use Asset' of ₹ 45.84 crore and 'Lease Liability' of ₹ 17.17 crore with respect to leasehold land. Prepaid rent on leasehold land, which was earlier classified under Other Non-Financial Assets, has been reclassified to Right-of-Use Assets. The impact of this adoption is insignificant on the net profit and EPS for the year ended 31.03.2020. Comparatives as at and for the year ended 31.03.2019 have not been restated.

Ind AS 116 has resulted in an increase in cash inflows from operating activities and an increase in cash outflows from financing activities on account of lease payments.

### 45.1 The table below shows the movement of lease liabilities during the year

(₹ in crore)	
Particulars	As at 31.03.2020
Opening balance	2.76
Additions during the year	14.52
Finance cost accrued during the period	1.22
Payment of lease liabilities	(4.53)
<b>Closing balance</b>	<b>13.96</b>

### 45.2 The table below provides details regarding the contractual maturities of lease liabilities on an undiscounted basis

(₹ in crore)	
Particulars	As at 31.03.2020
Up to 1 year	4.7
1-5 years	5.24
More than 5 years	57.83

### 45.3 In respect of subsidiary RECL

- i. For contracts in place as at 1 April 2019, RECL has elected to apply the definition of a lease from Ind AS 17 and has not applied Ind AS 116 to arrangements that were previously not identified as lease under Ind AS 17.
- ii. Instead of performing an impairment review on the right-of-use assets at the date of initial application, RECL has relied on its historic assessment as to whether leases were onerous immediately before the date of initial application of Ind AS 116.

## 46 DIVIDEND INCOME

(₹ in crore)		
Particulars	FY 2019-20	FY 2018-19
Dividend on equity investments designated at FVTOCI		
Investments held at the end of the year	103.75	67.56
Investments derecognised during the year	0.66	0.80
<b>Sub-Total</b>	<b>104.41</b>	<b>68.36</b>
Dividend on mutual funds	1.24	8.27
<b>Total</b>	<b>105.65</b>	<b>76.63</b>

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

## 47. NET TRANSLATION / TRANSACTION EXCHANGE LOSS (+)/GAIN (-)

(₹ in crore)		
Net Translation/Transaction Exchange Loss (+)/Gain (-) on account of	FY 2019-20	FY 2018-19
- Translation of Long-term foreign currency monetary item (LTFCMI) recognised on or after 01.04.2018	3,632.64	(248.01)
- Amortisation of Foreign Currency Monetary Item Translation Difference Account created on LTFCMI recognised Up to 31.03.2018	1,358.68	1,289.45
<b>Total</b>	<b>4,991.32</b>	<b>1,041.44</b>

(Refer Note 6.17)

## 48. CORPORATE SOCIAL RESPONSIBILITY – AMOUNT SPENT DURING THE YEAR ON CSR ACTIVITIES

(₹ in crore)							
Sr. No.	Particulars	FY 2019-20			FY 2018-19		
		Paid or settled	Yet to be paid	Total	Paid or settled	Yet to be paid	Total
(i)	Construction/acquisition of any assets	-	-	-	-	-	-
(ii)	On purposes other than (i) above						
(iia)	Sanitation/Waste Management/Drinking water	67.26	-	67.26	9.95	0.06	10.01
(iib)	Education/Vocational Skill development	64.83	-	64.83	17.07	-	17.07
(iic)	Environmental Sustainability (Solar Applications/Afforestation/Energy efficient LED lighting)	53.70	-	53.70	116.72	-	116.72
(iid)	Sports	0.02	-	0.02	0.06	-	0.06
(iie)	Others	61.84	-	61.84	52.67	-	52.67
(iif)	Administrative overheads including training, impact assessment etc. limited to 5% of total amount required to be spent on CSR	8.79	-	8.79	9.85	-	9.85
(iig)	Contribution to PM CARES Fund	100.00	-	100.00	-	-	-
	<b>Total</b>	<b>356.44</b>	<b>-</b>	<b>356.44</b>	<b>206.32</b>	<b>0.06</b>	<b>206.38</b>

## 49. CONTINGENT LIABILITIES AND COMMITMENTS

(₹ in crore)			
Sr. No	Description	As at 31.03.2020	As at 31.03.2019
<b>Contingent Liabilities</b>			
(i)	Guarantees <sup>(a)</sup>	81.02	121.49
(ii)	Claims against the Group not acknowledged as debts	0.22	0.08
(iii)	Outstanding disbursement commitments to the borrowers by way of Letter of Comfort against loans sanctioned	1,821.78	1,019.06
(iv)	<sup>(b)</sup> - Additional demands raised by the Income Tax Department of earlier years which are being contested.	202.13	153.26
	- Further, the Income Tax Department has filed appeals against the relief allowed by appellate authorities to the Companies in the Group. The same are also being contested.	340.40	233.42
(v)	- Service Tax demand or show cause notices raised by Service Tax Department in respect of earlier years which are being contested	20.56	1.40
	- Further, the Service Tax Department has filed appeals before CESTAT against the order of Commissioner (CE&ST) who had dropped a demand of service tax. The same is also being contested.	46.31	21.53
(vi)	Bank Guarantees	33.50	29.86

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for the year ended March 31, 2020

(₹ in crore)

Sr. No	Description	As at 31.03.2020	As at 31.03.2019
<b>Commitments</b>			
(i)	Estimated amount of contracts remaining to be executed on capital account and not provided for	745.47	792.63
(ii)	Contractual commitments for the acquisition of intangible assets	-	2.82
(iii)	Other Commitments – CSR unspent amount	510.26	478.10
<b>Total</b>		<b>3,801.65</b>	<b>2,853.65</b>

(a) Guarantees include default payment guarantee given by the PFC in favour of a borrower company. The amount paid /payable against this guarantee is reimbursable by Government of Madhya Pradesh.

(b) During the year, PFC has opted for Vivad Se Vishwas Scheme in respect of pending litigations pertaining to some earlier years under Income Tax Act, 1961. It has paid an additional sum of ₹ 116.90 crore in March 2020 as advance towards disputed tax in respect of appeals filed by Income Tax Department in order to settle departmental appeals under Vivad se Vishwas Scheme.

## 50. DISCLOSURE UNDER MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006:

(₹ in crore)

Particulars	As at 31.03.2020	As at 31.03.2019
Principal amount remaining unpaid as at year end	0.15	2.65
Interest due thereon remaining unpaid as at year end	-	0.39
Interest paid by the Group in terms of Section 16 of MSME Development Act, 2006 along with the amount of the payment made to the supplier beyond the appointed day during the year.	-	-
Interest due and payable for the period of delay in making payment but without adding the interest specified under MSME Development Act, 2006.	0.14	-
Interest accrued and remaining unpaid as at year end.	0.53	0.39
Further interest remaining due and payable even in the succeeding years, until such date when the interest due as above are actually paid to the small enterprises.	-	-

## 51. DISCLOSURE AS PER IND AS 33 "EARNINGS PER SHARE"

(₹ in crore)

Description	FY 2019-20	FY 2018-19
Profit for the period attributable to the owners of the Company used as numerator (basic & diluted) (₹ in crore):		
– from continuing operations	7,122.13	9,920.86
– from discontinued operations	-	-
– from continuing and discontinued operations	7,122.13	9,920.86
Weighted average number of equity shares used as denominator (basic & diluted)	2,64,00,81,408	2,64,00,81,408
Earning per equity share (basic & diluted), face value ₹ 10 each (₹):		
– for continuing operations	26.98	37.58
– for discontinued operations	-	-
– for continuing and discontinued operations	26.98	37.58

## 52. DETAILS OF NON-WHOLLY OWNED SUBSIDIARIES OF THE GROUP THAT HAVE MATERIAL NON-CONTROLLING INTEREST (NCI):

Name of Subsidiary	Principal place of business	Proportion of ownership interests held by NCI		TCI allocated to non-controlling interests (₹ in crore)		Accumulated non-controlling interests (₹ in crore)	
		As at 31.03.2020	As at 31.03.2019	Year ended 31.03.2020	Year ended 31.03.2019	As at 31.03.2020	As at 31.03.2019
REC Ltd.	India	47.37%	47.37%	2,092.79	2,690.71	16,765.57	16,363.02

# Notes to the Consolidated Financial Statements

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## 53. SUMMARISED FINANCIAL INFORMATION FOR GROUP'S SUBSIDIARIES THAT HAVE MATERIAL NON-CONTROLLING INTERESTS (BEFORE INTRA GROUP ELIMINATIONS):

RECL	₹ in crore)	
	As at 31.03.2020	As at 31.03.2019
Financial Assets	3,43,715.01	2,95,153.41
Non-financial assets	3,305.54	3,290.86
Assets classified as held for sale	9.53	9.56
Financial Liabilities	3,11,442.65	2,63,702.57
Non-financial Liabilities	190.32	204.84
Liabilities directly associated with assets classified as held for sale	0.68	0.08
Equity attributable to the owners of the Company	18,630.86	18,183.42
Non-controlling interests	16,765.57	16,363.02

Particulars	₹ in crore)	
	FY 2019-20	FY 2018-19
Total Revenue	30,007.05	25,431.33
Total Expenses	22,986.21	17,350.84
Profit/(loss) for the year	4,972.27	5,741.38
Profit/(loss) attributable to owners of the Company	2,617.15	3,021.97
Profit/(loss) attributable to the non-controlling interests	2,355.12	2,719.41
Other comprehensive income attributable to owners of the Company	(291.52)	(31.89)
Other comprehensive income attributable to the non-controlling interests	(262.33)	(28.70)
Other comprehensive income for the year	(553.85)	(60.59)
Total comprehensive income attributable to owners of the Company	2,325.63	2,990.08
Total comprehensive income attributable to the non-controlling interests	2,092.79	2,690.71
Total comprehensive income for the year	4,418.42	5,680.79
Dividends paid to non-controlling interests	1,028.97	1,192.61
Net cash inflow (outflow) from operating activities	(32,711.91)	(35,865.80)
Net cash inflow (outflow) from investing activities	121.43	456.77
Net cash inflow (outflow) from financing activities	33,926.20	35,542.59
Net cash inflow (outflow)	1,335.72	133.56

## 54. THE GOVERNMENT OF INDIA SCHEMES BEING IMPLEMENTED IN THE GROUP

### A. In respect of PFC

#### 54.1. Re-structured Accelerated Power Development and Reforms Programme (R – APDRP):

PFC is nodal agency for operationalisation and associated service for implementation of R – APDRP. Amounts received from GoI under R – APDRP as a Nodal agency for on-lending to eligible borrowers are back to back arrangements with no profit or loss arising to PFC. The amount on-lent but not converted in to grants as per applicable guidelines will become payable along-with interest to the GoI on receipt from borrowers. The amount recoverable from borrowers & payable to GoI under R – APDRP scheme stands at ₹ 18,141.20 crore as at 31.03.2020 (₹ 16,507.55 crore as at 31.03.2019).

PFC receives nodal agency fee and reimbursement of expenditure under R-APDRP scheme from MoP, GoI. The cumulative claim for fee and reimbursement of expenditure is 1.7% of likely project outlay under Part A & B of R-APDRP, subject to cap of ₹ 850 crore. Total amount of nodal agency fee and reimbursement of expenditure received/receivable by the Company stands at ₹ 357.86 crore as at 31.03.2020 (₹ 329.82 crore as at 31.03.2019).



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for the year ended March 31, 2020

## 54.2. Integrated Power Development Scheme (IPDS)

PFC has been designated as Nodal Agency for operationalisation and implementation of IPDS scheme also under overall guidance of the MoP, GoI. Role of Nodal agency is mentioned in IPDS scheme which inter alia includes administration of GoI grant to eligible utilities which can be recalled/pre-closed subject to certain conditions mentioned in IPDS scheme. Amount of GOI grant administered to the eligible utilities till 31.03.2020 is ₹ 12,702.45 crore (₹ 8,083.17 crore as at 31.03.2019). PFC is eligible for nodal agency fee at the rate of 0.50% (to be accrued in phases as per scheme) of total project cost approved by Monitoring Committee or award cost, whichever is lower.

## B. In respect of subsidiary RECL

### 54.3. Pradhan Mantri Sahaj Bijli Har Ghar Yojana (SAUBHAGYA)

Government of India has launched a scheme "Pradhan Mantri Sahaj Bijli Har Ghar Yojana" - Saubhagya to achieve universal household electrification in the country. The scheme envisages to provide last mile connectivity and electricity connections to all remaining un-electrified households in rural areas and poor households in urban areas. The capital outlay of Saubhagya Scheme is ₹ 16,320 crore including Gross Budgetary Support of ₹ 12,320 crore during the entire implementation period. Ministry of Power designated RECL as the Nodal agency for operationalisation of Saubhagya Scheme.

### 54.4. Deen Dayal Upadhyaya Gram Jyoti Yojana (DDUGJY)

Deendayal Upadhyaya Gram Jyoti Yojana (DDUGJY) is the flagship scheme of Government of India covering all aspects of rural power distribution. Under the scheme 60% of the project cost (85% for special States) is provided as grant by Government of India and additional grant up to 15% (5% for special States) on achievement of prescribed milestones. DDUGJY facilitates towards achievement of '24x7 Power for All' in the country through the following project components:

- i. Separation of agriculture and non-agriculture feeders facilitating adequate power supply to agriculture & continuous power supply to non-agricultural consumers in the rural areas;
- ii. Strengthening and augmentation of sub-transmission & distribution infrastructure in rural areas, including metering of distribution transformers/ feeders/ consumers;
- iii. Micro-grid and Off-grid distribution network;
- iv. Rural Electrification component under the RGGVY 12th and 13th plans, subsumed to DDUGJY.

The components at (i) and (ii) of the above scheme will have an estimated outlay of ₹ 43,033 crore including budgetary support of ₹ 33,453 crore from Government of India during the entire implementation period. The scheme of RGGVY as approved by CCEA for continuation in 12th and 13th plan have been subsumed in this scheme as a separate Rural Electrification (RE) component.

### 54.5. National Electricity Fund (NEF)

The National Electricity Fund (NEF), an interest subsidy scheme, has become operational since FY 2012-13. The scheme has been introduced by the Government of India to promote capital investment in the distribution sector. The scheme provides interest subsidy linked with reform measures, on the loans taken by public and private distribution power utilities for various capital works in the Distribution sector. NEF would provide interest subsidy aggregating up to ₹ 8,466 crore (including interest subsidy to the borrowers, Service Charges to the Nodal Agency, payments to Independent Evaluators and other incidental expenses) spread over 14 years for loan disbursement against projects approved during 2012-13 and 2013-14. RECL has been nominated as the Nodal Agency for operationalisation of NEF scheme across the country.

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## 54.6. J&K Prime Minister's Development Plan (PMDP)

Government of Jammu & Kashmir, Power Development Department has appointed RECL's subsidiaries i.e. RECPDCL and RECTPCL as a Project Implementing Agency (PIA) for design, engineering, procurement, supply, erection, testing and commissioning of all the material and services works to be taken-up for execution of distribution work under MDP in J&K state on nomination basis, as per actual cost to be discovered through competitive biddings.

## 54.7. Urja Mitra and 11 kV Feeder Monitoring

Ministry of Power has initiated two schemes namely Urja Mitra and 11 kV Feeder Monitoring. Urja Mitra is an initiative which aims to provide information about power outage/cuts /breakdown/shutdown (both planned and unplanned) to the consumers. Feeder Monitoring scheme is to develop a Self-sustained independent web based system for automated 11 kV Rural Feeder Monitoring System through Data Logging of various essential parameters of all the Outgoing 11kV rural feeders from 66, 33/11 kV sub-stations and make the information available online for various stake holders including public portal, on real time basis for power supply monitoring, alerts, meter data analysis, information dissemination and energy audit. RECTPCL has been appointed as nodal agency for the both the schemes.

## C. In respect of subsidiary PFCCL

**54.8.** PFC's subsidiary PFCCL has been selected as nodal agency for facilitating Short-term power requirements through competitive bidding as per MoP guidelines dated 30th March 2016. As per the guidelines, every bidder is required to deposit with PFCCL the requisite fees of Rs. 500 per MW plus applicable taxes for the maximum capacity a bidder is willing to bid. Only successful Bidder(s) will have to pay the fees to PFCCL for the quantum allocated to each bidder after completion of activity and the balance amount will be refunded to the bidder.

## 55 STATUS OF DOCUMENTATION SUBSEQUENT TO UNBUNDLING OF SEBS

Some of the erstwhile State Electricity Boards (SEBs) against whom loans were outstanding or on whose behalf guarantees were given, were restructured by the respective State Governments and new entities were formed in the past. Consequently, the liabilities of the erstwhile SEBs stand transferred to new entities.

### 55.1. Status of documentation subsequent to reorganisation of the State of Jammu & Kashmir

After the bifurcation of the State of Jammu & Kashmir into two Union territories- Jammu & Kashmir UT and Ladakh UT, the existing entities pertaining to the erstwhile state of Jammu & Kashmir have been restructured vide unbundling order dated 23.10.19. The addendums to the agreements with new restructured departments are yet to be executed. Pending the execution of such documents, the existing loans are being serviced/ repaid in line with the existing loan agreement.

### 55.2. Status of documentation subsequent to reorganisation of the State of Andhra Pradesh

Subsequent to the reorganisation of erstwhile Andhra Pradesh, the State of Telangana has been formed on 02.06.2014. However, the assets and liabilities are yet to be transferred to the respective Power Utility through a formal gazette notification.

Once the final transfer scheme is notified through Gazette Notification by Govt. duly indicating the transfer of assets and liabilities among the power utilities, action for execution of documentation formalities will be taken up by the Company and its subsidiary RECL in respect of all the outstanding loans with the new/name changed utilities. Till that time, the demand for payment of interest/principal is being segregated by the Utilities and the respective portions are being paid by Utilities in Telangana and Andhra Pradesh.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

## 55.3. Additionally in case of subsidiary RECL

- i. Where ever the loans have been sanctioned to erstwhile APCPDCL, APNPDCL and APGENCO prior to bifurcation and documentation has not been done, these schemes have been re-sanctioned in the name of newly formed utilities and documentation formalities completed and accordingly the charge has been registered with the Ministry of Corporate Affairs (MCA).
- ii. Where ever the loans sanctioned in the name of erstwhile APCPDCL, APNPDCL prior to bifurcation and documentation formalities completed and draws have been made, in these schemes an undertaking has been obtained from the name changed/newly formed utility and disbursements have been made to the newly formed utility by changing the name of the borrower in the name of new/name changed utility.
- iii. Where ever the Loan is sanctioned in the name of erstwhile APCPDCL, APNPDCL prior to bifurcation and documentation formalities completed with Government Guarantee and draws have been made, further documentation for these schemes shall be done on Gazette Notification.

**56.** Notes 57 to 69 presented below are flowing from RBI master Directions applicable to the NBFCs. Since PFC and its subsidiary, RECL are NBFCs in the Group, the following disclosures contain information with respect to these two companies only.

## 57. EXPOSURES

**57.1.** RBI has categorised PFC & RECL as Infrastructure Finance Companies (IFC) in terms of instructions contained in RBI Circular CC No.168 dated February 12, 2010. As an IFC, the total permissible exposure for lending in the private sector is 25% of owned funds in case of single borrower and 40% in case of a single Group of borrowers and exposure for lending and investing taken together can be Up to 30% and 50% of owned funds, respectively.

In respect of Central/State Government entities, RBI has exempted PFC & RECL from applicability of RBI's concentration of credit/investment norms till 31st March, 2022. PFC & RECL continues to follow MoP approved credit concentration norms for these entities.

**57.2.** Details of Single Borrower Limit (SGL)/Group Borrower Limit (GBL) exceeded by the Group:

PFC & RECL has not exceeded applicable prudential exposure limits against Single Borrower/Group Borrower Limits during FY 2019-20 and FY 2018-19.

**57.3.** The Group does not have any exposure to real estate sector. (Previous year – Nil)

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

## 57.4. Exposure to Capital Market

			(₹ in crore)	
Sl. No.	Description	Amount as at 31.03.2020	Amount as at 31.03.2019	
(i)	Direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt (includes investment in fully convertible preference shares);	16,435.80	16590.62	
(ii)	Advances against shares/bonds/debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-	
(iii)	Advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-	
(iv)	Advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares/convertible bonds/convertible debentures/units of equity oriented mutual funds does not fully cover the advances (excluding loans where security creation is under process);	-	-	
(v)	Secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-	
(vi)	Loans sanctioned to corporates against the security of shares/bonds/debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	2,628.55	2629.16	
(vii)	Bridge loans to companies against expected equity flows/issues;	-	-	
(viii)	All exposures to Venture Capital Funds (both registered and unregistered)	12.24	12.36	
<b>Total Exposure to Capital Market</b>		<b>19,076.59</b>	<b>19,232.14</b>	

## 57.5. Details of financing of parent company products:

PFC does not have a parent company.

## 58. ASSET LIABILITY MANAGEMENT MATURITY PATTERN OF ITEMS OF ASSETS AND LIABILITIES AS PRESCRIBED BY RBI:

### A. In respect of PFC

						(₹ in crore)	
Bucket as at 31.03.2020	Deposits/ Investments	Advances	Domestic Borrowings	Foreign Currency Items			
				Assets	Liabilities		
Up to 30/31 Days	-	1,529.70	8,046.86	-	-	5.40	
Over 1 Month Up to 2 Months	1,519.90	492.70	5,988.50	-	-	-	
Over 2 Months Up to 3 Months	-	416.63	10,845.00	-	-	6.09	
Over 3 Months & Up to 6 Months	-	3,511.49	17,351.67	-	-	1,130.79	
Over 6 Months & Up to 1 Year	-	18,837.19	5,305.25	-	-	2,156.10	
Over 1 Year & Up to 3 Years	-	59,187.06	57,474.09	-	-	11,493.88	
Over 3 Years & Up to 5 Years	-	56,046.51	60,813.03	-	-	10,231.67	
Over 5 Years	14,953.42	1,90,314.82	90,071.03	-	-	22,676.86	
<b>Total</b>	<b>16,473.32</b>	<b>3,30,336.10</b>	<b>2,55,895.43</b>	-	-	<b>47,700.79</b>	

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(₹ in crore)

Bucket as at 31.03.2019	Deposits/ Investments	Advances	Domestic Borrowings	Foreign Currency Items	
				Assets	Liabilities
Up to 30/31 Days	14,133.64	4,955.46	21,785.18	-	696.50
Over 1 Month Up to 2 Months	1,833.07	1,928.13	4,915.00	-	-
Over 2 Months Up to 3 Months	-	1,264.76	7,495.20	-	2,080.35
Over 3 Months Up to 6 Months	-	9,225.21	10,292.05	-	-
Over 6 Months Up to 1 Year	-	16,559.51	19,088.10	-	3,468.40
Over 1 Year & Up to 3 Years	-	50,663.28	76,608.05	-	4,971.67
Over 3 Years & Up to 5 Years	-	49,879.10	32,730.60	-	9,235.95
Over 5 Years	-	1,65,146.63	87,160.38	23.84	8,373.99
<b>Total</b>	<b>15,966.71</b>	<b>2,99,622.08</b>	<b>2,60,074.56</b>	<b>23.84</b>	<b>28,826.86</b>

In the above tables, the principal cash flows net of impairment loss allowance relating to Stage III assets have been considered in over 5 years bucket irrespective of the maturity date. Further, Bonds with put & call option have been shown considering the earliest exercise date. Further, the commercial papers and zero coupon bonds have been shown at the maturity value.

## B. In respect of subsidiary RECL

(₹ in crore)

Bucket as at 31.03.2020	Deposits/ Investments	Advances	Domestic Borrowings	Foreign Currency Items	
				Assets	Liabilities
Up to 30/31 Days	-	590.00	1,627.25	-	31.38
Over 1 Month Up to 2 Months	-	306.00	1,481.02	-	678.49
Over 2 Months Up to 3 Months	-	3,638.03	8,416.34	-	678.20
Over 3 Months & Up to 6 Months	-	8,565.24	16,948.27	-	4,096.46
Over 6 Months & Up to 1 Year	1,501.45	15,889.84	22,701.29	-	11,466.59
Over 1 Year & Up to 3 Years	22.93	63,791.10	69,271.03	-	6,567.71
Over 3 Years & Up to 5 Years	-	55,014.93	44,960.59	-	21,538.84
Over 5 Years	602.73	1,64,288.36	70,255.12	-	5,571.98
<b>Total</b>	<b>2,127.11</b>	<b>3,12,083.50</b>	<b>2,35,658.91</b>	-	<b>50,629.65</b>

(₹ in crore)

Bucket as at 31.03.2019	Deposits/ Investments	Advances	Domestic Borrowings	Foreign Currency Items	
				Assets	Liabilities
Up to 30/31 Days	56.56	1850.88	3,908.90	-	27.10
Over 1 Month Up to 2 Months	-	1316.82	1,140.25	-	1,848.36
Over 2 Months Up to 3 Months	-	3,401.32	4,145.36	-	99.06
Over 3 Months Up to 6 Months	-	7,627.17	11,942.27	-	1,110.68
Over 6 Months Up to 1 Year	48.30	13,781.11	22,533.98	-	2,444.00
Over 1 Year & Up to 3 Years	1500.00	55,904.77	69,456.88	-	12,890.45
Over 3 Years & Up to 5 Years	-	50,995.33	41,012.10	-	11,019.19
Over 5 Years	678.27	1,35,573.52	56,158.89	-	4,511.39
<b>Total</b>	<b>2,283.13</b>	<b>2,70,450.92</b>	<b>2,10,298.63</b>	-	<b>33,950.23</b>

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

## 59. PENALTY IMPOSED BY THE REGULATOR

### A. In respect of PFC

NSE and BSE vide their letters dated 03.02.2020 have levied fine on PFC for non-compliance in regard to composition of Board of Directors. PFC in its reply to NSE & BSE has stated that being a Central Public Sector Undertaking and in terms of Article 86 of Articles of Association of PFC, the Directors on the board of the Company are appointed by President of India through Ministry of Power, Government of India. PFC has taken up the matter with Ministry of Power to expedite the process of appointment of balance number of Independent Directors on the Board of PFC for compliance of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. During the previous year, NSE & BSE had also levied fine on the Company for the similar reason.

### B. In respect of subsidiary, RECL

No penalties have been levied by any regulator during the year ended March 31, 2020 (Previous year Nil).

## 60. CREDIT RATINGS

### A. In respect of PFC

(i) Ratings assigned by credit rating agencies as at 31.03.2020 and migration of ratings during the year:

Sr. No.	Rating Agency	Long-term Rating	Short-term Rating
1.	CRISIL	CRISIL AAA	CRISIL A1+
2.	ICRA	ICRA AAA	ICRA A1+
3.	CARE	CARE AAA	CARE A1+

There has been no migration of ratings during the year.

(ii) Long-term foreign currency issuer rating assigned to the Company as at 31.03.2020:

Sr. No.	Rating Agency	Rating
1.	Fitch Ratings	BBB-
2.	Standard & Poor (S&P)	BBB-
3.	Moody's	Baa3

### B. In respect of subsidiary, RECL

Ratings assigned by credit rating agencies and migration of ratings during the year

(i) Domestic Credit Ratings

Sr. No.	Rating Agency	Long-term Rating	Short-term Rating
1.	CRISIL	CRISIL AAA	CRISIL A1+
2.	ICRA	ICRA AAA	ICRA A1+
3.	CARE	CARE AAA	CARE A1+
4.	India Ratings and Research	IND AAA	IND A1+

(ii) International Credit Ratings

Sr. No.	Rating Agency	Rating
1.	Fitch Ratings	BBB-
2.	Moody's	Baa3

There has been no migration of ratings during the year.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

## 61. PROVISIONS, CONTINGENCIES AND IMPAIRMENT LOSS ALLOWANCES DEBITED TO CONSOLIDATED STATEMENT OF PROFIT AND LOSS

			(₹ in crore)	
Sr. No.	Particulars		FY 2019-20	FY 2018-19
1	Impairment loss allowance towards loans, investments and letter of comfort		1,865.76*	(656.95)
2	Impairment loss allowance on other financial instruments		45.07	31.21
3	Impairment loss allowance on investment (other than those in S. No.1)		0.00	0.01
4	Provision made towards Income tax		3,088.00	4,170.00

\*Including write off of loans ₹ 1,368.92 crore

## 62. CUSTOMER COMPLAINTS FOR FY 2019-20

No complaints have been received by the companies in the group from their borrowers during the year ended 31.03.2020 (Previous year Nil).

## 63. DETAILS OF REGISTRATIONS OBTAINED FROM REGULATORS:

Sr. No.	Regulator	Particulars	Registration Details	
			PFC	RECL
1.	Ministry of Corporate Affairs	Corporate Identification Number	L65910DL1986GOI024862	L40101DL1969GOI005095
2.	Reserve Bank of India	Registration Number	B- 14.00004	14.000011
3.	Legal Entity Identifier India Ltd./ Global Legal Entity Identifier Foundation (GLEIF)	LEI Number/ LEI Code	3358003Q6D9LIJZ1614	335800B4YRYWAMIJZ374

64. (a) There are no Overseas Assets held by the Group in the form of Joint Ventures/Subsidiaries abroad.

(b) There are no Off-balance Sheet SPVs sponsored by the Group.

## 65. DRAW DOWN FROM RESERVES

Reference may be made to Consolidated Statement of Changes in Equity.

66. Information/Particulars as set out in Annex IV of RBI's Master Direction dated 01.09.2016 applicable to the Company, as updated from time to time:

					(₹ in crore)	
Particulars	Amount as on 31.03.2020		Amount as on 31.03.2019			
	outstanding	overdue	outstanding	overdue		
<b>(1) Liabilities Side</b>						
<b>(1) Loans and Advances availed by the Company inclusive of interest accrued thereon but not paid:</b>						
(a) Bonds: Secured	55,114.95	0.00	63,896.72	0.00		
: Unsecured	3,99,100.36	0.00	3,32,176.68	0.00		
(b) (i) Rupee Term Loans	87,637.16	0.00	71,426.57	0.00		
(ii) Foreign Currency Loans	48,672.38	0.00	42,625.94	0.00		
(c) Commercial Paper	2,925.00	0.00	17,690.92	0.00		
(d) Short-term Borrowings	4,794.32	0.00	13,357.45	0.00		
(e) Finance Lease Obligations	2.12	0.00	0.11	0.00		

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

Assets Side	(₹ in crore)	
	Amount Outstanding as on 31.03.2020	Amount Outstanding as on 31.03.2019
<b>(2) Break-up of Loans and Advances including bills receivables (other than those included in (3) below) (Net of Provisions):</b>		
(a) Secured	4,48,171.49	4,04,072.84
(b) Unsecured	2,07,277.76	1,80,451.16
<b>(3) Break-up of Leased Assets and stock on hire and other assets counting towards AFC activities (Net of Provisions):</b>		
(i) Lease assets including lease rentals under sundry debtors:		
(a) Financial lease	99.18	99.89
<b>(4) Break-up of Investments (Net of Provisions)</b>		
<b>Current Investments</b>		
1. Quoted		
(i) Shares		
(a) Equity	663.35	935.09
2. Unquoted		
(i) Shares		
(a) Equity	12.50	-
(b) Preference	68.34	-
<b>Long-term Investments</b>		
1. Quoted		
(i) Shares		
(a) Equity	585.67	728.95
(ii) Debentures and Bonds	2,342.77	2,366.71
2. Unquoted		
(i) Shares		
(a) Equity	504.67	425.88
(b) Preference	168.86	-
(ii) Debentures and Bonds	-	32.11
(iii) Government Securities	0.00	47.16
(iv) Units of SIB Fund	12.24	12.36

## (5) Borrower group-wise classification of assets financed as in (2) and (3) above:

Category	Amount Net of Provisions (as on 31.03.2020)			Amount Net of Provisions (as on 31.03.2019)		
	Secured	Unsecured	Total	Secured	Unsecured	Total
1. Related Parties						
(a) Subsidiaries and Associates	-	155.05	155.05	-	196.22	196.22
(b) Other related parties	0.51	0.33	0.84	0.52	-	0.52
2. Other than related parties	4,48,270.16	2,07,122.38	6,55,392.54	4,04,172.21	1,80,254.94	5,84,427.15
<b>Total</b>	<b>4,48,270.67</b>	<b>2,07,277.76</b>	<b>6,55,548.43</b>	<b>4,04,172.73</b>	<b>1,80,451.16</b>	<b>5,84,623.89</b>



# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

## (6) Investor group-wise classification of all investments (current and long-term) in shares and securities (both quoted and unquoted)

Category	As on 31.03.2020		As on 31.03.2019	
	Break up value <sup>s</sup>	Book Value (Net of Provisions)	Break up value <sup>s</sup>	Book Value (Net of Provisions)
1. Related Parties				
(a) Subsidiaries	18,685.88	14,500.45	18,145.15	14,500.70
(b) Companies in the same group	547.82	504.72	295.99	246.25
2. Other than related parties	3,853.73	3,853.73	2,018.88	2,018.88
<b>Total</b>	<b>23,087.43</b>	<b>18,858.90</b>	<b>20,460.02</b>	<b>16,765.83</b>

## (7) Other Information

Particulars	Amount (as on 31.03.2020)	Amount (as on 31.03.2019)
(i) Gross Stage III Assets		
(a) Other than related parties	49,127.25	49,888.75
(ii) Net Stage III Assets		
(a) Other than related parties	23,826.66	25,168.79
(iii) Assets acquired in satisfaction of debt (Gross value of investment)	200.60	-

<sup>s</sup>In case of negative break-up value, Nil value has been considered.

## 67. DISCLOSURES IN ACCORDANCE WITH RBI GUIDELINES ON LIQUIDITY RISK MANAGEMENT

### A. In respect of PFC

#### (i) Funding Concentration based on significant counterparty (borrowings)

Particulars	Number of significant counterparties*	Amount (₹ crore)	% of Total Liabilities
As at 31.03.2020	8	81,440.48	25.70%
As at 31.03.2019	8	67,042.85	22.24%

\*Significant counterparty/significant instrument/product is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the total liabilities.

#### (ii) Top 10 borrowings

Sr. No.	Particulars*	As at 31.03.2020		As at 31.03.2019	
		Amount (₹ crore)	% of Total Borrowings	Amount (₹ crore)	% of Total Borrowings
1	RTL from State Bank of India	8,999.98	2.97%	8,999.98	3.12%
2	RTL from National Small Savings Scheme Fund (NSSF)	7,500.00	2.47%	7,500.00	2.60%
3	RTL from Canara Bank	6,000.00	1.98%	-	-
4	3 95 USD Bonds 2030	5,674.87	1.87%	-	-
5	7 41 Taxable Bond Series 197	5,000.00	1.65%	-	-
6	7 62 Taxable Bond Series 171	5,000.00	1.65%	5,000.00	1.73%
7	8 41 Taxable Bond Series 131 C	5,000.00	1.65%	5,000.00	1.73%
8	8 65 Taxable Bond Series 126	5,000.00	1.65%	5,000.00	1.73%
9	7 93 Taxable Bond Series 193	4,710.50	1.55%	-	-
10	4 50 USD Bonds 2029	4,539.90	1.50%	-	-

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

\*Based on size of bond issuance/term loans from banks

(iii) Funding Concentration based on significant instrument /product

Sr. No.	Significant instrument /product	As at 31.03.2020		As at 31.03.2019	
		Amount (₹ in crore)	% of Total Liabilities	Amount (₹ in crore)	% of Total Liabilities
<b>1</b>	<b>Debt Securities</b>				
	- Infrastructure Bonds	278.63	0.09%	278.63	0.09%
	- Tax Free Bonds	12,275.11	3.87%	12,275.11	4.07%
	- 54EC Capital Gain Tax Exemption Bonds	1,918.54	0.61%	784.10	0.26%
	- Taxable Bonds	1,72,930.24	54.57%	1,67,774.95	55.66%
	- Foreign Currency Notes	27,892.78	8.80%	8,298.60	2.75%
	- Commercial Paper	-	0.00%	9,715.92	3.22%
	<b>Sub-Total (1)</b>	<b>2,15,295.30</b>	<b>68.00%</b>	<b>1,99,127.31</b>	<b>66.06%</b>
<b>2</b>	<b>Borrowings (other than Debt Securities)</b>				
	- Foreign Currency Loans	172.38	0.05%	4,676.17	1.55%
	- Syndicated Foreign Currency Loans	19,635.63	6.20%	15,852.09	5.26%
	- Rupee Term Loan	49,598.98	15.65%	38,703.55	12.84%
	- Rupee Term Loan – Gol	7,500.00	2.37%	7,500.00	2.49%
	- Loan against Term Deposits	-	0.00%	12,737.18	4.23%
	- 'Working Capital Demand Loan/Overdraft/Cash Credit/Line of Credit	2,038.36	0.64%	620.00	0.21%
	<b>Sub-Total (2)</b>	<b>78,945.35</b>	<b>24.91%</b>	<b>80,088.99</b>	<b>26.57%</b>
<b>3</b>	<b>Subordinated Liabilities</b>	<b>9,211.50</b>	<b>2.91%</b>	<b>9,211.50</b>	<b>3.06%</b>
	<b>Sub-Total (3)</b>	<b>9,211.50</b>	<b>2.91%</b>	<b>9,211.50</b>	<b>3.06%</b>
	<b>Total (1+2+3)</b>	<b>3,03,452.15</b>	<b>95.75%</b>	<b>2,88,427.80</b>	<b>95.68%</b>

(iv) Stock Ratios

Sr. No.	Particulars	% to total public funds	% to total liabilities	% to total assets
<b>As at 31.03.2020</b>				
1	Non-convertible debentures (original maturity less than 1 year)	-	-	-
2	Commercial papers	-	-	-
3	Other short-term liabilities	0.67%	0.64%	0.56%
<b>As at 31.03.2019</b>				
1	Non-convertible debentures (original maturity less than 1 year)	-	-	-
2	Commercial papers	3.37%	3.22%	2.82%
3	Other short-term liabilities	6.19%	5.92%	5.18%

## B. In respect of subsidiary, RECL

(i) Funding Concentration based on significant counterparty (borrowings)

Particulars	Number of significant counterparties*	Amount (₹ crore)	% of Total Liabilities
As at 31.03.2020	14	1,25,850.36	40.38%
As at 31.03.2019	16	1,03,251.25	39.12%

\*Significant counterparty/significant instrument/product is defined as a single counterparty or group of connected or affiliated counterparties accounting in aggregate for more than 1% of the total liabilities.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

## (ii) Top 10 borrowings

Sr. No.	Particulars	As at 31.03.2020		As at 31.03.2019	
		Amount (₹ crore)	% of Total Borrowings	Amount (₹ crore)	% of Total Borrowings
1	Term Loan from National Small Savings Fund (NSSF)	10,000.00	3.57%	5,000.00	2.09%
2	54EC–Series XI (2017-18)	9,565.23	3.42%	9,565.23	4.00%
3	Term Loan from State Bank of India	7,299.92	2.61%	7,300.00	3.05%
4	54EC–Series XI (2018-19)	6,651.77	2.38%	5,929.73	2.48%
5	54EC–Series XI (2018-19)	5,759.14	2.06%	-	0.00%
6	Foreign Currency Bonds–US \$700 Mn Bonds	5,277.01	1.88%	4,841.99	2.02%
7	Institutional Bonds–182nd Series	5,063.00	1.81%	-	0.00%
8	Foreign Currency Bonds–US \$650 Mn Bonds	4,900.08	1.75%	-	0.00%
9	Institutional Bonds–114th Series	4,300.00	1.54%	4,300.00	1.80%
10	Institutional Bonds–105th Series	3,922.20	1.40%	3,922.20	1.64%

## (iii) Funding Concentration based on significant instrument /product

Sr. No.	Significant instrument /product	As at 31.03.2020		As at 31.03.2019	
		Amount (₹ crore)	% of Total Liabilities	Amount (₹ crore)	% of Total Liabilities
1	<b>Debt Securities</b>				
	Institutional Bonds	1,52,120.20	48.81%	1,29,273.30	48.98%
	Foreign Currency Bonds	22,615.78	7.26%	12,796.69	4.85%
	54EC Capital Gain Tax	22,376.33	7.18%	23,879.92	9.05%
	Tax Free Bonds	12,602.97	4.04%	12,577.97	4.77%
	<b>Sub-Total (1)</b>	<b>2,09,715.28</b>	<b>67.30%</b>	<b>1,78,527.88</b>	<b>67.65%</b>
2	<b>Borrowings (other than Debt Securities)</b>				
	Foreign Currency Borrowings	21,762.71	6.98%	17,637.62	6.68%
	Term Loans from Banks	18,899.78	6.06%	18,550.00	7.03%
	Term Loans from Govt. of India	10,000.00	3.21%	5,000.00	1.89%
	FCNR (B) Loans	6,973.20	2.24%	4,323.20	1.64%
	<b>Sub-Total (2)</b>	<b>57,635.69</b>	<b>18.49%</b>	<b>45,510.82</b>	<b>17.24%</b>
3	<b>Subordinated Liabilities</b>	<b>4,651.20</b>	<b>1.49%</b>	<b>4,651.20</b>	<b>1.76%</b>
	<b>Sub-Total (3)</b>	<b>4,651.20</b>	<b>1.49%</b>	<b>4,651.20</b>	<b>1.76%</b>
	<b>Total (1+2+3)</b>	<b>2,72,002.17</b>	<b>87.28%</b>	<b>2,28,689.90</b>	<b>86.66%</b>

## (iv) Stock Ratios

Sr. No.	Particulars	Amount (₹ in crore)	% to total public funds	% to total liabilities	% to total assets
<b>As at 31.03.2020</b>					
1	Non-convertible debentures (original maturity less than 1 year)	-	-	-	-
2	Commercial papers	2,925.00	1.04%	0.94%	0.84%
3	Other short-term liabilities	10,829.62	3.87%	3.48%	3.12%
<b>As at 31.03.2019</b>					
1	Non-convertible debentures (original maturity less than 1 year)	-	-	-	-
2	Commercial papers	7,975.00	3.33%	3.02%	2.67%
3	Other short-term liabilities	4,776.01	2.00%	1.81%	1.60%

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

## 68. IMPACT OF COVID-19 ON THE GROUP

The outbreak of Coronavirus (COVID-19) pandemic globally and in India is causing significant disturbance in the financial markets. Lockdown announced by Government of India to contain the spread of virus has resulted in substantial slowdown in the economic activity. The Govt. and various regulators have since then introduced a variety of measures to contain the spread of virus and to mitigate the impacts of economic disruptions. However, the Group believes that the impact of this outbreak on the business and financial position will not be significant.

With its robust IT infrastructure and digital communication technology, the Group encouraged its employees to "Work from Home". This enabled its workforce to work securely through remote technology ensuring business continuity. During last fortnight of March 31, 2020, the Group disbursed around ₹ 17,476 crore to finance power sector projects, which bears testimony to its attempt to create pandemic proof workplace.

RBI in order to mitigate the burden of debt servicing during this period, notified certain guidelines. In accordance with RBI guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 and April 17, 2020, PFC & RECL has offered moratorium on payment of installments falling due between March 1, 2020 and May 31, 2020 to eligible borrowers. RBI vide circular dated 23.05.2020 extended period of loan moratorium by another 3 months i.e. up to August 31, 2020.

Further, the Govt. of India, as a part of its COVID-19 package announcement, has also announced liquidity injection of ₹ 90,000 crore to the State Discoms in the form of State Govt. guaranteed loans through PFC and its subsidiary RECL to clear the outstanding dues of CPSE Gencos/Transco, IPP and RE generators.

The Group is well geared to meet its funding needs. Currently, the Group has adequate undrawn lines of credits from banks. Considering the Group's high credit worthiness well established relationship with lenders, it can mobilise funds from domestic & international markets.

Thus, there are no reasons to believe that the current crisis will have any significant impact on the ability of the Group to maintain its operations, including the assessment of going concern for the Group. The Group will however continue to closely monitor any material changes arising of future economic conditions and impact on its business.

Further, as part of its CSR initiatives, the Group has contributed ₹ 350 crore to PM CARES Fund to combat COVID-19 in the month of March and April, 2020. Additionally, the employees contributed their one day salary for the same. Various other pan India initiatives were taken by the Group like financial aid to District Administrations, support to frontline workers and conducting awareness programmes as part of its social responsibility.

## 69. DISCLOSURE IN RESPECT OF MORATORIUM AND ASSET CLASSIFICATION PURSUANT TO RBI COVID-19 REGULATORY PACKAGE PURSUANT TO RBI CIRCULAR DOR.NO.BP.BC.63/21.04.048/2019-20 DATED 17.04.2020

### A. In respect of PFC

		(₹ in crore)
Sr. No.	Particulars	Amount
1	Amounts in SMA/overdue categories, where the moratorium/deferment was extended -For SMA 1	594.72
2	Amount where asset classification benefits is extended	Nil
3	Provisions made during the Q4 FY2020	N.A.
4	Provisions adjusted during the respective accounting periods against slippages and the residual provisions	N.A.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

## B. In respect of subsidiary, RECL

		(₹ in crore)
Sr. No.	Particulars	Amount
(i)	Respective amounts in SMA/overdue categories, where the moratorium was extended	1460.22
(ii)	Respective amount where asset classification benefits is extended.	23.37
(iii)	General Provisions made	Refer Note below
(iv)	General Provisions adjusted during the periods against slippages and the residual provisions	Refer Note below

Note: RECL, being NBFC, provides for Expected Credit Loss (ECL) in accordance with Ind AS 109 as per board-approved ECL methodology. However, such provisions as required under RBI IRACP Norms have been considered for calculation of Provisions required as per IRACP Norms.

## 70. DISCLOSURES IN ACCORDANCE WITH SEBI CIRCULAR SEBI/HO/DDHS/CIR/P2018/144 DATED 26.11.2018 ON FUND RAISING BY ISSUANCES OF DEBT SECURITIES BY LARGE ENTITIES:

Details of incremental borrowings in respect of PFC:

		(₹ in crore)
Particulars	FY 2019-20	
Incremental borrowing done in FY 2019-20 (a)	59,542.04	
Mandatory borrowing to be done through issuance of debt securities (b) = (25% of a)	14,885.51	
Actual borrowings done through debt securities in FY 2019-20	36,353.60	
Shortfall in the mandatory borrowing through debt securities, if any (d) = (b)-(c) (If calculated value is zero or negative, write "nil")	Nil	
Reasons for shortfall, if any, in mandatory borrowings through debt securities	N.A.	

RECL has provided the above mentioned disclosure in its annual audited financial results for the year ended March 31, 2020 submitted to recognised stock exchanges on 17.06.2020.

## 71. IN THE CONTEXT OF REPORTING BUSINESS/GEOGRAPHICAL SEGMENT AS REQUIRED BY IND AS 108 - "OPERATING SEGMENTS"

Group's operations comprise of only one business segment - lending to power sector entities. All activities revolve around the main business. Hence, there are no reportable segments as per Ind AS 108. Based on management approach as defined in Ind AS 108 Operating Segments, the Chief Operating Decision Maker evaluates the respective Company's performance based on analysis of various factors of one business segment.

- i. The Group does not have any geographical segments as operations of the Group are mainly carried out within the country.
- ii. Revenue from major services

The following is an analysis of Group's revenue from operations from its major services:

		(₹ in crore)	
		FY 2019-20	FY 2018-19
Interest income			
- from loans		61,089.77	52,837.17
- Others		538.58	590.24
Fees and Commission income		161.91	374.11
Other operating income		293.53	227.50

- iii. Information about major borrowers  
No single borrower contributed 10% or more to respective companies' revenue for both FY 2019-20 and FY 2018-19.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

## 72. MODIFICATIONS IN THE SIGNIFICANT ACCOUNTING POLICIES:

The Group has adopted Ind AS 116 – Leases' using modified retrospective approach w.e.f. 01.04.2019 as notified by the Ministry of Corporate Affairs (MCA). Refer Note 45 for details of its financial impact.

Further, certain other policies have been incorporated/ reworded in the Note 6.5 – group's significant accounting policies to bring in more clarity. There is no financial impact of such modifications carried out in the accounting policies.

## 73. AMOUNTS EXPECTED TO BE RECOVERED/ SETTLED WITHIN 12 MONTHS AND BEYOND FOR EACH LINE ITEM UNDER ASSET AND LIABILITIES

Particulars	As at 31.03.2020		As at 31.03.2019	
	Within 12 months	More than 12 months	Within 12 months	More than 12 months
(₹ in crore)				
<b>ASSETS</b>				
<b>1 Financial Assets</b>				
(a) Cash and Cash Equivalents	1,905.21	-	726.64	-
(b) Bank Balance other than included in Cash & Cash Equivalents	2,282.96	-	15,650.40	-
(c) Derivative Financial Instruments	1,244.54	3,937.73	430.84	1,939.72
(d) Trade Receivable	137.31	-	172.13	-
(e) Loans	86,807.57	5,59,388.54	73,948.42	4,99,712.86
(f) Investments	2,164.80	1,688.92	1,037.32	3,085.06
(g) Other Financial Assets	4,359.33	23,102.79	634.77	23,078.20
<b>Total Financial Assets (1)</b>	<b>98,901.72</b>	<b>5,88,117.98</b>	<b>92,600.52</b>	<b>5,27,815.84</b>
<b>2 Non-Financial Assets</b>				
(a) Current Tax Assets (Net)	212.29	926.04	5.59	795.35
(b) Deferred Tax Assets (Net)	-	5,005.31	10.25	6,359.49
(c) Investment Property	-	0.01	-	0.01
(d) Property, Plant and Equipment	-	186.79	-	186.45
(e) Capital Work-in-Progress	-	287.62	-	196.94
(f) Intangible Assets under development	-	0.77	-	1.59
(g) Other Intangible Assets	-	9.23	-	9.18
(h) Right of use asset	-	42.07	-	-
(i) Other Non-Financial Assets	168.84	95.10	294.61	98.89
(j) Investments accounted for using equity method	7.32	542.58	-	481.35
<b>Total Non-Financial Assets (2)</b>	<b>388.44</b>	<b>7,095.53</b>	<b>310.45</b>	<b>8,129.25</b>
<b>3 Assets Classified as held for sale</b>	16.98	-	12.66	-
<b>Total Assets (1+2+3)</b>	<b>99,307.16</b>	<b>5,95,213.51</b>	<b>92,923.63</b>	<b>5,35,945.09</b>
<b>LIABILITIES</b>				
<b>1 Financial Liabilities</b>				
(a) Derivative Financial Instruments	115.03	1,810.52	124.33	540.66
(b) Trade Payables	53.22	-	74.91	-
(c) Debt Securities	85,726.03	3,56,039.87	85,954.05	3,12,397.95
(d) Borrowings (other than Debt Securities)	37,283.77	1,03,382.95	36,201.68	90,805.55
(e) Subordinated Liabilities	273.62	13,856.98	272.26	13,856.20
(f) Other Financial Liabilities	2,507.65	26,669.39	1,693.64	22,880.64
<b>Total Financial Liabilities (1)</b>	<b>1,25,959.32</b>	<b>5,01,759.71</b>	<b>1,24,320.87</b>	<b>4,40,481.00</b>

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

(₹ in crore)

Particulars	As at 31.03.2020		As at 31.03.2019	
	Within 12 months	More than 12 months	Within 12 months	More than 12 months
<b>2 Non-Financial Liabilities</b>				
(a) Current Tax Liabilities (Net)	67.40	-	-	5.74
(b) Provisions	290.28	84.04	259.59	107.22
(c) Deferred Tax Liabilities (Net)	-	-	-	-
(d) Other Non-Financial Liabilities	82.42	111.43	112.99	96.96
<b>Total Non-Financial Liabilities (2)</b>	<b>440.10</b>	<b>195.47</b>	<b>372.58</b>	<b>209.92</b>
<b>3 Liabilities directly associated with assets classified as held for sale</b>	0.68	-	0.08	-
<b>Total Liabilities (1+2+3)</b>	<b>1,26,400.10</b>	<b>5,01,955.18</b>	<b>1,24,693.53</b>	<b>4,40,690.92</b>

## 74. JOINT VENTURE ENTITY OF THE GROUP ACCOUNTED FOR USING EQUITY METHOD

- (i) During the year, JV partners NTPC Ltd., PGCIL and RECL subscribed to additional 30,81,24,000 equity shares in EESL. PFC has not subscribed any additional equity during the year. Thus, PFC's shareholding in equity share capital of EESL has reduced from 36.36% to 24.97%.

As at 31.03.2020, PFC along with its subsidiary RECL holds 47.15% stake in equity share capital of EESL (24.97% directly and 22.18% through its subsidiary RECL).

- (ii) For consolidating group's share in joint Venture entity (EESL), management approved standalone financial statements for FY 2019-20 were considered.

To compute Group's share in Networth of EESL, standalone financial performance for the FY 2019-20 is adjusted to the share in consolidated net worth as at 31.03.2019.

The relevant disclosures pertaining to JV entity are presented in subsequent paragraphs:

### 74.1. Summarised financial position of EESL:

(₹ in crore)

Particulars	As at 31.03.2020*	As at 31.03.2019#
<b>Financial Assets</b>		
Cash and cash equivalents	177.73	438.20
Bank balances other than above	409.41	337.94
Other financial assets	3,293.32	2,206.23
<b>Sub-Total (Financial Assets)</b>	<b>3,880.46</b>	<b>2,982.37</b>
Non-Financial Assets	5,228.82	4,406.26
<b>Total Assets</b>	<b>9,109.28</b>	<b>7,388.63</b>
Financial Liabilities	7,554.34	6,208.76
Non-Financial Liabilities	373.85	309.93
<b>Total Liabilities</b>	<b>7,928.19</b>	<b>6,518.69</b>
<b>Net Assets</b>	<b>1,181.09</b>	<b>869.94</b>

\* Based on management approved standalone financials.

# Based on audited consolidated financials.

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

## 74.2. Summarised financial performance of EESL:

(₹ in crore)		
Particulars	FY 2019-20*	FY 2018-19#
<b>A. Income</b>		
Revenue from operations	1,865.98	2,451.01
Other income	68.09	113.53
<b>Total (A)</b>	<b>1,934.07</b>	<b>2,564.54</b>
<b>B. Expenses</b>		
Finance costs	322.61	220.08
Depreciation, Amortisation and impairment	496.75	345.91
Purchase of stock-in-trade	683.35	1,307.99
Employee Benefit	36.95	135.04
Other expenses	367.19	360.88
<b>Total (B)</b>	<b>1,906.85</b>	<b>2,369.90</b>
<b>C. Share of net profits/(losses) of joint ventures accounted for using equity method</b>	0.00	0.03
<b>D. Profit before tax (A-B+C)</b>	<b>27.22</b>	<b>194.67</b>
E. Tax Expense	(17.70)	73.39
<b>F. Profit for the period (D-E)</b>	<b>44.92</b>	<b>121.28</b>
G. Other comprehensive income/ (Loss)	(0.48)	(21.34)
<b>H. Total comprehensive income (F+G)</b>	<b>44.44</b>	<b>99.94</b>
Dividends received from EESL	4.47	6.40

\* Based on management approved standalone financials.

# Based on audited consolidated financials.

## 74.3. Movement in net assets of EESL:

(₹ in crore)		
Particulars	FY 2019-20	FY 2018-19
Opening Equity	874.58	690.07
Less: Non-Controlling Interest (NCI)	(45.76)	(46.68)
Opening Equity attributable to owners	828.82	643.39
Adjustment for audited vs. unaudited	(4.64)	-
Share Capital Issued	308.12	213.20
Share application money utilised	-	(99.00)
Profit for the year (based on un-audited Standalone)	44.44	83.83
OCI (net of taxes)	-	(0.22)
Change in accounting policy	-	-
Other adjustment (impact of change in ownership of subsidiary and transaction cost for increase in share capital)	-	-
Less: Dividend Paid (including DDT)	(11.44)	(13.30)
<b>Closing Equity attributable to owners</b>	<b>1,165.30</b>	<b>827.90</b>

## 74.4. Reconciliation to carrying amount of EESL:

(₹ in crore)		
Particulars	As at 31.03.2020	As at 31.03.2019
<b>Net Worth attributable to owners</b>	1,165.30	827.90
<b>Group share %</b>	<b>47.15%</b>	<b>58.06%</b>
Group's share in Net worth	549.40	480.59

The equity shares of EESL are not listed on stock exchanges.



# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

## 75. DETAILS IN AGGREGATE, FOR INTERESTS IN ALL INDIVIDUALLY IMMATERIAL ASSOCIATES THAT ARE ACCOUNTED FOR USING THE EQUITY METHOD:

Particulars	(₹ in crore)	
	FY 2019-20	FY 2018-19
Profit or Loss from Continuing Operations	(0.20)	-
Post-Tax Profit or Loss from Discontinued Operations	-	-
Other Comprehensive Income	-	-
Total Comprehensive Income	(0.20)	-

## 76. DISCLOSURES IN RESPECT OF ENTITIES CONSOLIDATED AS REQUIRED UNDER SCHEDULE III TO THE COMPANIES ACT, 2013

### 76.1. Share in Net Assets i.e. Total Assets minus Total Liabilities

Name of Entity	(₹ in crore)			
	As at 31.03.2020		As at 31.03.2019	
	As % of Consolidated Net Assets	Amount	As % of Consolidated Net Assets	Amount
<b>Parent</b>				
PFC Ltd	68.26%	45,164.13	68.19%	43,287.99
<b>Subsidiaries-Indian</b>				
REC Limited	53.50%	35,396.43	54.42%	34,546.34
PFC Consulting Limited (PFCL)	0.09%	60.07	0.15%	95.11
Power Equity Capital Advisors Private Limited (PECAP)	0.00%	-	0.00%	0.05
<b>Joint Venture-Indian</b>				
Energy Efficiency Services Limited (EESL)	0.83%	549.40	0.76%	480.65
<b>Associates-Indian</b>				
Chhattisgarh Surguja Power Limited	0.00%	-	0.00%	0.05
Coastal Karnataka Power Limited	0.00%	-	0.00%	0.05
Coastal Maharashtra Mega Power Limited	0.00%	-	0.00%	0.05
Orissa Integrated Power Limited	0.00%	-	0.00%	-
Coastal Tamil Nadu Power Limited	0.00%	0.08	0.00%	0.05
Sakhigopal Integrated Power Limited	0.00%	0.05	0.00%	0.05
Ghogarpalli Integrated Power Company Limited	0.00%	0.05	0.00%	0.05
Tatiya Andhra Mega Power Limited	0.00%	-	0.00%	0.05
Deoghar Mega Power Limited	0.00%	0.04	0.00%	0.05
Cheyur Infra Limited	0.00%	0.05	0.00%	0.05
Odisha Infrapower Limited	0.00%	0.04	0.00%	0.05
Deoghar Infra Limited	0.00%	0.05	0.00%	0.05
Bihar Infrapower Limited	0.00%	0.05	0.00%	0.05
Bihar Mega Power Limited	0.00%	0.05	0.00%	0.05
Jharkhand Infrapower Limited	0.00%	0.04	0.00%	0.05
Adjustments or eliminations effect	(22.68)%	(15,005.15)	(23.50)%	(14,926.57)
<b>Total</b>	<b>100.00%</b>	<b>66,165.38</b>	<b>100.00%</b>	<b>63,484.27</b>

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

## 76.2. Share in Profit and loss

(₹ in crore)

Name of Entity	As at 31.03.2020		As at 31.03.2019	
	As a % of Consolidated Profit and loss	Amount	As a % of Consolidated Profit and loss	Amount
<b>Parent</b>				
PFC Ltd.	59.67%	5,655.14	55.01%	6,952.92
<b>Subsidiaries-Indian</b>				
REC Ltd	52.47%	4,972.27	45.42%	5,741.38
PFC Consulting Limited (PFCCL)	0.61%	58.15	0.18%	22.43
Power Equity Capital Advisors Private Limited (PECAP)	0.00%	(0.05)	0.00%	0.00
<b>Joint Venture-Indian</b>				
Energy Efficiency Services Limited (EESL)	0.23%	21.63	0.35%	44.25
<b>Associates-Indian</b>				
	0.00%	(0.20)	0.00%	0.00
<b>Adjustments or eliminations effect</b>	(12.98) %	(1,229.69)	(0.94) %	(120.71)
<b>Total</b>	<b>100.00%</b>	<b>9,477.25</b>	<b>100.00%</b>	<b>12,640.27</b>

## 76.3. Share in Other Comprehensive income

(₹ in crore)

Name of Entity	As at 31.03.2020		As at 31.03.2019	
	As a % of Consolidated Other Comprehensive income	Amount	As a % of Consolidated Other Comprehensive income	Amount
<b>Parent</b>				
PFC Ltd	37.66%	(334.63)	77.30%	(206.97)
<b>Subsidiaries-Indian</b>				
REC Ltd	62.33%	(553.85)	22.63%	(60.59)
PFC Consulting Limited (PFCCL)	0.00%	0.00	0.00%	0.00
Power Equity Capital Advisors Private Limited (PECAP)	0.00%	0.00	0.00%	0.00
<b>Joint Venture-Indian</b>				
Energy Efficiency Services Limited (EESL)	0.47%	(4.19)	0.05%	(0.13)
<b>Associates-Indian</b>				
	0.00%	-	0.00%	-
<b>Adjustments or eliminations effect</b>	(0.46) %	4.06	0.02%	(0.06)
<b>Total</b>	<b>100.00%</b>	<b>(888.61)</b>	<b>100.00%</b>	<b>(267.75)</b>

# Notes to the Consolidated Financial Statements

for the year ended March 31, 2020

## 76.4 Share in Total Comprehensive income

Name of Entity	(₹ in crore)			
	As at 31.03.2020		As at 31.03.2019	
	As a % of Consolidated Total Comprehensive income	Amount	As a % of Consolidated Total Comprehensive income	Amount
<b>Parent</b>				
PFC Ltd	61.95%	5,320.51	54.52%	6,745.95
<b>Subsidiaries-Indian</b>				
REC Ltd	51.44%	4,418.42	45.91%	5680.79
PFC Consulting Limited (PFCL)	0.68%	58.15	0.18%	22.43
Power Equity Capital Advisors Private Limited (PECAP)	0.00%	(0.05)	0.00%	0.00
<b>Joint Venture-Indian</b>				
Energy Efficiency Services Limited (EESL)	0.20%	17.44	0.36%	44.12
<b>Associates-Indian</b>				
	0.00%	(0.20)	0.00%	0.00
<b>Adjustments or eliminations effect</b>	(14.27) %	(1,225.63)	(0.98) %	(120.77)
<b>Total</b>	<b>100.00%</b>	<b>8,588.64</b>	<b>100.00%</b>	<b>12,372.52</b>

77. Disclosures in Consolidated Financial Statements have been made to the extent information is available in Subsidiaries' financial statements.

78. Figures of the previous year have been regrouped/ rearranged wherever necessary, in order to make them comparable.

79. Figures have been rounded off to the nearest crore of rupees with two decimals.

Sd/-  
**(Manohar Balwani)**  
Company Secretary

### For and on behalf of Board of Directors

Sd/-  
**(N. B. Gupta)**  
Director (Finance)  
DIN: 00530741

Sd/-  
**(R. S. Dhillon)**  
Chairman and Managing Director  
DIN: 00278074

### Signed in terms of our report of even date attached

**For Gandhi Minocha & Co.**  
Chartered Accountants  
Firm Regn. No.: 000458N

**For Dass Gupta & Associates**  
Chartered Accountants  
Firm Regn. No.: 000112N

Place : New Delhi  
Dated : 24.06.2020

Sd/-  
**(CA Manoj Bhardwaj)**  
Partner  
Membership No.: 098606

Sd/-  
**(CA Ashok Kumar Jain)**  
Partner  
Membership No.: 090563

# Form AOC - 1

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

## PART "A": SUBSIDIARIES

(₹ in crore)

A. Subsidiaries <sup>1</sup>	REC Ltd.	PFC Consulting Limited (PFCCL)	Power Equity Capital Advisors Private Limited (PECAP) <sup>4</sup>	REC Power Distribution Company Limited	REC Transmission Projects Company Limited
1 Information for the year ended as on <sup>2</sup>	31.03.2020	31.03.2020	31.03.2020	31.03.2020	31.03.2020
2 Date of acquisition/incorporation	28.03.2019	25.03.2008	11.10.2011	28.03.2019	28.03.2019
3 Share Capital	1,974.92	0.05	0.05	0.05	0.05
4 Reserves & Surplus	33,101.64	60.02	(0.05)	168.15	112.56
5 Total Assets	3,46,487.59	92.07	-	310.30	259.89
6 Total Liabilities	3,11,411.03	32.00	-	142.10	146.60
7 Investments	2,313.21	-	-	15.81	75.26
8 Turnover <sup>3</sup>	29,791.06	111.42	-	143.01	79.16
9 Profit before Taxation	6,983.29	78.46	(0.05)	20.34	70.55
10 Provision for Taxation	2,097.13	20.31	-	7.87	16.11
11 Profit after taxation	4,886.16	58.15	-	12.47	54.44
12 Proposed Dividend	Nil	Nil	Nil	Nil	Nil
13 % of Shareholding	52.63%	100.00%	100.00%	100.00%	100.00%

### Note:

1. The Company does not have any foreign subsidiary.
2. Reporting period of all the subsidiaries is same as that of the holding company.
3. Turnover is considered as Revenue from Operations.
4. PECAP is under process of voluntary liquidation.
5. Name of Subsidiaries which are yet to commence operations - Nil
6. Name of Subsidiaries which have been liquidated or sold during the year - Nil

**PART "B": ASSOCIATES AND JOINT VENTURES**

B. Name of Joint Ventures/Associates	Latest audited Balance Sheet Date	Shares of Joint Ventures/Associates held by the Company on the year end			Description of how there is Significant Influence	Reason why the joint venture is not consolidated	Net worth attributable to shareholding as per latest audited Balance sheet	Profit/Loss for the year
		No. of shares	Amount of Investments in Joint Venture/ Associates	Extent of Group's Holding %				
<b>Joint Venture</b>								
1 Energy Efficiency Services Limited (EESL) <sup>3</sup>	31.03.2019	46,36,00,000	463.60	47.15%	Being Promoter <sup>1</sup> /by virtue of Shareholding agreement	NA	388.56	21.63
<b>Associates<sup>2</sup></b>								
1 Sakhigopal Integrated Power Company Ltd.	31.03.2019	50,000	0.05	100%		NA	0.05	-
2 Ghogarpalli Integrated Power Company Ltd.	31.03.2019	50,000	0.05	100%		NA	0.05	0.00
3 Coastal Karnataka Power Ltd.	31.03.2019	50,000	0.05	100%		NA	-	(0.05)
4 Coastal Maharashtra Mega Power Ltd.	31.03.2019	50,000	0.05	100%		NA	-	(0.05)
5 Jharkhand Infrapower Ltd.	31.03.2019	50,000	0.05	100%		NA	0.05	-
6 Chhattisgarh Surguja Power Limited	31.03.2019	50,000	0.05	100%		NA	-	(0.05)
7 Odisha Infrapower Ltd.	31.03.2020	50,000	0.05	100%	SPVs are managed as per the mandate from Government of India (Gol).	NA	0.05	-
8 Orissa Integrated Power Ltd.	31.03.2019	50,000	0.05	100%		NA	(0.08)	-
9 Cheyyur Infra Ltd.	31.03.2019	50,000	0.05	100%	and the Company does not have the practical ability to direct the relevant activities of these SPVs unilaterally.	NA	0.05	-
10 Coastal Tamil Nadu Power Ltd.	31.03.2019	50,000	0.05	100%		NA	0.08	-
11 Bihar Infrapower Limited	31.03.2020	50,000	0.05	100%		NA	0.05	-
12 Bihar Mega Power Limited	31.03.2019	50,000	0.05	100%	Therefore, investment in these SPVs are considered as associates having significant influence despite the Company holding 100% of their paid-up equity share capital.	NA	0.05	-
13 Deochar Infra Limited	31.03.2019	50,000	0.05	100%		NA	0.05	-
14 Deochar Mega Power Ltd.	31.03.2019	50,000	0.05	100%		NA	0.05	-
15 Tatiya Andhra Mega Power Ltd.	31.03.2019	50,000	0.05	100%		NA	-	(0.05)
16 Bijawar-Vidhrbha Transmission Limited <sup>4</sup>	31.03.2020	10,000	0.01	100%		NA	0.01	-
17 Tanda Transmission Company Limited <sup>5</sup>	31.03.2020	50,000	0.05	100%		NA	-	-
18 Shongtong Karcham-Wangtoo Transmission Limited <sup>5</sup>	31.03.2020	10,000	0.01	100%		NA	-	-
19 Vapi II-North Lakhimpur Transmission Limited	31.03.2020	10,000	0.01	100%			0.01	-
20 Koppal-Narendra Transmission Limited	NA	10,000	0.01	100%		Refer Note no 7	0.01	(0.00)
21 Karur Transmission Limited	NA	10,000	0.01	100%			0.01	(0.00)
22 Dinchang Transmission Limited <sup>6</sup>	31.03.2020	50,000	0.05	100%			-	-

B. Name of Joint Ventures/Associates	Latest audited Balance Sheet Date	Shares of Joint Ventures/Associates held by the Company on the year end			Description of how there is Significant Influence	Reason why the joint venture is not consolidated	Net worth attributable to shareholding as per latest audited Balance sheet	Profit/Loss for the year
		No. of shares	Amount of Investments in Joint Venture/ Associates	Extent of Group's Holding %				
23 Chandil Transmission Limited	31.03.2020	50,000	0.05	100%	SPVs are managed as per the	(2.14)	-	
24 Koderma Transmission Limited	31.03.2020	50,000	0.05	100%	mandate from Government of India (Gol).	(1.91)	(0.41)	
25 Dumka Transmission Limited	31.03.2020	50,000	0.05	100%	and the Company does not have the practical ability to	(2.08)	(0.43)	
26 Mandar Transmission Limited	31.03.2020	50,000	0.05	100%	direct the relevant activities of these SPVs unilaterally. Therefore, investment in these SPVs are considered as associates having significant influence despite the Company holding 100% of their paid-up equity share capital.	(1.86)	(0.40)	

**Note:**

- EESL has been jointly promoted by PFC, NTPC, PGCIL and RECL.
- All the SPVs are under pre-operative stage and yet to commence operations.
- Amount of Profit/Loss is as per management approved standalone financial statements as on 31.03.2020.
- Bijawar-Vidhrbha Transmission Limited was recommended for denotification by National Committee for Transmission (NCT) and subsequently the investment was provided for impairment. MoP permission for striking off company with MCA is awaited.
- Tanda Transmission Company Limited and Shongtong Karcham-Wangtoo Transmission Limited were denotified by MoP and subsequently the investment was provided for impairment. MoP permission for striking off company with MCA has been obtained during the year.
- Dinchang Transmission Limited was denotified vide MoP letter dated 25.03.2019 and subsequently investment was written off. MoP permission for striking off company with MCA has been obtained during the year.
- Associates have been classified as 'held for sale' and valued at cost or fair market value (less cost to sales) whichever is less. Accordingly, the Profit/ (loss) has not been considered in Consolidated Financial Statements.
- Twelve SPVs namely Bidar Karnataka Line, Gadag Karnataka Part A Line, Solar Energy Rajasthan Part A Line, Solar Energy Rajasthan Part B Line, Solar Energy Rajasthan Part C Line, Rajgarh Madhya Pradesh Line, Osmanabad Maharashtra Line, Solar Energy Zone in Ananthpuram and Kurnool, Andhra Pradesh, Solar energy zones in Rajasthan (8.1 GW) under Phase-II Part-D, Solar energy zones in Rajasthan (8.1 GW) under Phase-II Part-E, Solar energy zones in Rajasthan (8.1 GW) under Phase-II Part-F and Solar energy zones in Rajasthan (8.1 GW) under Phase-II Part-G are in the process of incorporation and yet to commence operations as at March 31, 2020.



9. Thirteen SPVs namely Khetri Transco Limited, Bhind Guna Transmission Limited, Udupi Kasargode Transmission Limited, Ajmer Phagi Transco Limited, WRSS XXI (A) Transco Limited, Jam khambaliya Transco Limited, Lakadia Banaskantha Transco Limited, Rampur Sambhal Transco Limited, Meerut-Simbhavali Transmission Limited, Bikaner-Khetri Transmission Limited, Bhuj-II Transmission Limited, Fatehgarh-II Transco Limited and Lakadia-Vadodara Transmission Project Limited have been sold during the year, as a part of business process.

Sd/-  
**(Manohar Balwani)**  
Company Secretary

**For and on behalf of Board of Directors**

Sd/-  
**(N. B. Gupta)**  
Director (Finance)  
DIN: 00530741

Sd/-  
**(R. S. Dhillon)**  
Chairman and Managing Director  
DIN: 00278074

**Signed in terms of our report of even date attached**

**For Gandhi Minocha & Co.**  
Chartered Accountants  
Firm Regn. No.: 000458N

**For Dass Gupta & Associates**  
Chartered Accountants  
Firm Regn. No.: 000112N

Place : New Delhi  
Dated : 24.06.2020

Sd/-  
**(CA Manoj Bhardwaj)**  
Partner  
Membership No.: 098606

Sd/-  
**(CA Ashok Kumar Jain)**  
Partner  
Membership No.: 090563

# Reference Information

## REGISTERED OFFICE

'Urjanidhi',  
1, Barakhamba Lane,  
Connaught Place, New Delhi-110001  
Tel. No. : (91) (11) 23456000  
Website: <http://www.pfcindia.com>

## SUBSIDIARIES (as on March 31, 2020)

PFC Consulting Limited  
Power Equity Capital Advisors Private Limited  
REC Limited  
Chhattisgarh Surguja Power Limited  
Coastal Karnataka Power Limited  
Coastal Maharashtra Mega Power Limited  
Coastal Tamil Nadu Power Limited  
Orissa Integrated Power Limited  
Sakhigopal Integrated Power Company Limited  
Ghogarpalli Integrated Power Company Limited  
Tatiya Andhra Mega Power Limited  
Deoghar Mega Power Limited  
Cheyyur Infra Limited  
Odisha Infrapower Limited  
Deoghar Infra Limited  
Bihar Infrapower Limited  
Bihar Mega Power Limited  
Jharkhand Infrapower Limited  
Tanda Transmission Company Limited \*  
Bijawar-Vidarbha Transmission Limited\*  
Shongtong Karcham-Wangtoo Transmission Limited\*  
Vapi II North Lakhimpur Transmission Limited\*  
Koppal-Narendra Transmission Limited\*  
Karur Transmission Limited\*  
REC Transmission Projects Company Limited^  
REC Power Distribution Company Ltd^  
Koderma Transmission Limited^  
Mandar Transmission Limited^  
Dinchang Transmission Limited^  
Chandil Transmission Limited^  
Dumka Transmission Limited^

## SHARES LISTED AT

National Stock Exchange of India Limited  
BSE (formerly known as Bombay Stock Exchange Limited)

## DEPOSITORIES

National Securities Depository Limited  
Central Depository Services (India) Limited

## COMPANY SECRETARY

Shri Manohar Balwani

## AUDITORS

Gandhi Minocha & Co., Chartered Accountants  
Dass Gupta & Associates, Chartered Accountants

## SECRETARIAL AUDITORS

M/s Agarwal S. & Associates  
Company Secretaries

## REGISTRAR & SHARE TRANSFER AGENT

KFin Technologies Private Limited  
Selenium Building, Tower-B,  
Plot No. 31 & 32,  
Financial District, Nanakramguda, Serilingampally,  
Hyderabad - 500 032, Telangana, India  
Tel: +91 40 67162222  
Email: [einward.ris@kfintech.com](mailto:einward.ris@kfintech.com)  
Website: [www.kfintech.com](http://www.kfintech.com)

## BANKERS

Reserve Bank of India  
State Bank of India  
Punjab National Bank  
Bank of India  
ICICI Bank  
HDFC Bank

\* Through PFC Consulting Limited

^ Through REC Ltd.





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(A Navratna PSU)

**Regd. Office:** "Urjanidhi", 1, Barakhamba Lane, Connaught Place, New Delhi-110001

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**CIN:** L65910DL1986GOI024862